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G.A. ✓
PROPERTY FILE

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SUPERINTENDENT OF BROKERS
AND
VANCOUVER STOCK EXCHANGE
(Development Company)

82FSW 333

STATEMENT OF MATERIAL FACTS #103/87

EFFECTIVE DATE: AUGUST 4, 1987

LECTUS DEVELOPMENTS LTD.

#530 - 355 Burrard Street, Vancouver, B.C., V6C 2G8 (604) 687-5257

NAME OF ISSUER, ADDRESS OF HEAD OFFICE AND TELEPHONE NUMBER

#400 - 750 West Pender Street, Vancouver, British Columbia, V6C 2T7

ADDRESS OF REGISTERED AND RECORDS OFFICES OF ISSUER

ROYAL TRUST COMPANY,

505 Burrard Street, Vancouver, British Columbia, V7X 1R5

NAME AND ADDRESS OF REGISTRAR AND TRANSFER AGENT FOR ISSUER'S
SECURITIES IN BRITISH COLUMBIA

The securities offered hereunder are speculative in nature. Information concerning the risks involved may be obtained by reference to this document; further clarification, if required, may be sought from a broker.

**OFFERING:
600,000 SHARES**

Shares	Estimated Price to Public	Estimated Agent's Commission	Estimated Net Proceeds to the Issuer*
Per Share	\$0.70	\$0.0525	\$0.6475
Total	\$420,000.00	\$31,500.00	\$388,500.00

* Before deduction of expenses of this offering estimated to be \$30,000.00.

THE AGENT

MAJENDIE SECURITIES LTD.

#1650, Daon Building, 999 West Hastings St.
Vancouver, B.C.
V6C 2W2

Neither the British Columbia Superintendent of Brokers nor the Vancouver Stock Exchange has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

The obligations of the Agent under the Agency Agreement may be terminated up to the time the Agent commences to sell any of the shares of the Offering, at the Agent's discretion, at any time, on the basis of its assessment of the state of the financial markets or upon the occurrence of certain stated events.

The number and percentage of the issued and outstanding securities of the Issuer beneficially owned, directly or indirectly by the promoters, directors, senior officers and persons holding ten percent (10%) or more of the issued shares of the Issuer, as a group, is 881,700 common shares representing 26.67% of the issued capital of the Issuer.

The Directors, officers and other insiders of the Issuer may purchase Shares from this Offering.

There are no payments in cash, securities or other consideration being made, or to be made, to a promoter, finder or any other person or company in connection with the Offering.

The following beneficially own, directly or indirectly, in excess of 5% of each class of the issued shares of Majendie Securities Ltd.: Nick Majendie, Ruby Diamond, Marc Sandercombe, Gordon King, Carl Hill and Anthony Minichiello.

The Agent does not beneficially own either directly or indirectly, any shares of the Issuer.

Subject to the By-Laws of the Exchange, the Agent will be the market maker during the period of primary distribution of this offering and will make purchases and sales of the Shares for the purpose of maintaining an orderly market for the Shares and assisting in the distribution of the offered Shares.

2. HOW THE NET PROCEEDS OF THE ISSUER ARE TO BE SPENT

The Issuer cannot estimate with certainty the price at which the Shares will be sold, but if all of the 600,000 Shares are sold at a price of \$0.70 per Share, the Issuer will receive gross proceeds of \$420,000 which, after deduction of commissions of \$31,500 would net the Issuer \$388,500. As at July 15, 1987, the Issuer's cash on hand was \$37,983, which when added to the estimated net proceeds of \$388,500 would aggregate \$426,483 available funds.

The principal purposes for which the total available funds are to be spent, in order of priority, are as follows:

- | | |
|---|----------|
| (a) To pay the estimated cost of this issue, including legal, audit and printing costs (approx.): | \$30,000 |
| (b) To pay accounts payable as at July 15, 1987: | \$47,033 |

- (c) To pay \$203,000 purchase price for 2,030 Class A Preference Shares of Putco Holding Ltd. at \$100 per share, representing approximately 29% of the Qualified Expenditures as defined on page 28 hereof, which purchase will enable the Issuer to receive funds of \$700,000 from First Exploration Fund 1987 and Company, Limited Partnership to be spent as follows: \$203,000
- (i) To carry out Stage I of the program on the Great Western Project as recommended by Guillermo Salazar S P. Eng., in his report dated February 28, 1987 \$284,098
 - (ii) To carry out a program of prospecting and geological mapping on the Dieppe Property, as recommended by Nelson W. Baker, P. Eng. in his report dated June 4, 1986 and Guillermo Salazar S P. Eng. in his budget dated February 28, 1987 \$160,000
 - (iii) To carry out Stage II on Stump Lake property as recommended by Guillermo Salazar S P.Eng. in his report dated March 22, 1987 \$216,000
 - (iv) Contingencies \$31,502
 - (v) To pay management and administrative costs of the Exploration Fund (being 1.2% of the \$700,000) \$8,400
\$700,000
- e) Property Payments:
- i) Bourdon Property, B.C. - due January 1, 1988 \$6,000
 - ii) Weir Property, B.C. - due June 20, 1987 \$12,000
 - iii) Palmer Property, B.C. - due January 20, 1988 \$15,000
 - iv) Stump Lake Property, B.C. - due December 31, 1987 \$50,000
\$83,000
- \$83,000

f) Working capital and general corporate purposes	<u>\$63,450</u>
TOTAL:	<u>\$426,483</u>

There are no provisions or any arrangements for holding any part of the net proceeds in trust or subject to the fulfillment of any conditions whatsoever.

3. MATERIAL NATURAL RESOURCE PROPERTIES

Summary of Material Mining Properties

- Group I** Properties for which regulatory approval has been obtained under this statement of material facts.
- Group II** Presently held properties which are currently producing or being explored, or upon which exploration is planned within the next year.
- Group III** Other presently held properties upon which the Issuer's acquisition and exploration costs to date exceed \$100,000.

Group	Property Name	Issuer's Acquisition and Exploration Costs to Date (in \$)	Shares Issued to Date	Planned Expenditure from Funds Available upon Completion of the Offering
I	N/A	N/A	N/A	N/A
II(a)	Dieppe Property	\$82,114.00	Nil	\$160,000 *
(b)	Great Western Project	\$223,651.48	6,000	\$284,098 *
(c)	Stump Lake Property	\$71,811.00	Nil	\$216,000 *

III N/A N/A N/A N/A

* Funds from First Exploration Fund 1987 and Company, Limited Partnership.

GROUP II PRESENTLY HELD PROPERTIES WHICH ARE CURRENTLY PRODUCING OR BEING EXPLORED, OR UPON WHICH EXPLORATION IS PLANNED WITHIN THE NEXT YEAR.

II.(a) **DIEPPE PROPERTY**

Terms of Acquisition

By agreement dated June 6, 1986, between the Issuer and Fairlady Energy Inc. ("Fairlady"), of The Selby Building, #312 - 700 Richmond Street, London, Ontario, N6A 5C7, (the "Option Agreement") the Issuer has the right to acquire an undivided 50% right, title and interest in and to 55 mining claims in the Dieppe Township, Quebec, known as the "Dieppe Property".

The agreement provides that the Issuer may acquire an undivided 50% right title and interest in and to the Property in consideration for paying a total of \$20,000 and allotting and issuing 100,000 shares in its capital stock to Fairlady and incurring the aggregate sum of \$500,000 in exploration expenditures as follows:

- (a) to issue 25,000 of its common shares to Fairlady within 5 days of the later of receipt of approval by the Vancouver Stock Exchange and the date of issue of an order of the Superintendent of Brokers respecting the allotment and issuance of shares (issued);
- (b) to incur an aggregate of \$200,000 in Exploration Expenditures on or before June 30, 1987 and to allot, issue and deliver an additional 25,000 shares registered in the name of Fairlady;
- (c) to incur an additional \$150,000, for an aggregate of \$350,000, in Exploration Expenditures on or before June 30, 1988 and to allot, issue and deliver an additional 25,000 shares registered in the name of Fairlady; and
- (d) to incur an additional \$150,000, for an aggregate of \$500,000, in Exploration Expenditures on or before June 30, 1989 and to allot, issue and deliver an additional 25,000 shares registered in the name of Fairlady.

To date, the Issuer has paid \$20,000 and spent \$62,114.00 on exploration and development costs.

Location, Access and History

The Property is located in northwestern Quebec, 80 kilometers (50 miles) north of LaSarre. It is situated south of the Detour Lake (Amoco-Dome) and the Brouillan (Selbaie) mining areas and west of the Matagami and Joutel camps.

Access to the property is by an all-weather lumber road that runs in a northerly direction a short distance east of the property boundary. Additionally, there is a branch logging road which extends westward off this all-weather lumber road.

The Property has had a relatively short history of exploration work. It was staked in 1983 to cover a portion of a continuous, strong INPUT conductor that was considered to represent a favourable volcano-sediment horizon similar to the one hosting the major gold deposits in the Golden Pond West gold zone on the Inco-Golden Knight joint venture property, 3 kilometers northeast of the property.

The discovery of the Matagami Lake zinc-copper massive sulphide deposits in 1956 sparked the area's first major concentrated follow-up work for base metals by several mining firms. While drilling select airborne geophysical targets in 1983, Inco intersected significant stratabound gold mineralization in the Golden Pond area approximately 4 kilometers north-northeast of the Property. Subsequent drilling by the Inco-Golden Knight joint venture has located three, separate economic gold deposits. As a result of the initial Golden Pond discoveries in 1983 extensive land accumulation and exploratory work followed. It was during this period that the Dieppe Property claims were staked. In his Report, a copy of which is attached and forms a part of this Statement of Material Facts, Nelson W. Baker, P. Eng. reports that his examination of assessment files reveals that no exploration work was ever performed within the claim group area.

In late September, 1985 Fairlady Energy Inc. completed a program of line cutting, a ground VLF-EM survey, a magnetic survey and a limited induced polarization survey over the north half of the Property. In January and February, 1987, the Issuer completed a pulse electromagnetic study over the northern portion of this property and a magnetometer and VLF electromagnetometer survey on the southwest quadrant of the property.

Previous Work and Results

In 1974 Hudsons Bay Exploration and Development Co. Ltd. conducted an electromagnetic airborne survey over a large area, including the Property. Hudsons Bay did not detect any outstanding EM conductor within the property area and as a result did not carry out any further exploratory work.

In 1983 the Government of Quebec had a regional soil geochemical survey carried out over the Casa Berardi area. That survey detected a multi-element geochemical anomaly encompassing Isle du Corset in the west part of the Issuer's Property. The anomaly includes high arsenic values which locally is a pathfinder element for locating gold mineralization.

In 1985 Fairlady cut 36.8 kilometers of grid lines and conducted a magnetometer and VLF-EM geophysical surveys. The VLF-EM anomalies were rechecked with induced polarization survey and this survey outlines several strong conductive zones in the northeastern part of the Property, as well as numerous moderate conductors in the central section of the grid.

Nelson W. Baker, P. Eng in his report on the Property dated June 4, 1986, (a copy of which is attached hereto and forms part of this Statement) reports that the VLF-EM surveys detected good strong bedrock conductors in three separate areas on the grid. Although no outcrop exposures are present it is believed that three separate sedimentary horizons trend through portions of the Property.

Between 1970 and 1975 the Quebec Government flew the entire Casa Berardi area with the INPUT electromagnetic airborne system. This survey reveals that conductive rock bands cut through parts of the Issuer's Property. The strong airborne INPUT conductor trending through the northeast corner of the Property are due to graphitic sediments similar to the horizon hosting the nearby Golden Pond gold deposits.

Due to the proximity to the major gold deposits in a geologically similar stratigraphic horizon a short distance to the north, Mr. Baker recommends a systematic follow-up program to evaluate the sedimentary horizons for their gold potential.

In February, 1987 a program of ground magnetometer and VLF-EM surveying was conducted over the Southwest quadrant of the Property by Glen E. White, P.Eng. of White Geophysical Inc. The survey data show a series of Northwest-Southeast magnetic highs and representing iron formations interbedded with conductive sedimentary units. Correlation of the 1985 survey data and the present survey data show that these conductors have a steeper trend to the south than the 1985 ones suggesting that the magnetic highs from the two surveys meet to the Northwest of the Property and that they may be two limbs of a fold structure. Mr. White reports that the northeast break in the data appears to represent a major shear zone which would intersect the Casa Berardi Break and may be a tension splay from the major East-west Break thus, this shear zone would warrant high priority as an exploration target for gold mineralization.

In January and February, 1987, a pulse EM survey was undertaken on selected Northern areas of the Property by Cliff Candy, B.Sc. of White Geophysical Inc. which survey detected a number of conductors in each of the three areas surveyed. The conductors are of low conductance suggesting that they likely originate in weakly interconnected metallic conductors such as graphite and/or sulphides. The weakest of the responses may be sourced in overburden effects such as clay filled bedrock topography lows. An area of great exploration interest is seen in the association of the magnetics highs and conductive horizons in the central area of the Property. As well, in this area, three northeasterly trending inferred faults are interpreted.

Property Geology

The northeast part of the Property covers the most prominent hills found locally. The hills are largely made up of weakly altered, massive tholeiitic basalts which, locally, trend northwest through the Property. Other outcrop exposures, also of similar basalt rock units occur in the central portion of the Property. The outcrop exposures are interrupted by wide valleys of overburden believed to be underlain by sedimentary bands that, geophysically, are conductive.

Structurally, the Property is situated in a complex geological environment that is not clearly understood. A short distance to the north of the property boundary, the rock units trend in east-southeast direction, while in the report area, the rocks trend northwest.

Proposed Development and Exploration Program:

Mr. G. Salazar, P. Eng., based on Nelson Baker's report of June 8, 1986 and geophysical work, has recommended, in a letter dated March 17, 1987 (a copy of which is attached hereto and forms part of this Statement), a program consisting of exploration, geological mapping and a diamond drill program, at an estimated cost of \$160,000. Funding in the amount of \$160,000 to complete the program will be provided from the \$700,000 proceeds from the First Exploration Fund 1987 and Company, Limited Partnership as disclosed in Items 2 and 9 hereof. Completion of the recommended program and expenditure of the estimated costs of \$160,000 is expected by February 29, 1988.

The property has no known ore reserves.

II(b) GREAT WESTERN PROJECT

The Great Western Project was acquired by the Issuer by way of four agreements, the Bourdon Agreement, the Asarco Agreement, the Palmer Agreement and the Weir Agreement all of which are discussed below.

Terms of Acquisition - Bourdon Agreement

Pursuant to an agreement made effective as of the 19th day of March, 1985, and made between R.J. Bourdon of 612 Mill Street, Nelson, B.C. as "Optionor" and the Issuer as "Optionee" (the "Bourdon Agreement"), the Issuer acquired:

- (i) the sole, exclusive and immediate right and option to enter upon and explore, develop and mine; and
- (ii) the further sole and exclusive right and option to earn a 100% ownership interest

in the following property, which consists of ten (10) units located in the Nelson Mining Division, Province of British Columbia, as follows:

<u>Claim Name</u>	<u>Record No.</u>	<u>Expiry Date</u>
Hillside	3512(9)	September 13/97
Hilltop Fr.	3511(9)	September 13/97
Great Western (ex.Lot 4148)	1551(2)	February 19/98
Irene (ex.Lot 4151)	1552(2)	February 19/98
Great Eastern (ex.Lot 4152)	1553(2)	February 19/98

(the "Bourdon Property").

Great Western, Irene and Great Eastern are reverted crown granted mineral claims.

When the Issuer has made royalty or advance royalty payments in the aggregate of \$1,500,000 to the Optionor, it will have earned a 100% ownership interest in the Bourdon Property. In order to maintain its option to earn the said 100% interest, the Issuer is required to make the following advance royalty and share payments:

- (a) \$1,000 upon signing of agreement (which sum has been paid);
- (b) \$1,000 plus 3,000 shares of the Issuer, on or before July 31, 1985 (the sum of \$2,500 cash was paid to the Optionor to satisfy this obligation);
- (c) \$3,000 plus 3,000 shares on or before January 1, 1986 (the sum of \$4,500 cash was paid to the Optionor to satisfy this obligation);
- (d) \$6,000 plus 6,000 shares on or before January 1, 1987 (issued);
- (e) \$6,000 plus 6,000 shares on or before January 1, 1988;
- (f) \$10,000 plus 10,000 shares on or before January 1, 1989;
- (g) upon commencement of production, a 1.5% Net Smelter Return shall be paid to the Optionor.

The shares noted above shall be fully-paid and non-assessable free-trading shares of the Company and have a deemed value of \$0.50 per share. The Bourdon Agreement further provides that in the event that free trading shares cannot be issued on the due dates as stated above, then advanced royalty payments shall be increased by an amount equal to the number of shares due multiplied by \$0.50.

The Bourdon Property was acquired by the Vendor by staking.

Mr. R.J. Bourdon has no relationship with the Issuer and its insiders.

Terms of Acquisition - Asarco Agreement

Pursuant to an agreement made effective as of the 30th day of April, 1985, and made between Asarco Exploration Company of Canada Ltd. ("Asarco") of the 12th Floor, 350 Bay Street, Toronto, Ontario, and the Issuer (the "Asarco Agreement"), the Issuer acquired an exclusive option to earn a 51% interest in the following property, which consists of thirty-three (33) units, located in the Nelson Mining Division, Province of British Columbia, as follows:

<u>Claim Name</u>	<u>Record No.</u>	<u>Expiry Date</u>
Birdseye	L3278	N/A (Crown granted)
Princeton Fr.	L3938	N/A (Crown granted)
Gold Eagle	1302(10)	October 16/90
Gold Eagle #1Fr.	1531(3)	March 5/90
Gold Eagle #2	1532(3)	March 5/90
Gold Eagle #3	1533(3)	March 5/90
Gold Eagle #4	1841(8)	August 5/89
Gold Eagle #5Fr.	1856(8)	August 13/90
Gold Eagle #6Fr.	1857(8)	August 13/90
Lady Aberdeen	919(1)	January 22/90
Minto Fraction	920(1)	January 22/90
Inverness	918(1)	January 22/90
Haddo Fraction	921(1)	January 22/90
Horseshoe	1307(10)	October 22/90
Red Fraction	1308(10)	October 22/90
Tregarden Fr.	1309(10)	October 22/89

(the "Asarco Property").

In order for the Issuer to earn the said 51% interest in the Asarco Property, it must incur a minimum of \$100,000 of exploration expenses not later than September 30, 1987. Upon the Issuer incurring \$100,000 of exploration expenses, the Issuer shall be vested with a 51% initial participating interest in the Property with a deemed and actual contribution of \$100,000 and Asarco shall have an initial participating interest of 49% with a deemed and actual contribution of \$96,078.43. Thereafter, each party may elect to contribute to the costs of further exploration and development work and maintain its interest at its initial level or it may elect to allow its interest to be reduced in accordance with the further terms of the agreement.

The property was acquired by the Vendor by staking.

Asarco is a 100% owned subsidiary of Asarco Incorporation, a public company trading on the New York Stock Exchange, and there is no relationship between the Issuer and Asarco.

Terms of Acquisition - Weir Agreement

Pursuant to an agreement made effective as of the 9th day of October, 1986 between Mary McDonell of Nanaimo, British Columbia, Anne Weir of Victoria, British Columbia and Theresa Karlsson of Duncan, British Columbia (hereinafter collectively referred to as the "Optionor") and the Issuer (the "Agreement"), the Issuer acquired:

- (i) the sole, exclusive and immediate right and option to enter upon and explore, develop and mine; and
- (ii) the further sole and exclusive right and option to earn a 100% ownership interest

in the following property, which consists of three (3) crown granted mineral claims located in the Nelson Mining Division, Province of British Columbia, as follows:

<u>Claim Name</u>	<u>Lot No.</u>
Thistle	2233
White Witch	3595
Great West Fr.	4779

(the "Weir Property").

In order to maintain its option to earn the said 100% interest, the Issuer agreed to make the following cash and expenditure payments:

<u>Cash</u>	<u>Date</u>
\$12,000	June 30, 1987
\$12,000	June 30, 1988
\$12,000	June 30, 1989
\$12,000	June 30, 1990
\$12,000	June 30, 1991
\$12,000	June 30, 1992
\$12,000	June 30, 1993
\$12,000	June 30, 1994

<u>Expenditures</u>	<u>Date</u>
\$ 20,000	June 30, 1987
\$ 90,000	June 30, 1988
\$190,000	June 30, 1989
\$340,000	June 30, 1990
\$650,000	June 30, 1991

When the Issuer has made all the cash payments and expenditures, referred to above, the Issuer shall have acquired a 100% interest in the Weir Property save and except that the Optionor shall be entitled to receive and the Issuer shall pay the Optionor the royalties of net smelter returns, as defined in the Agreement, as follows:

- a) 4% of net smelter returns until the aggregate net smelter returns paid to the Optionor equals \$1,000,000;
- b) 2% of net smelter returns until the aggregate net smelter returns paid to the Optionor equals \$5,000,000; and
- c) 1% of net smelter returns in perpetuity thereafter.

The Weir Property was originally acquired by the Optionors' father by staking and subsequently inherited by the Optionor.

Neither of Mary McDonell, Anne Weir nor Theresa Karlsson has a relationship with the Issuer and its insiders.

Terms of Acquisition - Palmer Agreement

Pursuant to an agreement dated the 1st day of April, 1987 between Richard Palmer ("Palmer") of Nelson, British Columbia and the Issuer, the Issuer was granted an option to purchase the Starlight and Golden Bell crown granted mineral claims located in the Kootenay District (the "Property") in consideration for \$35,000 and 30,000 fully paid and non-assessable shares in the capital stock of the Issuer as follows:

Cash

- a) the sum of \$5,000 (paid in May, 1987);
- b) the further sum of \$15,000 on or before January 20, 1988;
- c) the further sum of \$15,000 on or before January 20, 1989.

Shares

- a) 5,000 on or before July 20, 1987; and
- b) a further 10,000 shares on or before January 20, 1988; and
- c) a further 15,000 shares on or before January 20, 1989.

The issue of the aforementioned shares of the Company to Palmer shall be subject to the approval of engineering reports on the Property by the Vancouver Stock Exchange.

To date, the Issuer has paid \$25,000 for acquisition costs and has spent \$198,651.98 on exploration and development costs.

The property was acquired by staking. Mr. Richard Palmer does not have a relationship with the Issuer and its insiders.

Location, Size and Access

The Bourdon, Asarco, Weir and Palmer Properties, consisting of an aggregate of 48 units, are located approximately 6 kilometres to the southwest of Nelson, B.C., up the east fork of Giveout Creek, a tributary to Cottonwood Creek. Access to the properties is from Nelson, by way of a fairly good gravel road up Giveout Creek. Nelson is located at the junction of Highways 6 and 3A, about 1 hour's drive east of the Castlegar airport, which is serviced daily by Pacific Western Airlines and Time Air to and from Vancouver, B.C. and Calgary, Alberta. Alternatively, there is highway access to Nelson which requires about 8 - 10 hours driving from either Vancouver or Calgary.

History and Previous Work

The Great Western Project, comprised of the Bourdon, the Asarco, the Palmer and the Weir Properties, is the subject of an Engineering Report prepared by Guillermo Salazar S., P. Eng. dated February 28, 1987. This report is attached and forms a part of this Statement of Material Facts. Mr. Salazar discloses in his report that the Silver King mine, located about 3 kilometres to the southeast of the center

of the Property, was one of the earliest copper producers in British Columbia, beginning production about 1889, and that over 200,000 tons of copper-silver ore was produced from this mine. Mr. Salazar states that several small tunnels and pits dating back to the early 1900's are present in the Property, but that no significant tonnage of mineral inventory is exposed on any of them. In addition, small shipments of ore were made from the Birdseye and Shamrock Crown Grants and from the Irene and Great Eastern claims. Mr. Salazar further reports that Asarco conducted the latest known systematic exploration efforts on the Property during 1979 and 1982, consisting of soil geochemistry, ground magnetics and an induced polarization survey. Asarco drilled 3 holes in 1980 and 6 in 1981, for a total of 3,561 feet. The best drilling results were found at DDH 80-1, which returned 110 feet assaying 0.025 oz/ton gold and 0.025 oz/ton silver between 370 feet and 480 feet. DDH 80-2 was collared 100 feet to the southeast of DDH 80-1 and it encountered 20 feet of 0.034 oz/ton gold and 0.045 oz/ton silver between 270 and 290 feet of drilled depth. Asarco reported expending a total of \$64,708.37 on drilling and an additional \$28,073.94 on surveys, for a total of \$92,782.31 spent by Asarco on the Property during the 1981 season.

Mr. Salazar has noted that Lacana Mining Co. recently optioned the MAC claims, which are located about 5 kilometres to the southeast of the center of the Property and that they are concentrating their efforts investigating a northwesterly trending zone reported to assay 0.07 oz/ton gold over 50 foot widths which may be on trend with Asarco's anomaly. In addition, Ryan Exploration, a US. Borax subsidiary, is actively exploring its Eagle and Sandy Creeks properties which are adjacent to these claims west boundary.

There is at present no surface or underground plant or equipment on the Property.

Geology and Mineralization

The area of the subject claims is underlain by Rossland Group rocks intruded by a Silver King porphyry stock and/or series of tongues of possible Jurassic and Cretaceous age that covers the eastern claims. Rossland group rocks are represented by the Elise formation andesitic and basaltic flows and flow breccias, agglomerates, augite porphyry and tuff.

The claims are underlain by strongly schistosed andesitic tuffs with abundant pyrite and that bedding is not apparent in the metamorphosed tuffs but foliation strikes northwest and dips 60-70 degrees southwest. In addition, the metamorphosed volcanic rocks are intruded by a stock of Silver King syenite porphyry, which covers the eastern claims.

The 1986 work also confirmed the proposed definition of the western flank of the Silver King stock as the regional axis of a zone within which several areas having good potential for outlining low grade gold deposits amenable to low cost mining methods are recognized. Regionally, this zone is 500m wide and at least 2,000m long.

The four drill holes drilled found gold mineralization. Two high grade sections were found in DDH 86-1. It encountered the possible extensions of the North Star and Starlight or Victoria veins. The former is represented by 1.71m of core starting at a hole depth of 6.40m which assayed 0.469 oz. per ton (uncut). When the hanging well is included, a 4.28 m (true width) section averaging 0.182 oz. per ton gold (uncut) is defined.

The second intersection in DDH 86-1 was a quartz vein or chert horizon located at the bottom of the hole which returned 0.248 oz. per ton gold over 0.52m of drill core which could be diluted to 0.138 oz. per ton over 1.89m of core.

The remainder mineral intersects confirmed the presence of low grade gold mineralization amenable to low, cost mining methods. DDH 86-1, once again, shows a 76.72m drill intersect which averaged 345ppb gold (approx. 0.010 oz. per ton) between 51.91 and 128.63m. The sludge samples taken in DDH 86-4 between 14.33 and 29.57m of hole depth averaged 890ppb gold while the core represented in this section returned 330ppb gold. Unfortunately, these are subeconomic at present.

Work Done by the Company

An exploratory program consisting of an airborne survey was conducted by the Issuer in November and December of 1984. A road survey was conducted by the Issuer and a report prepared in August and September of 1985. From September, 1986 to January, 1987, three stages of the recommended program outlined in the 1985 report were carried out. A total of \$166,540.90 was spent during the season. These stages included:

Stage One - 40.1 km. of linecutting, road access clearing, road and ground magnetometer surveying and soil sampling. A total of 541 soil samples were collected and analysed for gold by fire assay/atomic absorption methods and for silver, copper, lead and zinc by X-ray fluorescence.

Stage Two - 22.0 km. of Multiple Induced Polarization Survey over a portion of the grid.

Stage Three - Diamond drilling of four NQWL holes for a total of 315.5m. A limited amount of road building to the drill sites was also carried out. All drillcore samples were sent to Loring Laboratories of Calgary, Alberta for sample preparation and gold analyses by fire assay and atomic absorption or gravimetric methods, as required. A pulp sample was then sent to ACME Labs. of Vancouver, where each sample was run by 30 element Induced Couple Plasma ("I.C.P.") and mercury.

This work resulted in 7 targets being reported upon by Mr. Salazar:

Target N.1

Located topographically above the Giveout Creek road this target was drilled but the anomaly was not reached. Mr. Salazar recommends further drilling to reach the chargeability anomaly.

Target N.2

The previously reported assays prepared by Asarco could not be duplicated so the target's potential has been discounted.

Target N. 3

Located in the Weir property on the west side of the Silver King stock in the Elise formation. Mr. Salazar recommends further drilling to determine the extension of the shallow 0.182 oz. per ton over a true width of 4.28m. In addition, further drilling is required to determine the extent of the 0.138 oz. per ton gold over 1.89m at the 126.74m depth level.

Target N. 4

Located between Target N. 1 and Target N. 3, it is a geochemical anomaly coincidental with a weak chargeability anomaly. Mr. Salazar recommends testing by trenching and later by drilling.

Target N. 5

Located north of Target N. 7 adjacent to the Silver King tram line. The area has a large I.P. chargeability anomaly. Mr. Salazar recommends its soil geochemical signature and extent to north be defined and assessed.

Target N. 6

Located on the Silver King stockwork at the northern boundary of the property, the area is defined by a series of significant soil geochemical anomalies underlain by a strong I.P. chargeability.

Target N. 7

Located south of Target N.5 adjacent to the Silver King tram line, the area is defined by coincident soil gold geochemistry and I.P. chargeability. Mr. Salazar recommends that the geochemical signature be relocated and redefined prior to physical testing.

Recommendations

Mr. Salazar has recommended in his February 28, 1987 report a two stage exploration program as follows:

Stage One - involves drilling designed to extend the high grade zones found in DDH 86-1 and to test targets at an approximate cost of \$132,020 and to expand the more successful survey methods to cover the remainder of Grid One at an approximate cost of \$152,098, for total costs of \$284,118.

Stage Two - includes initial prospecting and grid development over Grids Two and Three, on the Sestern and Eastern portions of the property, respectively. They are estimated to cost \$72,941 each. The total estimated cost of this program is \$430,000.

Funding in the amount of \$284,098 for Stage One will be provided from the \$700,000 proceeds from the First Exploration Fund 1987 and Company Limited Partnership, as disclosed in Items 2 and 9 herein.

II(c) STUMP LAKE ACQUISITION

The Stump Lake project was acquired by the Issuer by way of an agreement discussed below.

Terms of Acquisition

Pursuant to a joint venture agreement made effective as of the 26th day of January, 1987 between the Issuer and Saturn Energy & Resources Ltd. ("Saturn") of Suite 530, 355 Burrard Street, Vancouver, British Columbia, the Issuer acquired:

- i) the sole, exclusive and immediate right and option to enter upon and explore, develop and mine the Property described below; and
- ii) the further sole and exclusive right and option to earn 50% of Saturn's interest in the agreement between Saturn and Goldbrae Developments Ltd. ("Goldbrae") of Airport Executive Park, 105-10711 Cambie Road, Richmond, British Columbia, V6X 3T5 dated May 1, 1986, as amended, concerning the Bag Claims (the "Bag Agreement") and the agreement between Goldbrae and Saturn dated August 29, 1986, as amended, concerning the Stump Lake Property - Anderson and Lance Claims (the "Anderson Agreement"), hereinafter referred to as the "Option", more particularly described as follows:

Bag Group

12 1/2% ownership in the following property which consists of 35 units located in the Nicola Mining Division, Province of British Columbia:

<u>CLAIM NAME</u>	<u>RECORD NO.</u>	<u>EXPIRY DATE</u>
BAG 1	1276	July 23, 1991
BAG 2	1277	July 23, 1991

Anderson Group

25% ownership in the following property which consists of 104 units located in the Kamloops and Nicola Mining Divisions, Province of British Columbia:

<u>CLAIM NAME</u>	<u>RECORD NO.</u>	<u>EXPIRY DATE</u>
Anderson	2500	March 31, 1989
Anderson 1	2501	March 31, 1989
Anderson 2	2593	May 8, 1989
Anderson 3	3928	January 8, 1989
Anderson 4	4126	July 20, 1990
Anderson 5A	6676	June 23, 1991 *
Anderson 6	5974	November 9, 1990
Lance 5A	1671	April 18, 1988

* This claim was originally staked as the Anderson 5 Claim under record number 5973, but was subsequently abandoned and re-staked by Goldbrae in June of 1986.

Since the Issuer has completed a \$50,000 work commitment on the Bag Claims it is now a joint venture participant with Saturn (the "Joint Venture") and will continue exploration work with Saturn through the Joint Venture under the Bag Agreement and the Anderson Agreement.

The Anderson Agreement provides for the following:

- (a) In order to acquire an undivided 15% interest in the Property, the Joint Venture shall:
 - i) pay \$25,000 to Goldbrae on or before September 15, 1986 (such amount has been paid);
 - ii) arrange (but not have on hand) on or before September 30, 1986 funding for Expenditures valued at \$250,000.00 (this has been arranged through this Statement of Material Facts);
 - iii) incur \$250,000 in expenditures as defined in the agreement by December 31, 1987;
- (b) In order to earn an additional undivided 15% interest in the Property, the Joint Venture shall:
 - i) pay an additional \$50,000 to Goldbrae on or before December 31, 1987; and

- ii) incur additional expenditures of \$250,000 by December 31, 1989;
- (c) In order to earn an additional undivided 20% interest in the Property, the Joint Venture shall:
 - i) pay an additional \$75,000 to Goldbrae on or before December 31, 1989; and
 - ii) incur additional expenditures of \$750,000 by December 31, 1991;

Upon the the Joint Venture earning its maximum interests in the Property, Saturn, the Issuer and Goldbrae will enter into a Joint Venture Agreement which forms part of the Anderson Agreement. Pursuant to the terms of the Joint Venture Agreement, Goldbrae will be the manager of the Joint Venture and the parties are responsible for their pro rata share of exploration and development expenses with provisions for dilution in the event that either party fails to make required contributions.

Bag Claims, Terms of Acquisition

By agreement dated May 1, 1986 between Saturn and Goldbrae, Saturn has the exclusive right and option to acquire 50% of Goldbrae's interest in an option and joint venture agreement dated February 27, 1984 between Goldbrae and Canadian Nickel Company (the "Canadian Nickel Agreement") of 1 First Canadian Place, Toronto, Ontario. In order to exercise its option, Saturn was required to provide \$50,000.00 to fund exploration expenditures on the Property to be completed by February 28, 1987. This commitment was met.

Pursuant to the terms of the Canadian Nickel Agreement, Goldbrae can earn an undivided 50% interest in the Property by incurring exploration expenditures totalling \$200,000.00 on the Property as follows:

- a) 25,000.00 on or before January 14, 1985 (done);
- b) 25,000.00 on or before January 14, 1986 (done);
- c) 50,000.00 on or before January 14, 1987 (done);
- d) 100,000.00 on or before January 14, 1988.

Upon Goldbrae incurring the foregoing expenses it will own a 50% undivided interest in the Property and will enter into a joint venture agreement with Canadian Nickel requiring Goldbrae to manage the exploration on the Property and continue to fund all expenditures up to a total of \$100,000.00. Thereafter the parties will contribute to exploration budgets on a pro rata basis with provision for dilution in the event that either party fails to contribute to proposed exploration programs. If either party's interest is reduced to 10% or less, it is converted to a 15% net profits royalty.

To date, the Issuer has spent \$71,181 on exploration costs.

Location, Access and History

Since the Anderson Claims and Bag Claims (collectively called the "Property") are contiguous properties they are both the subject of an engineering report prepared by Guillermo Salazar S., P.Eng. dated March 22, 1987, a copy of which report is attached hereto and forms part of this Statement of Material Facts.

The Property is located in 230 kilometers northeast of Vancouver and 30 kilometers south of Kamloops, in British Columbia.

Access to the Property is Highway No. 5, which connects the cities of Kamloops and Merritt and which cuts through the southern claims along the north shore of Stump Lake. Access roads to the oil pipeline following Moore Creek and other multipurpose roads give good access to most of the Property.

An adjacent property to the Property was recognized for its mineral potential in 1882 and has produced 71,323 tonnes of ore yielding 254.783kg of gold, 7,781.65 kg of silver, 49.562 tonnes of copper, 1,040.296 tonnes of lead and 235.148 tonnes of zinc between 1914 and 1952 mainly from the Enterprises vein. Modern interest in the area started in 1971 with work carried out by Newconex in the Hollis Creek area and by Monitor Resources Ltd. in the area to the southeast of Anderson Lake. The copper and molybdenum showings along Moore Creek were found and evaluated at this time. Molybdenite is reported in quartz veins and minor occurrences of pyrite, pyrrhotite and chalcopyrite are reported in the schists and volcanics.

The presence of a fluorite showing near Kullagh Lake, was reported in 1976 as: "Zoned fluorite and quartz veins varying in width from 2 to 12 cm. occur along a south dipping fault zone in andesites of the Nicola Group." L. Dekker reports that Chevron Canada drilled four diamond drill holes in the area to the south of Kullagh Lake, into a structural dome within their Microgold claim. The Property was later on also tested by BP Selco of Vancouver.

Dynamic Oil & Gas Ltd. acquired the Lance Claims in 1980 by staking. They carried out geochemical and geophysical surveys in the ground protected by the Lance 5A and Anderson 3 claims.

The area protected by the Anderson and Anderson 2 claims was subject of further studies in 1980-81. This programme, which included geological, geochemical and electromagnetic surveying, was carried out by Esperanza Explorations Ltd. The best target found was tested by DDH 80-An1 in the vicinity of a previous percussion hole that had some silver. Goldbrae acquired the property late in 1981.

Also in 1981, the Federal and Provincial Governments expanded their joint Regional Geochemical survey and the highest fluorine in water value for the claims was 830.ppb. and one of the highest mercury values was 110ppb.

The Canadian Nickel Co. ("Canico") staked the Bag Nos. 1 and 2 claims in 1982 based on results from a previous year's panned concentrate stream sediment survey that showed the creek draining Target No. 1 as described in the report as strongly anomalous in gold, silver, arsenic, tungsten, copper and lead. Canico carried out geological mapping; rock, stream sediment and soil geochemical; and magnetometer and VLF-RADEM geophysical surveys in these claims in 1982 and 1983.

In 1982, Goldbrae carried out gridded surveys over the Anderson, Anderson 2 and Anderson 3 claims.

In 1984, Goldbrae covered the south end of the Anderson No. 4 and Bag Nos. 1 and 2 claims, which were acquired from Canico, with gridded surveys.

Dr. Paul W. Richardson reviewed and summarized all work carried out in the property to May, 1985, and White Geophysical Inc. carried out a Pulse EM survey on the Anderson 1, 2, and 3 claims in late 1985.

Property Geology and Geophysical Results:

The area contained within the boundary of the Property is underlain by Upper Triassic Nicola Group rocks which consist of andesites and basalts with minor, thin, interbedded pyroclastic and sedimentary formations. The Nicola Batholith, or Jurassic and/or Cretaceous age, intrudes the above sequence and occupies the NW half of the Anderson No. 3 and Lance 5A claims.

The Nicola Group is complex in detail and has been subdivided into three northerly trending belts separated by two major and high angle faults. One of these, the Quilchena fault, separates the central and eastern belts and crosses the Anderson claims closely following Moore Creek.

Near the Nicola Batholith, the Nicola rocks have been altered to quartz-hornblende-feldspar gneiss and amphibolite-chlorite and biotite-chlorite schist.

In a regional scale, the available fluorine analyses depicts the area protected by the claim as a very anomalous one.

Target No. 1, identified on the Bag 1 claims is the only site where the Issuer has conducted exploration work on the Property. It was drilled in February, 1987 and confirmed the presence of a fossil geothermal environment. The cost of the program was \$71,811.00.

Target No. 2, located just North of Target No. 1, is larger than No. 1 and is defined by coincident anomalous arsenic in soil, induced polarization/chargeability, fluorine in waters and numerous high gold geochemical values in rock chip samples with assays up to 880ppb gold. Debicki, in his description of this area, implied the possibility that this may be related to a particular horizon of the volcanic pile described by him and related it to his Units 1a and 1b. Should this be confirmed, a fossil geothermal field with an apparent high gold content is defined. The lack of detailed geological mapping and rock geochemical data in this area prevents any further geological modelling.

Target No. 3, located in the Anderson No. 1 claims, is defined by a multi-pathfinder element anomalous stream sediment sample taken about 1.5km. downstream from Anderson Lake. Its outline is defined by a circular topographic feature with Anderson Lake near its north end that occurs at the western edge of an airmagnetic high typical of Nicola volcanic rocks. In 1971, Monitor carried out a soil sampling, ground magnetometer and prospecting survey searching for porphyry copper mineralization within a portion of Target No. 3. M.J. Fitzgerald reported that ..."Narrow quartz-carbonate-limonite veinlets were noted in rock specimens taken near 72N/14E... in an epidote-flooded volcanic breccia". Whether this is an extension of Debicki's Unit 1a and 1b is yet to be proven. If correct, though, the potential fossil geothermal may cover an area at least 5.0km long.

Target No. 4 is located in the Lance 5A, Anderson, Anderson 2 and 3 claims. Here, a copper soil anomaly of better than 160.ppm defines the target. Coincident with it are two pulse - and VLF-EM anomalies as yet not tested.

The Property has no known ore reserves.

Proposed Development and Exploration Program:

Mr. Salazar, P. Eng., has recommended a program consisting of detailed geological mapping, rock chip sampling, trenching and rotary drilling at an estimated cost of \$216,000.

The work program proposed is as follows:

Stage I - Preliminary Exploration

1.	Line cutting	7,447
2.	Geological mapping	30,000
3.	Assaying	11,400
4.	Field Supervision	3,500
5.	Report	5,000
6.	Miscellaneous	<u>5,739</u>
		\$65,626

Total Stage One - \$66,000

Stage II - Drilling

The program outlined here is dependent on the favourable results encountered in Stage I:

1.	Backhoe trenching	\$20,000
2.	Surface Drilling (1,000m @ \$110 per meter)	110,000
3.	Assaying	3,965
4.	Report Writing	11,000
5.	Miscellaneous	<u>5,030</u>
		\$149,995

Total Stage II - \$150,000

Funding in the amount of \$216,000 will be provided from the \$700,000 proceeds from the First Exploration Fund 1987 and Company Limited Partnership, as described in Items 2 and 9 herein.

Goldbrae is a reporting company listed for trading on the Vancouver Stock Exchange. Goldbrae has no relationship with the Issuer and its insiders. Saturn is a reporting company listed for trading on the Vancouver Stock Exchange and has common directors and officers with the Issuer.

4. PARTICULARS OF NON-RESOURCE ASSETS

The Issuer is not engaged nor does it propose to engage, in whole or in part, in a business other than the exploration and development of natural resources.

5. CORPORATE INFORMATION

- (1) The Issuer was incorporated on May 30, 1980, under the laws of the Province of British Columbia by Memorandum and Articles of Association and is in good standing with the British Columbia Registrar of Companies.

The Issuer was extra-territorially registered in the Yukon Territory on April 27, 1981 and is presently awaiting receipt of a certificate of extra-provincial registration in the Province of Quebec.

The Issuer changed its name from Lindex Explorations Ltd. to Lectus Developments Ltd. on February 14, 1986

There was a consolidation of share capital on October 24, 1984 on a ratio of five old for one new basis.

- (2) The authorized capital of the Issuer consists of TEN MILLION (10,000,000) common shares without par value of which 3,305,479 shares have been issued and fully paid.

The share capital structure of the Issuer consists of one class of shares only. Such shares are not subject to any future call or assessment and they have equal voting rights. There are no special rights or restrictions of any nature attached to any of the shares and they all rank pari passu, each with the other, as to all benefits that might accrue to the holder thereof.

- (3) Since the date of the Issuer's unaudited financial statements dated March 31, 1987, a copy of which is attached hereto and forms part of this Statement, there have been no shares of the Issuer issued from treasury.

6. DIRECTORS, OFFICERS, PROMOTERS AND PERSONS HOLDING MORE THAN 10% OF THE ISSUED EQUITY SHARES

(1) Directors, Officers and Promoters of the Issuer

<u>Name, Address and Office Held with Company</u>	<u>Occupation for Last Five Years</u>	<u>Shares Held Beneficially</u>
ROY WILLIAM ROBINSON* 4217 Prospect Road North Vancouver, B. C. V7N 3L6 PRESIDENT and a DIRECTOR	President and Managing Director of Saturn Energy & Resources Ltd.	212,500 escrow 30,000 free
JOHN VACLAV KOONCE 1144 Maplewood Cres. North Vancouver, B. C. V7P 1H9 SECRETARY and a DIRECTOR	Director and Secretary of Saturn Energy & Resources Ltd.; Director and Secretary of the Issuer (since July, 1979); Industrial Engineer with AEL Microtel from 1957 to 1982	85,000 escrow 18,000 free
EDWIN FREDERICK GROBLER* 4532 Burke Street Burnaby, B. C. V5M 2L8 DIRECTOR	Account Manager, General Datacomm Ltd.	85,000 escrow 61,000 free
STANLEY ROBERT FORD* 5064 Wallace Ave. Delta, B.C. V4M 1A1 DIRECTOR	Vice-President and Director of Saturn Energy & Resources Ltd.; Professional Engineer, formerly Senior Manager of Willis, Cunliffe & Tait, an international consulting engineering firm	170,000 escrow 3,000 free
FREDERICK AUGUST McGONIGLE 7451 Thormanby Cres. Richmond, B.C. V7C 4G4 DIRECTOR	Director of Burlington Gold Mines Ltd. and United Gunn Mines Ltd. from July, 1979 to June, 1983; currently director of the Issuer (since July, 1979). Mr. McGonigle is a retired Mining Engineer	85,000 escrow 19,700 free
JOSEPH ANDRE CHARLAND 693 St. Ives Crescent North Vancouver, B.C. DIRECTOR	President and Director of United Northern Petroleum Ltd. from November 1986 to date. Currently a director of the Issuer since January 1987. Formally president of a real estate development company in Prince George, B.C.	25,000 free

* Members of the audit committee.

(2a) Relationship of Directors, Officers or Promoters of the Issuer to other Reporting Companies

<u>Name of Director/Officer/Promoter</u>	<u>No. of Other Public Companies* of which (s)he is currently a director/officer/promoter</u>
Roy William Robinson	1
John Vaclav Koonce	1
Edwin Frederick Grobler	0
Stanley Robert Ford	1
Frederick August McGonigle	4
Joseph Andre Charland	1

* A list of the names of such public companies is available for inspection at #400 - 750 West Pender Street, Vancouver, B.C. V6C 2T7, during normal business hours during the primary distribution of the shares hereby offered and for 30 days after completion of the primary distribution.

(2b) During the period that the above were directors, officers or promoters of the companies referred to, no such company was struck off the Register of Companies by the British Columbia Registrar of Companies, or similar authority, nor were the securities of such companies ever the subject to a cease trade or suspension order for a period of more than thirty consecutive days.

(3a) Remuneration of Director, Officer, Promoter or Insider

From the fiscal year ended July 31, 1986 and the period ended April 30, 1987, \$30,000, being \$2,500 per month, was paid to International Royalties Corporation, a private company owned by Messrs. Koonce, Ford and Robinson, directors of the Issuer, for management services.

(3b) No director, officer, promoter or insider has received anything of value (ie. money, securities, property, contracts, options or rights of any kind, whether received directly or indirectly) from the Issuer within the past year which has not been disclosed elsewhere in this Statement of Material Facts.

(4) Each Person or Company who Owns Beneficially, Directly or Indirectly More Than 10% of the Equity Shares of the Issuer Other Than Those Persons Disclosed in Item 6.(1) Above.

Other than those individuals listed in item 6(1) hereof, there are no persons who or companies which own beneficially, directly or indirectly more than 10% of the equity shares of the Issuer to the knowledge of the directors of the Issuer.

7. OPTIONS TO PURCHASE SECURITIES OF THE ISSUER

- (1) Director Options - The Issuer has the following Directors' Stock Options outstanding pursuant to Option Agreements entered into between the Issuer and each of the directors for a term of five years from the Effective Date of the Prospectus of the Issuer, being February 28, 1991 except for Joseph Charland who was granted an option on June 18, 1987, which option is exercisable on or before June 17, 1992 and subject to the approval of the shareholders of the Issuer and the Vancouver Stock Exchange:

<u>Director</u>	<u>Number of Shares</u>	<u>Price Per Share</u>
Stanley Robert Ford	39,543	\$0.50
Frederick A. McGonigle	10,000	\$0.50
Joseph Andre Charland	<u>115,000</u>	\$0.60
TOTAL:	164,543	

- (2) Employee Options - The Issuer has the following Employee options outstanding pursuant to option agreements entered into between the Issuer and each of the following, expiring five years from the effective date of the Issuer's Prospectus, being February 28, 1991:

<u>Employee</u>	<u>Number of Shares</u>	<u>Price Per Share</u>
Roy William Robinson	37,543	\$0.50
John Vaclav Koonce	<u>30,000</u>	\$0.50
TOTAL:	67,543	

There are no other options, share purchase warrants or rights granted to an insider or promoter of the Issuer by the Issuer or by a present security holder.

8. SECURITIES OF THE ISSUER HELD IN ESCROW, IN POOL OR SUBJECT TO HOLD RESTRICTIONS

- (1) Escrow Principal's Shares - There are 637,500 shares of the Issuer held in escrow by Royal Trust Company of #505 Burrard Street, Vancouver, B.C.

The escrow restrictions provide that the shares may not be sold, assigned, hypothecated, alienated, released from escrow, transferred within escrow, or otherwise in any manner dealt with, without the express consent, order, or direction in writing of the Vancouver Stock Exchange ("Exchange") being first obtained except as may be required by reason of death or bankruptcy of any escrow shareholder.

Any shares not released from the escrow created by the terms of the agreement before the expiration of five (5) years from February 14, 1986 shall be cancelled forthwith and the Company and Royal Trust Company will take all such actions as may be necessary to expeditiously effect such cancellation.

The complete text of the escrow agreement is available for inspection at the registered office of the Issuer.

- (2) Pooled Shares - There are no shares held in pool.
- (3) Shares subject to Unexpired Hold Periods - There are no securities which are presently subject to an unexpired hold period originally imposed by the Superintendent of Brokers, other than:
 - a) with respect to a 200,000 unit private placement (each unit comprised of one common share and one 12-month non-transferable share purchase warrant exercisable at \$0.50 per share) with Noramsys Resources Ltd., of Vancouver, British Columbia and Amalgamated Energy Corp. of Oklahoma, U.S.A., with each company subscribing for 100,000 units at a price of \$0.45 per unit. The hold period expires on February 5, 1988.
 - b) with respect to a 68,855 units (each unit comprised of one common share and one 12 month non-transferrable share purchase warrant (exercisable at \$0.70 per share) with IVT Innovative Video Techniques Inc. of Vancouver, British Columbia, at a price of \$0.60 per unit. The hold period expires on February 5, 1988.

9. PARTICULARS OF ANY OTHER MATERIAL FACTS

(1) Legal Proceedings

There are no actual or pending material legal proceedings to which the Issuer or its properties are or are likely to be a party.

(2) Proposed Property Acquisition

There is a property proposed to be acquired for which regulatory approval is not being sought under this Statement:

Arkoma Basin Leases

By an agreement dated April 22, 1986 made amongst the Issuer, AET Holdings Ltd. and Broken Arrow Holdings Ltd., the Issuer agreed to acquire a 100% working interest in various petroleum and natural gas leases subject to royalties no greater than 25% yielding a minimum of a 75% net revenue interest. The approximate 462.466 acres are located in the Arkoma Basin, Le Flore County, Oklahoma, U.S.A and the consideration to be paid by the Issuer shall be in the form of fully paid and non-assessable shares of the Issuer to be issued to AET Holdings Ltd. at the closing of each leasehold acquisition, at 1,750 shares for each full acre contained within the leasehold interest acquired. The number of

shares to be issued pursuant to this transaction is 809,316 shares. As of June 18, 1987, a total of 614,775 shares of the Issuer were issued to AET Holdings Ltd. (as to 324,275 shares), to Amalgamated Energy Corporation (as to 175,000 shares) and to Broken Arrow Holdings Ltd. (as to 115,500 shares).

Six prospects are to make up the 462.466 acre package and the average fair market value of the six prospects is estimated to be \$4,550 U.S. per acre.

The Issuer does not plan to put up any additional funds and will develop the property through a joint venture or other third party arrangement. It is anticipated that a drilling program will commence by August, 1987.

The Vancouver Stock Exchange conditionally approved the proposed acquisition of interests in 400 acres of proven undeveloped natural gas leases in the Arkoma Basin, Oklahoma on May 23, 1986. Such approval in principle is subject to receipt by the Vancouver Stock Exchange of a title opinion on the acquired acreage and the respective oil and gas lease agreements; updated engineering reports confirming the values of the properties; final acquisition agreements outlining the specific acreage acquired; and evidence that the Company has the funds available to develop the natural gas interest.

(3) Changes in Liabilities

The liabilities (including bonds, debentures, notes or other debt obligations) of the Issuer have not significantly increased or altered subsequent to the date of the financial statements included in this Statement.

(4) First Exploration Fund 1987 and Company, Limited Partnership

A. Exploration Agreement

The Issuer has entered into an Exploration Agreement dated February 10, 1987 with First Exploration Fund 1987 and Company, Limited Partnership (the "Partnership") pursuant to which the Partnership has reserved \$700,000 to carry out a program of mineral exploration proposed by the Issuer on mineral resources properties in Canada owned by the Issuer. Net proceeds from such offering will be deposited with Guaranty Trust Company of Canada as escrow agent, and will be released to the Company from escrow upon delivery by the Issuer to the escrow agent certain documents as set out in the agreement dated April 16, 1987.

The Issuer will, pursuant to the Exploration Agreement, incur for and on behalf of the Partnership those certain expenditures which are eligible as "Canadian Exploration Expense" not later than February 29, 1988, and of which at least 80% will qualify for "mining exploration depletion allowance" as those terms are defined in the Income Tax Act (Canada), and herein collectively referred to as the "Qualified Expenditures".

**B. Issue of 729,167 Flow-Through Shares
By Way of Private Placement**

A tax flow-through private placement is to be completed concurrently with the public offering. In consideration for the Partnership incurring the Expenditures referred to above the Issuer will issue to the Partnership the number of flow-through shares (the "Shares") equal to (a) the total dollar amount of Qualified Expenditures made or incurred by the Company or its subsidiary on behalf of the Partnership divided by (b) the issue price of \$0.96 per Share, being 729,167 shares (subject to Article 8 of the Exploration Agreement). These shares will be required to be held for a period of one (1) year from the date of November 28, 1987.

C. Subscription Agreement

Pursuant to a Subscription Agreement between the Issuer and Putco Holdings Ltd. dated April 16, 1987, the Issuer subscribed for 2,000 Class A Preference Shares of Putco Holdings Ltd. for an aggregate subscription price of \$203,000.00.

A total of \$203,000 of this offering will be used to purchase 2,030 Class A Preference Shares at \$100 per share for an aggregate subscription price of \$203,000 which represents approximately 29% of the Qualified Expenditures.

Additionally, the Issuer will also pay the Exploration Manager's fee out of the amount committed to the Issuer by the Partnership. The basic fee is 1.2% of the committed amount, but this may be adjusted if, after reviewing the Company's program, the Partnership and the exploration manager determine that special monitoring costs will be incurred. At 1.2% of the program amount the Exploration Manager's fee is estimated at \$8,900.

(5) Ogg Claims

By letter dated August 18, 1986 G. Salazar S. & Associates Ltd. recommended, after the expenditure of \$3,000 which was used to commence Stage I of the program recommended by it in a report dated August 10, 1986 (which report forms part of the Issuer's prospectus), that the Ogg property be dropped. The Board of Directors of the Issuer met on August 19, 1986 and approved the recommendation of G. Salazar S. & Associates Ltd. to drop the property.

(6) Private Placement

The Company has negotiated a private placement of treasury shares and warrants to raise a total of \$125,000 pursuant to agreements entered into between the Issuer and certain investors dated July 7, 1987. The private placement provides for a total of 245,098 Units being issued to the investors at \$0.51 per unit, each unit consisting of one share and one warrant entitling the holder to purchase an additional common share within a one year period from July 7, 1987 at a price of \$0.61 per share. The foregoing agreements are subject to the approval of the Vancouver Stock Exchange.

(7) Other Material Facts

There are no other material facts not previously disclosed herein.

(8) Inspection of Documents

All contracts, engineering reports and lists of reporting companies referred to in this Statement may be inspected at the Issuer's registered office, #400 - 750 West Pender Street, Vancouver, British Columbia, during normal business hours during the period of primary distribution of the securities offered hereby and for the period of thirty days thereafter.

10. STATUTORY RIGHTS OF RESCISSION

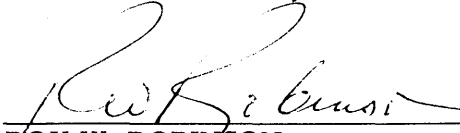
The British Columbia Securities Act provides purchasers with the right to rescind a contract for the purchase of securities where the Statement of Material Facts and any existing amendments thereto either contain a misrepresentation or are not delivered to the purchaser before delivery of the written confirmation of sale. For further information concerning these rights, and the time limits within which they must be exercised, refer to Sections 66, 114, 118 and 124 of the British Columbia Securities Act or consult a lawyer.

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CERTIFICATE OF THE DIRECTORS AND PROMOTERS OF THE ISSUER

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

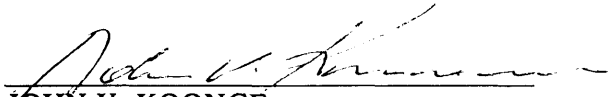
DATED: June 18, 1987



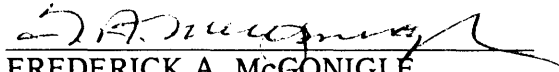
ROY W. ROBINSON,
President, Director and Promoter




EDWIN F. GROBLER,
Director and Promoter



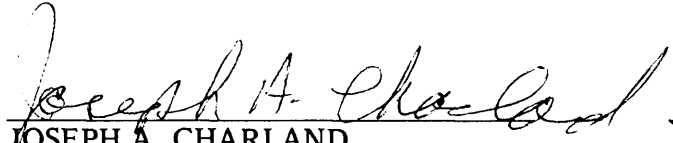
JOHN V. KOONCE,
Director



FREDERICK A. MCGONIGLE,
Director



STANLEY R. FORD,
Director



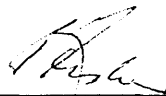
JOSEPH A. CHARLAND,
Director

CERTIFICATE OF THE AGENT

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 Statement of Material Facts as required by the Securities Act and its regulations.

DATED: June 18, 1987

MAJENDIE SECURITIES LTD.

Per: 

LECTUS DEVELOPMENTS LTD.

FINANCIAL STATEMENTS

YEAR ENDED JULY 31, 1986

Auditors' Report

Balance Sheet

Statement of Deferred Exploration, Development
and Administrative Expenditures

Statement of Deficit

Statement of Changes in Financial Position

Notes to Financial Statements



Thorne Riddell

Chartered Accountants

AUDITORS' REPORT

To the Shareholders of
Lectus Developments Ltd.

We have examined the balance sheet of Lectus Developments Ltd. as at July 31, 1986 and the statements of deferred exploration, development and administrative expenditures, deficit and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at July 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, Canada
August 19, 1986

Chartered Accountants



LECTUS DEVELOPMENTS L
(Incorporated under the laws of British Columbia)

BALANCE SHEET AS AT JULY 31, 1986


	<u>1986</u>	<u>1985</u>
ASSETS		
CASH	\$ 57,064	\$ 32,814
MINERAL PROPERTIES (note 2)	28,001	3,502
OIL AND GAS Goforth Gas Wells	27,370	-
DEFERRED EXPLORATION, DEVELOPMENT AND ADMINISTRATIVE EXPENDITURES	89,220	56,824
INVESTMENT IN PUTCO HOLDINGS LTD. (note 3(c))	<u>25,000</u>	<u>-</u>
	<u>\$226,655</u>	<u>\$ 93,140</u>
LIABILITIES		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	<u>\$ 1,501</u>	<u>\$ 2,472</u>
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (note 3)		
Authorized		
10,000,000 common shares without par value		
Issued		
1,750,909 shares (1985 - 479,499 shares)	425,644	207,792
DEFICIT	<u>200,490</u>	<u>117,124</u>
	<u>225,154</u>	<u>90,668</u>
	<u>\$226,655</u>	<u>\$ 93,140</u>

Approved by the Board

Director



Director



LECTUS DEVELOPMENTS L. .

STATEMENT OF DEFERRED EXPLORATION, DEVELOPMENT
AND ADMINISTRATIVE EXPENDITURES
YEAR ENDED JULY 31, 1986

	<u>1986</u>	<u>1985</u>
Exploration and development		
Engineering costs		
O.G.G. property	\$ 5,371	\$ 32,403
Great West claim properties	23,995	10,587
Casa Berardi property	7,958	-
Maps and reports	3,360	111
Property inspection	304	-
	<u>40,988</u>	<u>43,101</u>
Administrative		
Accounting and auditing	2,305	1,840
Automobile expense	1,558	321
Bank interest, net of charges	(5,144)	(624)
Consulting fees paid to affiliated company	3,000	-
Directors meetings	-	536
Entertainment, promotion and advertising	3,521	283
Legal fees	10,195	1,130
Licences, fees and taxes	3,866	25
Management fees paid to affiliated company	10,000	-
Miscellaneous expense	570	10
Postage, stationery and office	7,545	950
Rent	9,300	3,050
Secretarial	687	293
Telephone	1,204	491
Travel and accommodation	5,270	5,418
	<u>53,877</u>	<u>13,723</u>
Total exploration, development and administrative expenditures for the year	94,865	56,824
Deferred exploration, development and administrative expenditures at beginning of year	56,824	93,013
	<u>151,689</u>	<u>149,837</u>
Write-off of costs relating to expired options	<u>62,469</u>	<u>93,013</u>
DEFERRED EXPLORATION, DEVELOPMENT AND ADMINISTRATIVE EXPENDITURES AT END OF YEAR	<u>\$ 89,220</u>	<u>\$ 56,824</u>

LECTUS DEVELOPMENTS L .

STATEMENT OF DEFICIT

YEAR ENDED JULY 31, 1986

	<u>1986</u>	<u>1985</u>
Write-off of costs relating to expired options		
Option payments and advance royalties	\$ 5,001	-
Deferred exploration, development and administrative expenditures	<u>62,469</u>	<u>\$ 93,013</u>
	67,470	93,013
Share issue expenses	<u>15,896</u>	<u>-</u>
	83,366	93,013
Deficit at beginning of year	<u>117,124</u>	<u>24,111</u>
DEFICIT AT END OF YEAR	<u><u>\$200,490</u></u>	<u><u>\$117,124</u></u>

LECTUS DEVELOPMENTS L .

STATEMENT OF CHANGES IN FINANCIAL POSITION

YEAR ENDED JULY 31, 1986

	<u>1986</u>	<u>1985</u>
CASH RESOURCES PROVIDED BY (USED FOR)		
FINANCING		
Issue of common shares for cash, net of issue expenses	<u>\$201,956</u>	<u>\$90,542</u>
INVESTMENTS		
Purchase of option on		
O.G.G. property	-	(1)
Great West claim properties	-	(1)
Casa Berardi property	(20,000)	-
Advance royalty on		
O.G.G. property	(5,000)	-
Great West claim properties	(4,500)	(3,500)
Exploration, development and administrative expenditures	(95,836)	(54,352)
Investment in		
Goforth Gas Wells	(27,370)	-
Putco Holdings Ltd.	(25,000)	-
	<u>(177,706)</u>	<u>(57,854)</u>
INCREASE IN CASH	24,250	32,688
CASH AT BEGINNING OF YEAR	<u>32,814</u>	<u>126</u>
CASH AT END OF YEAR	<u>\$ 57,064</u>	<u>\$32,814</u>

LECTUS DEVELOPMENTS LTD.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JULY 31, 1986

1. SIGNIFICANT ACCOUNTING POLICY

Mineral properties

The company capitalizes the cost of acquiring, exploring and developing mineral properties, and defers administrative expenditures, until such time that the properties are placed into production or abandoned. At that time costs are amortized on a unit of production basis or written off. The recovery of the costs is dependent upon obtaining adequate financing and developing economic operations. The amount capitalized represents costs to date and is not intended to reflect present or future values.

2. MINERAL PROPERTIES

(a) Options and advance royalties

	<u>1986</u>	<u>1985</u>
(i) O.G.G. property Option agreement	-	\$ 1
(ii) Great West Claim properties Option agreement	\$ 1	1
Advance royalty	8,000	3,500
	<u>8,001</u>	<u>3,501</u>
(iii) Casa Berardi property Option agreement	20,000	-
	<u>\$28,001</u>	<u>\$3,502</u>

(b) Description

(i) O.G.G. property

The option is for 46 units in the Nelson Mining Division under the claim names of OGG 1 to OGG 7. Subsequent to the year end, this option was dropped. Accordingly, the costs relating to this property of \$67,470, including deferred exploration, development and administrative expenditures, have been written off.

(ii) Great West claim properties

Great West claim properties consists of two separate agreements, the Bourdon property agreement and the Asarco property agreement, both of which are described below.

2. MINERAL PROPERTIES (continued)

(b) Description (continued)

(ii) Great West claim properties (continued)

The Bourdon property consists of 10 units in the Nelson Mining Division. The company has the option to obtain a 100% ownership interest in the property by paying an aggregate amount of \$1,500,000 in royalties or advance royalties. The breakdown of future payments is as follows:

- (a) \$6,000 plus 6,000 shares on or before January 1, 1987;
- (b) \$6,000 plus 6,000 shares on or before January 1, 1988;
- (c) \$10,000 plus 10,000 shares on or before January 1, 1989;
- (d) Upon commencement of production, a royalty of 1.5% of net smelter return shall be paid until the full \$1,500,000 is paid.

The Asarco property consists of 14 recorded mineral claims and 2 Crown grants in the Nelson Mining Division. The company has the option to earn a 51% interest in the property by incurring a minimum \$100,000 exploration expense by no later than September 30, 1987.

(iii) Casa Berardi property

The option is for 55 mining claims in the Dieppe Township, Quebec. The agreement gives the company the option to acquire at least an undivided 50% right, title and interest in the claims. The agreement requires the following:

- (a) issuance of 25,000 shares upon regulatory approval;
- (b) issuance of 25,000 shares and work expenditure of \$200,000 on or before June 30, 1987;
- (c) issuance of 25,000 shares and work expenditures of \$350,000 on or before June 30, 1988;
- (d) issuance of 25,000 shares and work expenditures of \$500,000 on or before June 30, 1989.

3. CAPITAL STOCK

- (a) During the year, the company issued 1,271,410 common shares for net cash proceeds of \$201,956.
- (b) Pursuant to an agreement dated April 22, 1986, which is subject to regulatory approval, the company agreed to issue 700,000 common shares for the purchase of 400 acres of petroleum and natural gas leases in the Arkoma Basin, Oklahoma.

3. CAPITAL STOCK (continued)

(c) During the year, the company entered into an exploration agreement under which it will issue 520,833 flow-through shares for an issue price of 96¢ per flow-through share. As part of the agreement, the company is required to subscribe for 1,600 class A preference shares of Putco Holdings Ltd. for an aggregate price of \$160,000 (\$25,000 was paid prior to year end).

(d) The company has entered into the following stock option agreements which expire on February 28, 1991:

- (i) with directors for the issue of 87,543 common shares at \$.50;
- (ii) with employees for the issue of 87,543 common shares at \$.50.

4. SEGMENTED INFORMATION

All of the company's mineral properties are located in Canada whereas its oil and gas investment is in the United States.

5. STATUS

The company's common shares are exempt securities under United States securities laws. Accordingly, these financial statements do not necessarily include all of the disclosures and accounting as required by U.S. generally accepted accounting principles and Regulation A-X.

LECTUS DEVELOPMENTS LTD.
 BALANCE SHEET
 AS AT MARCH 31, 1987
 (Prepared by Management Without Audit)


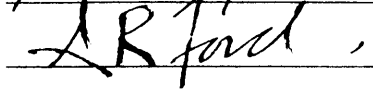
ASSETS

CURRENT ASSETS	
Cash on Hand and in Bank	\$ 148,151
Receivables & Advances	10,180
	158,331
MINERAL PROPERTIES (Note 2)	2,451,731
OIL AND GAS	
Goforth Gas Wells	27,370
DEFERRED EXPLORATION, DEVELOPMENT AND ADMINISTRATIVE EXPENDITURES	500,753
INVESTMENT IN PUTCO HOLDINGS LTD. (Note 3(c))	120,000
INVESTMENT IN VIDEO OF PROPERTIES	41,913
	\$ 3,300,098

LIABILITIES & SHAREHOLDERS' EQUITY

CURRENT LIABILITIES	
Accounts Payable and Accrued Liabilities	\$ 39,705
CAPITAL STOCK (Note 3)	
Authorized	
10,000,000 common shares without par value	
Issued	
3,305,479 shares	
(July 31/86 - 1,750,909 shs)	\$ 3,460,883
DEFICIT	200,490
	\$ 3,300,098

APPROVED BY THE BOARD OF DIRECTORS


 _____ DIRECTOR

 _____ DIRECTOR

LECTUS DEVELOPMENTS LTD.
STATEMENT OF DEFERRED EXPLORATION, DEVELOPMENT
AND ADMINISTRATIVE EXPENDITURES
EIGHT MONTHS ENDED MARCH 31, 1987
(Prepared by Management Without Audit)

EXPLORATION AND DEVELOPMENT COSTS

Engineering Costs		
O.G.G. Property		\$ 3,000
Great West Claim Properties		149,440
Stump Lake		65,082
Fairlady - Casa Berardi		45,761
Insurance - Great West Claims		24,480
Filing Fees		2,160
Extra Provincial Registration		3,000
Exploration Manager's Fee		4,500

\$ 297,423

ADMINISTRATIVE COSTS

Accounting and Auditing	\$ 3,547	
Automobile Expense	3,367	
Bank Charges & Interest	(164)	
Courier Expense	442	
Entertainment, Promotion & Advertising	50,084	
Insurance Expense	140	
Legal Fees	1,870	
Licenses, Fees & Taxes	11,997	
Management Fees	2,050	
Miscellaneous Expenses	117	
Printing, Shareholders Information & Office Expenses	9,845	
Rent	15,000	
Salaries & Wages	4,622	
Secretarial Expense	292	
Telephone Expense	5,803	
Transfer Agent Fees	2,402	
Travel & Accommodation	2,696	114,110

DEFERRED EXPLORATION DEVELOPMENT AND
ADMINISTRATIVE EXPENSES FOR END
OF PERIOD

89,220

EXPLORATION, DEVELOPMENT AND
ADMINISTRATIVE EXPENSES FOR YEAR

\$ 500,753

=====

LECTUS DEVELOPMENTS LTD
SUMMARY OF PROGRAM'S EXPENDITURES
MARCH 31, 1987

EXPLORATION & DEVELOPMENT COSTS

OGG Property			
Engineering Expense			\$ 3,000
Great West Claims Property			
Engineering Expense			
(Aug. 1/86 to Feb. 28)	\$ 149,440		
Engineering Expense (July/86)	17,000	166,440	
Casa Berardi Property			
Engineering Expense	\$ 43,220		
Travel & Accommodation Expenses	2,541	45,761	
Stump Lake Property			
Engineering Expense	\$ 64,656		
Filing Fees	120		
Travel & Accommodation	305	65,082	
Exploration Manager's Fee			4,500
Other Management Costs			
Labour Expense	\$ 22,105		
Accounting & Auditing	2,025		
Insurance	350	24,480	
Other Licenses, Fees & Taxes			2,160
			\$ 311,423
			=====

LECTUS DEVELOPMENTS LTD.
STATEMENT OF DEFICIT
EIGHT MONTHS ENDED MARCH 31, 1987
(Prepared By Management Without Audit)

DEFICIT AT BEGINNING OF YEAR	\$ 200,490
DEFICIT AS AT MARCH 31, 1987	\$ 200,490 =====

LECTUS DEVELOPMENTS LTD.
 NOTES TO FINANCIAL STATEMENTS
 EIGHT MONTHS ENDED MARCH 31, 1987
 (Prepared By Management Without Audit)

1. SIGNIFICANT ACCOUNTING POLICY

Mineral properties

The company capitalizes the cost of acquiring, exploring and developing mineral properties, and defers administrative expenditures, until such time that the properties are placed into production or abandoned. At that time costs are amortized on a unit of production basis or written off. The recovery of the costs is dependent upon obtaining adequate financing and developing economic operations. The amount capitalized represents costs to date and is not intended to reflect present or future values.

2. MINERAL PROPERTIES

(a) Options and Advance Royalties

(i) Weir Nelson Property Option Agreement		\$ 6,000	
(ii) Great West Claim Properties	Option Agreement	\$ 1	
	Advance Royalty	17,000	17,001
(iii) Casa Berardi Property Option Agreement			32,500
(iv) Arkoma Basin Property			2,396,230
			\$2,451,731

(b) Descriptions

(1) Weir - Nelson Property

The Weir Property consists of three claims in the Nelson Mining Division. The company has the option to obtain a 100% ownership interest in the property. The following additional payments are required to fulfill this agreement:

LECTUS DEVELOPMENTS LTD.
NOTES TO FINANCIAL STATEMENTS
EIGHT MONTHS ENDED MARCH 31, 1987
(Prepared By Management Without Audit)

2. MINERAL PROPERTIES (Cont'd)

(b) Description (Cont'd)

- (a) The amount of \$12,000 and work expenditure of \$20,000 before June 30, 1987;
- (b) The amount of \$12,000 and work expenditure of \$90,000 before June 30, 1988;
- (c) The amount of \$12,000 and work expenditure of \$190,000 before June 30 1989;
- (d) The amount of \$12,000 and work expenditure of \$340,000 before June 30, 1990;
- (e) The amount of \$12,000 and work expenditure of \$650,000 before June 30, 1991;
- (f) The amount of \$12,000 before June 30, 1992;
- (g) The amount of \$12,000 before June 30, 1993;
- (h) The amount of \$12,000 beofre June 30, 1994.

Upon commencement of production the following royaltties are payable:

- (a) 4% Net Smelter Returns shall be paid until the aggregate amount equals \$1,000,000;
- (b) 2% Net Smelter Returns shall be paid until the aggregate amount equals \$5,000,000;
- (c) 1% Net Smelter Returns in perpetuity thereafter.

(2) (ii) Great West Claim Properties

Great West claim properties consists of two additional separate agreements, the Bourdon Property agreement and the Asarco property agreement, both of which are described below.

LECTUS DEVELOPMENTS LTD.
NOTES TO FINANCIAL STATEMENTS
EIGHT MONTHS ENDED MARCH 31, 1987
(Prepared By Management Without Audit)

2. MINERAL PROPERTIES (Cont'd)
(b) Description (Cont'd)

The Bourdon property consists of 10 units in the Nelson Mining Division. The company has the option to obtain a 100% ownership interest in the property by paying an aggregate amount of \$1,500,000 in royalties or advance royalties. The breakdown of future payments is as follows:

- a) \$6,000 plus 6,000 shares on or before January 1, 1988;
- b) \$10,000 plus 10,000 shares on or before January 1, 1989;
- c) Upon commencement of production, a royalty of 1.5% of net smelter return shall be paid until the full \$1,500,000 is paid.

The Asarco property consists of 14 recorded mineral claims and 2 Crown grants in the Nelson Mining Division. The company has the option to earn a 51% interest in the property by incurring a minimum \$100,000 exploration expense by no later than September 30, 1987.

(iii) Casa Berardi Property

The option is for 55 mining claims in the Dieppe Township, Quebec. The agreement gives the company the option to acquire at least an undivided 50% right, title and interest in the claims. The agreement requires the following:

LECTUS DEVELOPMENTS LTD.
NOTES TO FINANCIAL STATEMENTS
EIGHT MONTHS ENDED MARCH 31, 1987
(Prepared by Management Without Audit)

2. MINERAL PROPERTIES (Cont'd)
(b) Description (Cont'd)

- a) issuance of 25,000 shares upon regulatory approval;
- b) issuance of 25,000 shares and work expenditure of \$200,000 on or before June 30, 1987;
- c) issuance of 25,000 shares and work expenditures of \$350,000 on or before June 30, 1988;
- d) issuance of 25,000 shares and work expenditures of \$500,000 on or before June 30, 1989.

(iv) By agreement dated January 26, 1987 Saturn has entered into a Joint Venture with Lectus Developments Ltd. whereby Lectus can earn 50% of Saturn's 50% option by funding exploration programs.

3. CAPITAL STOCK

- (a) During the past six months, the company issued 58,000 common shares for net cash proceeds of \$29,000 in employee and directors options.
- (b) Pursuant to an agreement dated April 22, 1986, which has now received regulatory approval, the company agreed to issue 700,000 common shares for the purchase of 400 acres of petroleum and natural gas leases in the Arkoma Basin, Oklahoma. To date the company has issued 667,567 common shares to acquire 381.466 acres.
- (c) During the preceding fiscal period the company entered into a revised exploration agreement under which it has issued 534,295 flow-through shares for an issue price of 96¢ per flow through share. As part of the revised agreement, the company has subscribed for 1,200 class A preference shares

LECTUS DEVELOPMENTS LTD.

LECTUS DEVELOPMENTS LTD.
NOTES TO FINANCIAL STATEMENTS
EIGHT MONTHS ENDED MARCH 31, 1986
(Prepared by Management Without Audit)

3. CAPITAL STOCK (Cont'd)

of Putco Holdings Ltd. for an aggregate price of \$120,000. Additional agreements have now been negotiated to fund \$700,000 of exploration work to be done in 1987 and a further \$1,000,000 for exploration work to be done in 1988.

- (d) Outstanding stock options in the company expire February 28, 1991 and consist of:
- (1) Directors options of 49,543 common shares at \$.50;
 - (2) Employees options of 67,543 common shares at \$.50.

4. SEGMENTED INFORMATION

All of the company's mineral properties are located in Canada whereas its oil and gas investment is in the United States.

5. STATUS

The company's common shares are exempt securities under United States securities laws. Accordingly, these financial statements do not necessarily include all of the disclosures and accounting as required by U.S. generally accepted accounting principles and Regulation A-X.

REPORT ON THE DIEPPE PROPERTY

DIEPPE TOWNSHIP, NORTHWESTERN QUEBEC

CASA BERADI GOLD AREA

FOR

LECTUS DEVELOPMENTS INC.

Prepared by:

Nelson W. Baker, P.Eng.
42 Invermarge Drive
West Hill, Ontario
M1C 3M4

June 4, 1986
NTS 32E/11-0103

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SUMMARY

The Dieppe township property of Lectus Developments Ltd. consists of fifty-five unsurveyed mining claims totalling about 880 hectares situated in the central part of Dieppe township about 3.0 kilometers southwest of the Golden Pond West gold zone on the Canico/Golden Knight joint venture property in northwestern Quebec. This report on the property has been prepared by Nelson W. Baker, P.Eng., at the request of Mr. Stan Ford, a director of the Company.

The above property was staked in 1983 to cover a portion of a continuous, strong INPUT conductor that was considered to represent a favourable volcano-sediment horizon similar to the one hosting the major gold deposits in the Golden Pond area. A regional multi-element geochemical survey and recent ground geophysical surveys carried out on the property have confirmed the presence of three separate areas that merit serious exploratory work for stratabound gold mineralization. Previous methods used in the search for base metal deposits were not suitable for exploring for stratabound accumulations of gold mineralization.

It is highly recommended that Lectus Developments Ltd. carry out a program consisting of prospecting, geological mapping, limited line cutting followed by an induced polarization survey over select portions of the property. After the geophysical results have been assessed, a diamond drill program will be required to test the most favourable targets. The estimated cost of the proposed program is \$116,820.00.

This property is considered to have a better than average chance of locating an economic stratabound gold deposit. Exploratory work as proposed is warranted.

INTRODUCTION

This report on the Dieppe township property has been prepared by Nelson W. Baker, P.Eng. at the request of Mr. Stan Ford, a director of Lectus Developments Inc. The property, consisting of fifty-five (55) contiguous unsurveyed mining claims and comprising a total of 880 hectares, is located in the central part of Dieppe township about 3.0 kilometers southwest of the Golden Pond West Zone on the Canico-Golden Knight joint venture property in northwestern Quebec.

The purpose of this study is to provide an assessment of the economic potential of the property and to recommend an appropriate program for its further evaluation.

The writer is familiar with the report area having visited the property on several occasions within the past few months and having supervised exploratory drill programs in the northern part of Dieppe township for Amble Resources Ltd. and Adoloa Resources Ltd. between September and December, 1985. As well, the writer has examined most of the core drilled by Canico on their Golden Pond and Golden Pond East gold deposits. In addition to having extensive knowledge of the area, the writer has made use in this study of past exploration records relevant to the property in the files of the Ministère de l'Énergie et des Ressources in Noranda, Quebec. The information available is considered of adequate details and accuracy to support the conclusions reached herein.

Following the discovery of the original Golden Pond gold deposit by Canico, the Lectus property was staked to cover at least two separate stratigraphic horizons that trend through the property and are believed to be favorable for the occurrence of stratabound economic gold mineralization. Along a similar stratigraphic horizon just north of the property, the Canico-Golden Knight joint venture have discovered three separate economic gold deposits totalling better than 6.0 million tons of ore grading approximately 0.28 ozs, gold per ton.

PROPERTY LOCATION, ACCESS

The Dieppe property is located in northwestern Quebec, 80 kilometers (50 miles) north of LaSarre (Figure 1). It is situated south of the Detour Lake (Amoco-Dome) and the Brouillan (Selbaie) mining areas and west of the Matagami and Joutel camps.

Access to the report area is by an all-weather lumber road that runs in a northerly direction a short distance east of the property boundary. As well, a branch logging road extends westward off this road meandering through the property as shown in figure 2.

Topographically, the property varies from very prominent hills (i.e Collines Dieppe) in the eastern part of the property to generally low, flat ground in the western parts toward the Turgeon river. Outcrop are plentiful in the area of the Collines Dieppe and in the central section of the claim group. The outcrop areas are segmented by wide, low overburden covered terrain which are cut by small, meandering streams draining into the Turgeon river.

Qualified manpower and mining services are readily available

LECTUS DEVELOPMENT LTD.

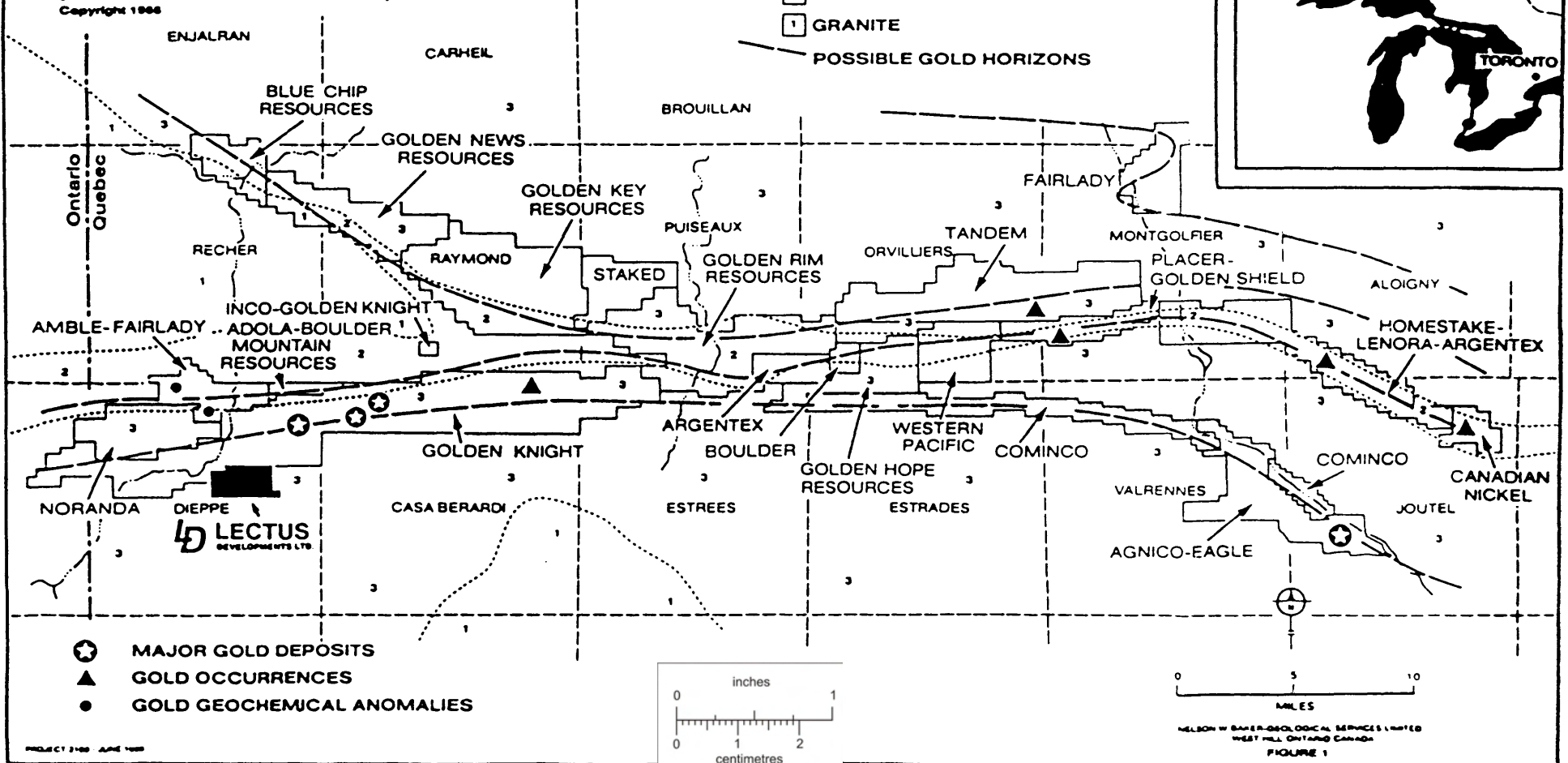
CASA-BERARDI GOLD AREA - NORTHWESTERN QUEBEC

This map was produced from various sources of information. Although such information is believed to be correct, all data, areas of interest and property boundaries are approximate.

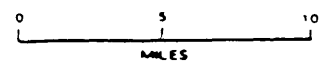
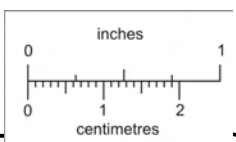
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 JAMES H PRIEST-DRAFTING SERVICES Whitby Ontario Canada
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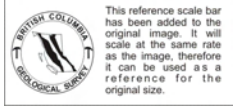
- 3 UNDETERMINED VOLCANIC ROCKS
 - 2 UNDETERMINED SEDIMENTARY ROCKS
 - 1 GRANITE
- POSSIBLE GOLD HORIZONS



- ★ MAJOR GOLD DEPOSITS
- ▲ GOLD OCCURRENCES
- GOLD GEOCHEMICAL ANOMALIES

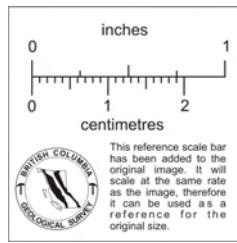
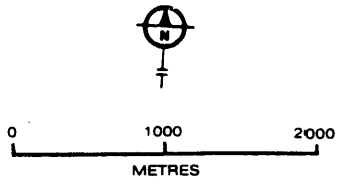
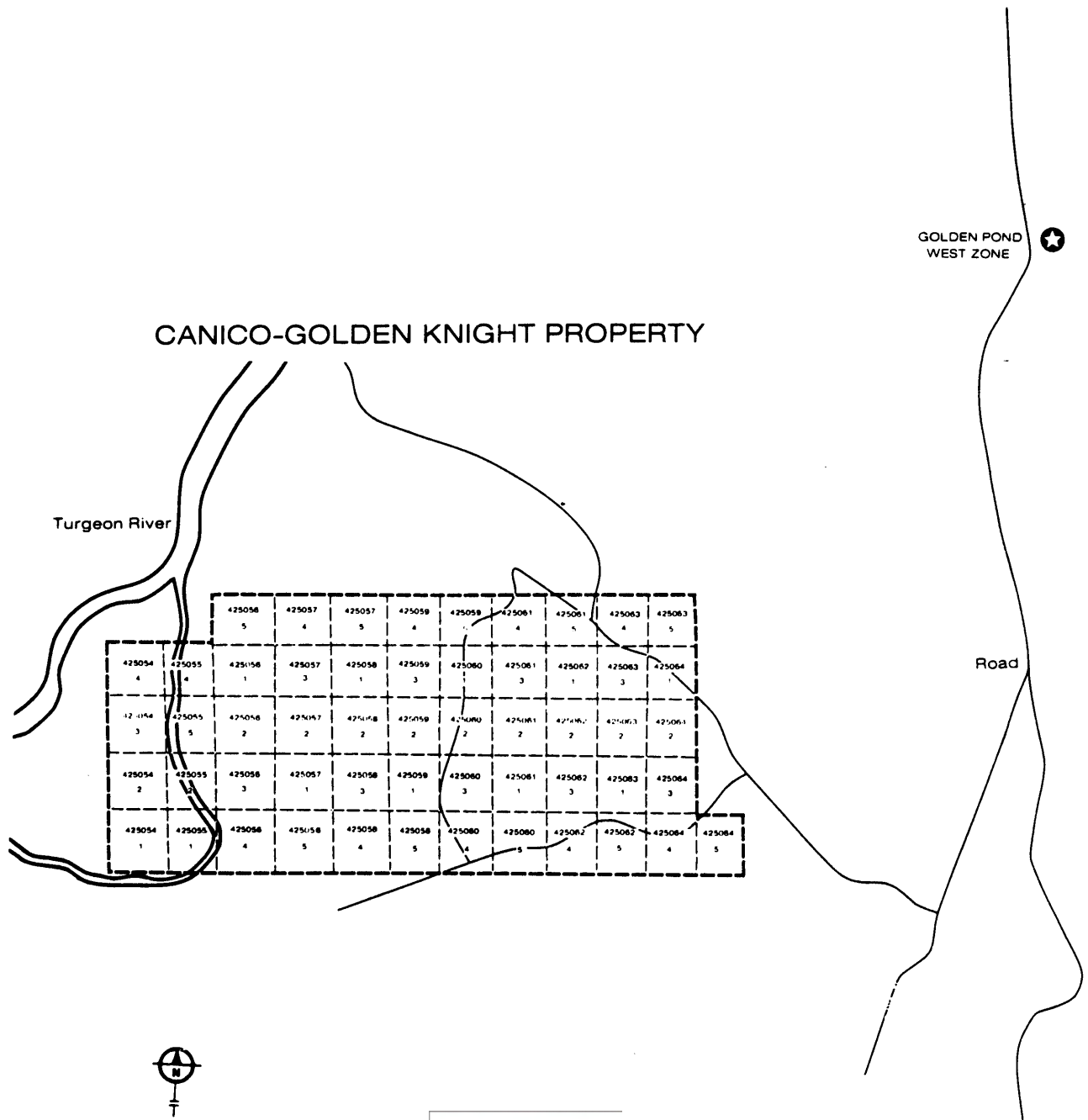


NELSON W BAKER-GEOLOGICAL SERVICES LIMITED
 WEST HILL ONTARIO CANADA
 FIGURE 1



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CANICO-GOLDEN KNIGHT PROPERTY



NELSON BAKER - GEOLOGICAL SERVICES
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PROJECT 2100 - JUNE 1986

LECTUS DEVELOPMENT LTD
CLAIM LOCATION PLAN
CASA-BERARDI GOLD AREA
DIEPPE TOWNSHIP-N.W. QUEBEC

FIGURE 2

from the nearby centers in northwestern Quebec.

LAND TENURE, OWNERSHIP

The fifty-five (55) unsurveyed mining claims making up the Dieppe property are shown in Figure 2 and are listed in Appendix I, with notations as to their status.

The writer's inspection of the claim records on May 28th, 1986 shows the claims presently registered to Fairlady Energy Inc. An option agreement to earn a 50% interest in the said claims has been signed between Fairlady Energy Inc. and Lectus Developments Ltd.

All the claims are in good standing to their respective anniversary date in 1987, the earliest due date being March 12, 1987. At that time, assessment work requirements and rental fees must be met to ensure continued tenure.

Property title is thus warranted secure as stated. Ownership is by Fairlady Energy Inc.

HISTORY OF PROPERTY AREA

In comparison to many other base metal and/or gold camps in the Precambrian Shield, the report area has had a relatively short history of exploratory work. The discovery of the Matagami Lake zinc-copper massive sulphide deposits in 1956 sparked the area's first major concentrated follow-up work for base metals by several mining firms. Due to extensive overburden cover in the general area, exploratory work consisted of airborne electromagnetic and magnetic surveys, followed by ground geophysics and diamond drilling. This work led to the discoveries of the Joutel and Poirier zinc-copper deposits in 1962.

The Casa Berardi region first attracted widespread exploration interest in the early 60's following the discovery of the above deposits. The Agnico-Eagle gold mine was discovered in this period and was initially explored as a base metal prospect until its potential as a gold deposit was recognized. The mine has been in production since 1974 and some 4,000,000 tons of ore have been mined with the remaining reserves estimated at 8,000,000 tons grading at 0.17 ozs. gold per ton (5.8 g/tonne).

While drilling select airborne geophysical targets in 1983, Canico intersected significant stratabound gold mineralization in the Golden Pond area approximately 4.0 kilometers north-northeast of the Lectus property. Subsequent drilling by the Canico-Golden Knight joint venture has located three, separate economic gold deposits. To date, published reserves of the first two gold deposits, namely the Golden Pond and Golden Pond East zones, exceed 6.0 million tons of ore grading about 0.28 ozs gold per ton. The third deposit, the Golden Pond West, was recently discovered and reserve estimates have not been made on this zone at present. In a Northern Miner release in February, 1986, Canico announced that hole 72958 intersected a section of 141.4 feet grading 0.56 ozs. gold per ton (Appendix III).

As result of the initial Golden Pond discoveries, extensive land accumulation and exploratory work followed. It was during this period that the Lectus claims were staked. An examination of the assessment files reveals that no exploratory work was ever performed within the claim group area.

In late September 1985, Fairlady Energy Inc. completed a program of line cutting, a ground VLF-EM survey, a magnetic

survey and a limited induced polarization survey over the north half of the property. The writer discusses the results of the above exploratory work and proposes a follow-up program suitable for delineating possible stratabound gold deposits that may occur on the Lectus property.

GENERAL GEOLOGY

The property is situated in the Abitibi greenstone belt of the Superior Province in the northeast part of the Canadian Shield. The Abitibi belt is composed predominantly of mafic to felsic volcanics rocks with coeval intrusions, and chemical and clastic sedimentary rocks. These were deformed, metamorphosed and intruded by granites during the Kenoran orogeny. ((Figure 4)

The volcanic sequences within the Abitibi belt comprised varying proportions of mafic, intermediate and felsic flows and pyroclastic rocks. Mafic lavas predominate in the lower parts of most sequences whereas the more felsic volcanic rocks, if present, are found in the upper parts. The intermediate top felsic rocks occur as thick piles in a few scattered areas along individual volcanic belts that probably represent strato-volcanos built on mafic lava. In places, the volcanic cycle from mafic to felsic units is repeated or partially repeated. The majority of the volcanic rocks are tholeiitic or calc-alkalic, only minor quantities of the latter rock are present within the Abitibi greenstone belt. Minor amounts of komatiitic basalt and ultramafic flows are also present. Coeval, irregularly-shaped gabbroic and dioritic sills and dykes are common within the mafic portions of the volcanic piles. Porphyritic felsic intrusions are common in the felsic portions.

Sedimentation often appears to have been contemporaneous

with volcanism and the erosion of the volcanic rocks may have provided part of the supply. Sedimentary rocks are typically composed of interbedded greywacke, siltstone and shale. Conglomerates are locally abundant, mostly common in the lower portions of sedimentary sequences overlying volcanic rocks. The characteristics of the clastic sedimentary rocks are compatible with deposition by turbidity currents in an eugeosynclinal environment. Algoman-type iron formations are common and are often associated with turbidites. Silicates, carbonate and sulphide facies iron formations are also present and are usually spatially related to felsic volcanic rocks.

The volcanic and sedimentary rocks were then folded, metamorphosed, typically to greenschist facies, and intruded by granitic bodies up to batholithic proportions.

PROPERTY GEOLOGY

As indicated previously, the northeast part of the property covers the most prominent hills found locally which regionally are called the "Collines Dieppe". The hills are largely made up of weakly altered, massive tholeiitic basalts which, locally, trend northwest through the property. Other outcrop exposures, also of similar basaltic rock units occur in the central portion of the property. The outcrop exposures are interrupted by wide valleys of overburden believed to be underlain by sedimentary bands that, geophysically, are conductive.

A study of the airborne geophysics reveals that a strong conductive sedimentary horizon trends through the northeast corner of the property in a northwest direction. Due to the soft nature of the sediments, they do not expose on the property. As well, the ground VLF-EM survey and the magnetic

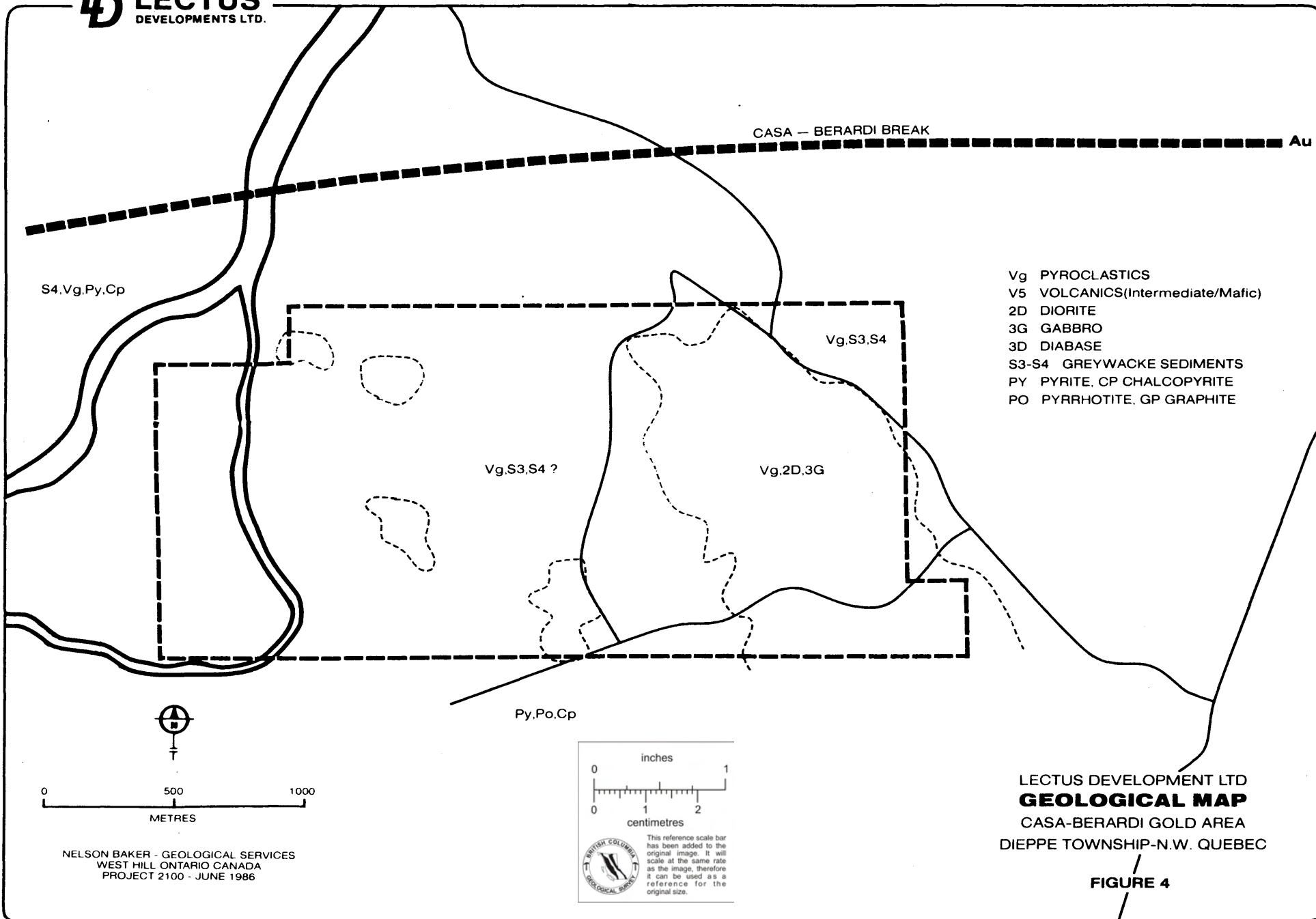


FIGURE 4

survey suggest that possibly two other sedimentary horizons trend through the claim group in the western part of the report area.

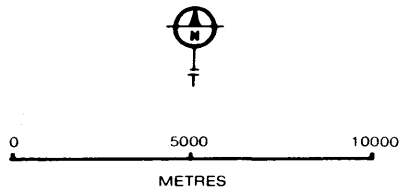
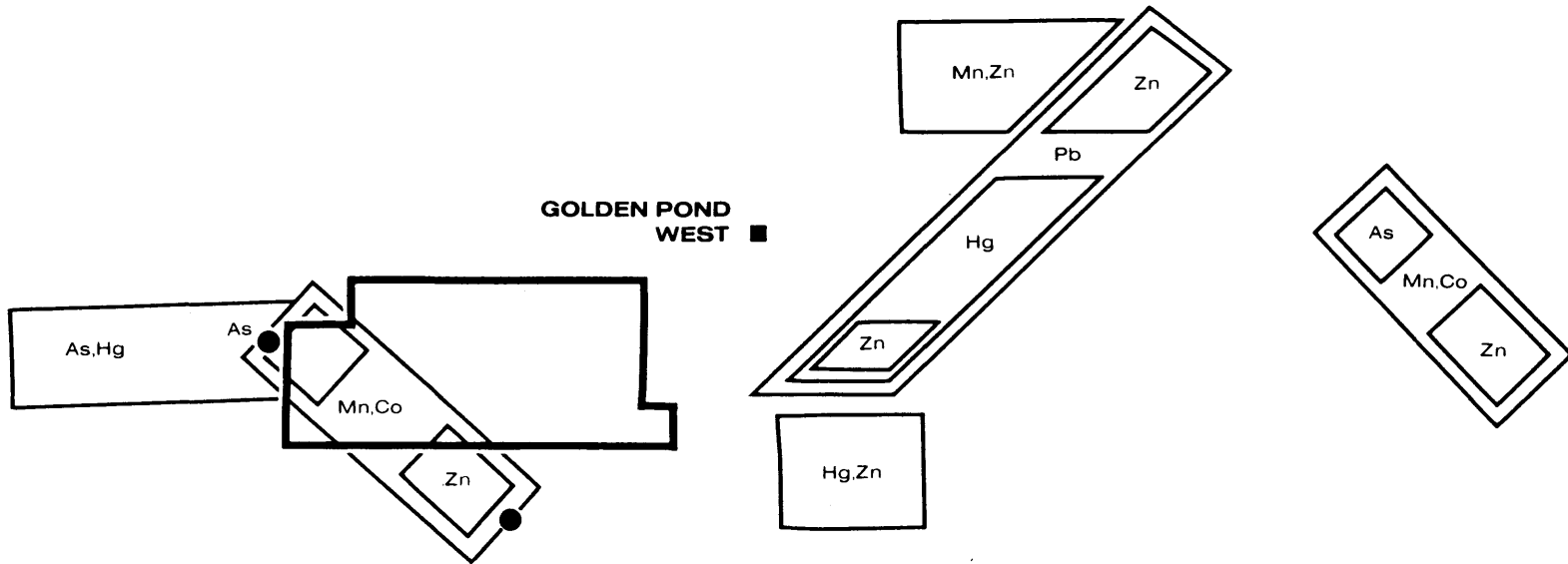
Structurally, the property is situated in a complex geological environment that is not clearly understood. A short distance to the north of the property boundary, the rock units trend in east-southeast direction, while in the report area, the rocks trend northwest.

PREVIOUS WORK

In 1974, Hudson Bay Exploration and Development Co. Ltd. conducted an electromagnetic airborne survey over a large area including the property area. As in the INPUT survey, Hudson Bay did not detect any outstanding EM conductor in the property area, and, as a result, did not carry out any exploratory work.

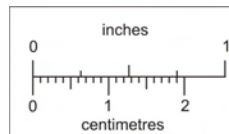
In 1983, the government of Quebec had a regional soil geochemical survey carried out over the Casa Berardi area. That survey detected a multi-element geochemical anomaly encompassing Isle du Corset in the west part of the Lectus property. The anomaly includes high arsenic values which locally is a favourable pathfinder element for locating gold mineralization. (Figure 3)

Work on the Fairlady property in Dieppe township, presently under option to Lectus Development Ltd. began in late September, 1985 when a total of 36.8 kilometers of grid lines were cut in the north half of the property (Figure 6). The lines, which were cut at 100-meter intervals in a north direction from an east trending base line, were subsequently read completely by magnetometer and VLF-EM geophysical equipment. As well, following the above surveys, the best



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PROJECT 2100 - JUNE 1986



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LECTUS DEVELOPMENT LTD
GEOCHEMICAL MAP
CASA-BERARDI GOLD AREA
DIEPPE TOWNSHIP-N.W. QUEBEC

FIGURE 3

VLF-EM anomalies were re-checked by reading select lines with an induced polarization survey.

The geophysical surveys and the line cutting were carried out by Services Exploration Enrg. of Rouyn, Quebec. The writer comments on the results of the above surveys later in this report. A location plan outlining the axes of the VLF-EM and the I.P. anomalies detected in the above surveys is included as Figure 6 to this report.

All of the above work was filed with the Ministere de l'Energie et des Ressources as assessment work.

ECONOMIC GEOLOGY

a) General Considerations:

The Lectus property is thought to host three separate sedimentary horizons that may host economic gold concentrations similar to Golden Pond zones situated only 3.0 kilometers north of the boundary. To date, three major stratabound deposits have been discovered on the Canico-Golden Knight property. No recent published reserves have been released, however, prior to the discovery of the Golden Pond West zone, Canico had released a figure of 6 million tonnes of drill indicated reserves grading about 0.28 ozs. gold per ton.

Gold values in the Golden Pond gold zones are suggested to be stratabound and located at volcano-sedimentary interfaces, more specifically associated with the end-cycle of a carbonate rock sequence. This interface, which represents within the volcanic sequence, periods of basinal accumulations of gold values are marked by intercalated

pyritic, carbonate-rich and tuffaceous sedimentary units characterized by a basal conglomerate and units rich in graphite, mudstone and carbonate. Within the carbonate, gold values are related to end-cycles. These contain an increase in plagioclase, pyrite and chert.

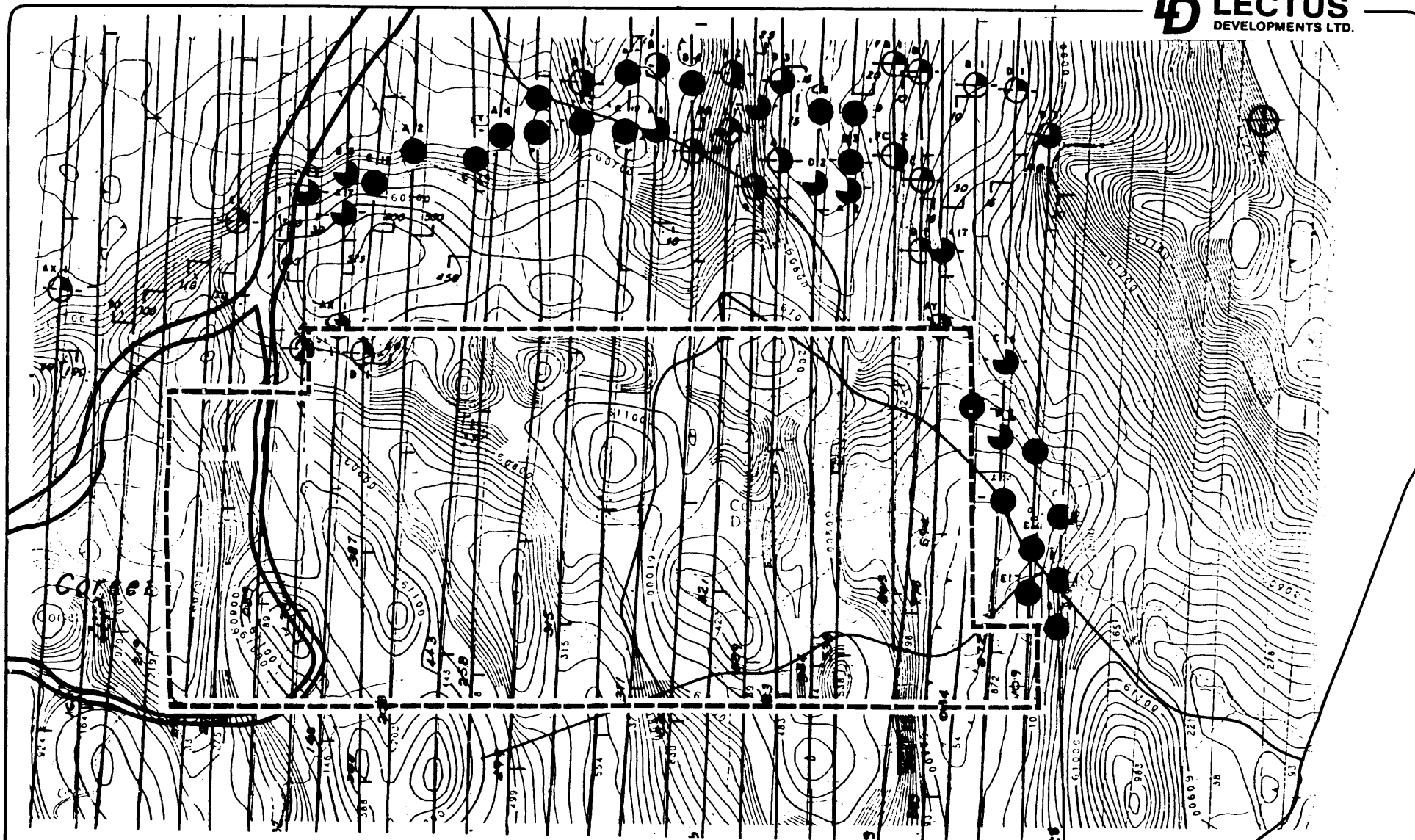
Gold values are basinal sedimentary deposits in a shallow marine environment. Paleobasinal gold deposits generally overlie a clastic sedimentary phase. If stratabound gold mineralization occurs on the Lectus property, the areas most likely to find the above geological environment would be in the northeast corner of the claims, along the wide valley running through the central part of the claims and, finally, toward the Turgeon river in the west part of the report area.

As indicated previously, the property has no previous record of exploratory work. The three possible sedimentary horizons trending through the property have never been drill tested for stratabound gold mineralization.

b) Airborne INPUT Surveys: (Figure 5)

To assist exploration companies, the Quebec government flew the entire Casa Berardi area with the INPUT electromagnetic airborne system between 1970 and 1975. Because of the extensive overburden cover in the report area, the INPUT survey proved to be a good exploration tool for tracing stratigraphic rock units and highlighting complex geological features.

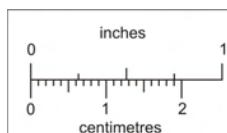
A close study of the INPUT survey for the report area reveals that at least conductive rock bands cut through parts of the Lectus property. In the northeast corner of the claim group, a strong, continuous band of graphitic



0 500 1000
METRES

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PROJECT 2100 - JUNE 1986



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LECTUS DEVELOPMENT LTD
AIRBORNE GEOPHYSICAL SURVEYS

CASA-BERARDI GOLD AREA
DIEPPE TOWNSHIP-N.W. QUEBEC

FIGURE 5

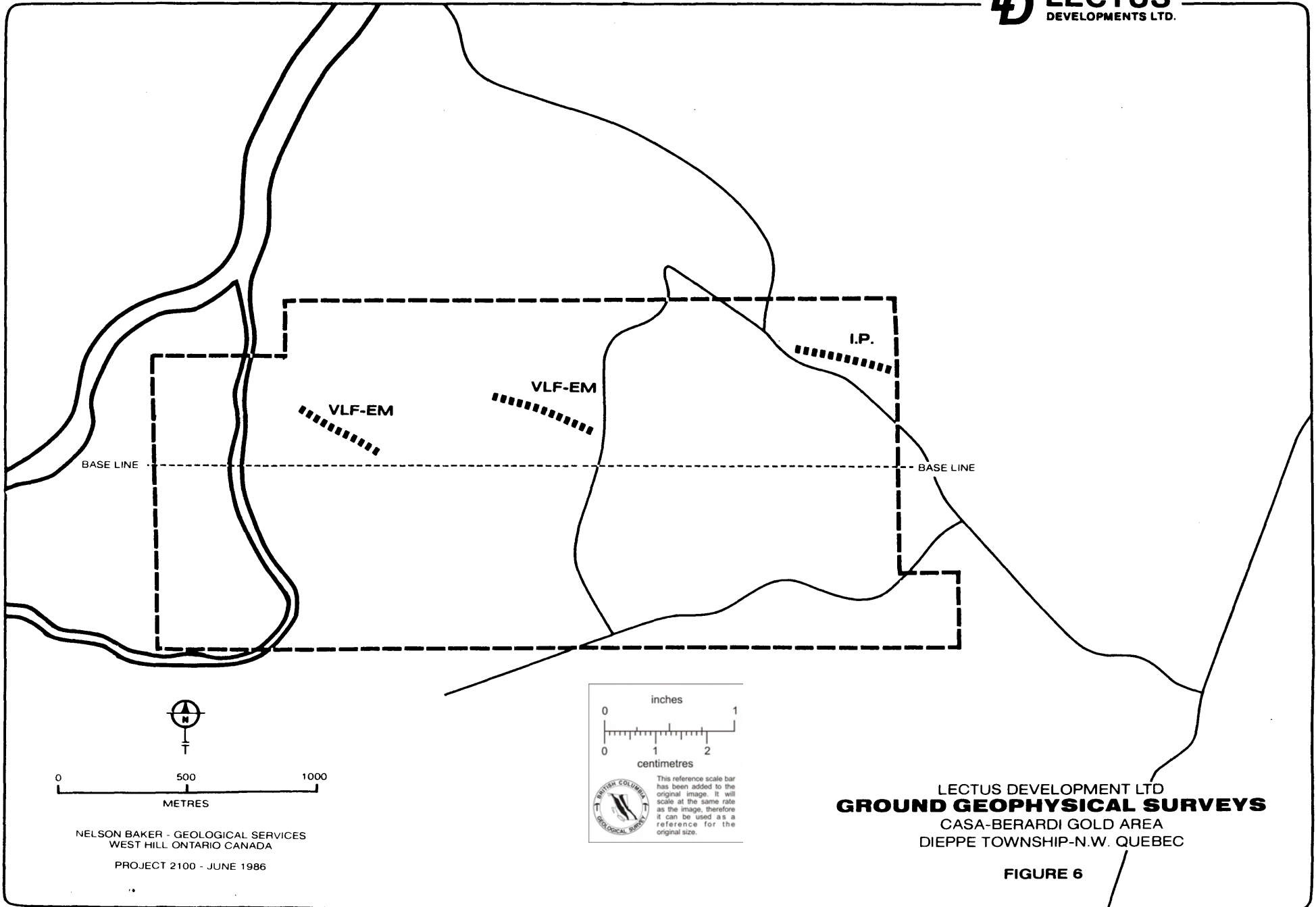
sediments trends through the corner in a northwest direction. Ground VLF-EM and I.P responses confirm the presence of sulphide mineralization in this corner. As well, near the northwest corner of the property, a short cluster of electromagnetic responses have been detected.

Although the airborne INPUT survey did not detect conductive rock units on the remainder of the property, the magnetically low areas trending through the claim group appear to be coincident with the low, overburden covered valleys and may be due to sedimentary rock units. Because of the property's closeness to the Golden Pond deposits, these sedimentary horizons merit a systematic exploratory program to assess their gold potential.

C) Ground Geophysical Surveys: (Figure 6)

As indicated previously, Fairlady Energy Inc. completed a program of line cutting in the north half of the property followed by a VLF-EM, a magnetic and a limited I.P. survey over the grid lines. The I.P. survey was only carried out over areas where VLF-EM responses were detected. This survey outlined several strong conductive zones in the northeastern part of the property, as well as numerous moderate conductors in the central section of the grid. These anomalies appear to be coincident with magnetically low areas that are interpreted to represent sedimentary horizons trending through the claim group in a northwesterly direction.

The VLF-EM survey detected good, strong bedrock conductors in three separate areas on the grid. A cluster of conductors, not mentioned above, were detected in the western part of the grid, a short distance east of the Turgeon river under a heavy cover of overburden. These



LECTUS DEVELOPMENT LTD
GROUND GEOPHYSICAL SURVEYS
CASA-BERARDI GOLD AREA
DIEPPE TOWNSHIP-N.W. QUEBEC

FIGURE 6

NELSON BAKER - GEOLOGICAL SERVICES
WEST HILL ONTARIO CANADA
PROJECT 2100 - JUNE 1986

inches
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centimetres
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conductors appear to be situated near the contact between a magnetic high and a low. The other two areas where VLF-EM conductors were detected was in the central and northeast part of the grid.

The magnetic survey confirmed the presence of three distinct magnetically low areas trending through the property as indicated previously.

INTERPRETIVE CONSIDERATIONS

Although no outcrop exposures are present, it is believed that three separate sedimentary horizons trend through portions of the Lectus property. The strong airborne INPUT conductors trending through the northeast corner of the property are due to graphitic sediments similar to the horizon hosting the Golden Pond gold deposits, a short distance to the north. As well, strong ground VLF-EM conductors were detected along two other magnetically low areas on the property.

Due to the proximity to the major gold deposits in a geologically similar stratigraphic horizon a short distance to the north, a systematic follow-up program to evaluate the sedimentary horizons for their gold potential is highly recommended. The report area has never been evaluated for stratabound gold mineralization in the past.

EVALUATION REQUIREMENTS

a) General Considerations:

There are three areas on the Lectus property that merit serious exploratory work for stratabound gold mineralization. The most favourable exploration targets on

the property are under a cover of overburden of varying depths. The outcrop areas consist primarily of tholeiitic basalts, and, as a result, do not merit further follow-up work at this time. At least two of the above three areas have not detected strong electromagnetic conductors. Statabound gold deposits are not usually represented by strong geophysical anomalies but rather by subtle ones.

Because of the fair amount of outcrop on the property, a prospecting and geological mapping program over the entire claim group would provide useful geological information in a regionally complex environment.

The I.P. survey conducted by Fairlady Energy Inc. covered only a small part of the favourable target areas. It is recommended that the three areas described above be systematically surveyed by time domain I.P.

The extreme western part of the Lectus property was not geophysically surveyed last fall and should definitely be considered for a ground follow-up program. This area coincides with a multi-element geochemical anomaly (including arsenic) described previously in this report and also approaches the Casa Berardi Break just northwest of the property.

b) Evaluation Programs

The writer highly recommends a program consisting of prospecting and geological mapping over the entire claim group, additional line cutting in the western part of the claim group followed by the completion of induced polarization surveying over select parts of the Lectus property. After the I.P. survey data is interpreted, a diamond drill program will be required to test the best

geophysical targets.

It is estimated that a two-man geological party would require two weeks to complete a reconnaissance prospecting and/or geological mapping program. In all, a total of 7.0 kilometers of new grid lines will be required to be cut in the western part of the property. As well, an estimated total of 16 kilometers of I.P. surveying will be needed to test the three main target areas on the Lectus claims.

Finally, an 1000-meter drill program is anticipated to test the best geophysical targets outlined as a result of the above survey.

c) Cost Estimates:

Geological Mapping, 2 weeks.....	\$ 7,500.00
Line Cutting, 7 km @ \$200/km.....	1,400.00
I.P. Surveying, 8 days @ \$1400/day.....	9,300.00
Diamond Drilling, 1000 m @ \$80/m.....	80,000.00
Consulting Engineering.....	8,000.00
Contingency, 10%.....	10,620.00

 Total Program Cost	 \$116,820.00

CONCLUSIONS AND RECOMMENDATIONS

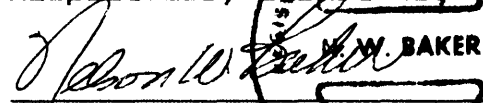
A regional multi-element geochemical survey completed by the Quebec government in 1983 and recent ground geophysical surveys carried out by Fairlady Energy Inc. have confirmed the presence of three separate areas that merit serious exploratory work for stratabound gold mineralization on the Lectus property. Previous methods used in the search for

base metal deposits were not suitable for exploring for stratabound accumulations of gold mineralization. Just a few kilometers north of the property boundary, along a similar stratigraphic environment, major economic accumulations of gold mineralization have been discovered. The Lectus property is thus considered to have a better than average chance of locating an economic stratabound gold deposit.

It is highly recommended that Lectus carry out a program consisting of prospecting, geological mapping, limited line cutting, an induced polarization survey terminated by a diamond drill program. The estimated cost for the program proposed is \$116,820.00.

As demonstrated in this report, the implementation of the above program on the Lectus property is highly warranted.

Respectfully submitted,



Nelson W. Baker P. Eng.



June 4, 1986

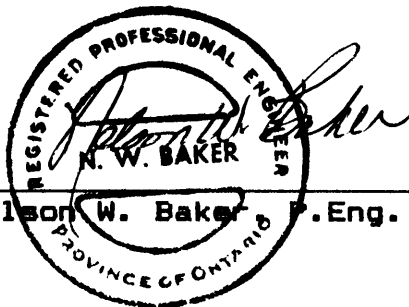
NTS 32 E/11-0103

CERTIFICATE OF QUALIFICATION

I, Nelson W. Baker, of the city of Toronto, in the Province of Ontario, do hereby certify that:

1. I reside at 42 Invermarge Drive, West Hill, Ontario.
M1C 3M4
2. I am a qualified geological engineer, having received my academic training at South Dakota School of Mines, in Rapid City, South dakota, U.S.A.
3. I am a registered Professional Engineer of the province of Ontario.
4. I have been continuously engaged in my profession for the last nineteen years.
5. The foregoing report is based on the writer's extensive experience in the report area, having performed work in the region since 1969, having visited the property on several occasions, the most recent trip being on May 29, 1986, and having studied all published geological reports and maps available in the assessment files.
6. I do not have, nor do I expect to receive any interest in the 55-claim Dieppe township property described in this report for Lectus Developments Ltd. or any of its affiliates or any Company concerned with this property.
7. I hereby consent to the use of the foregoing report by Lectus Developments Ltd. in a prospectus or a statement of material facts relating to the raising of funds for this project providing the contents of the said report are not altered in any way.

Dated in Toronto, Ontario
June 4, 1986


Nelson W. Baker P.Eng.

APPENDIX I

LIST OF MINING CLAIMS

CASA BERARDI AREA

DIEPPE TOWNSHIP, QUEBEC

APPENDIX I

LIST OF MINING CLAIMS

LECTUS OPTION

DIEPPE TOWNSHIP, QUEBEC

<u>Permit No.</u>	<u>Claims</u>	<u>Area</u>	<u>Expiry Date</u>
425054	1-5 inc.	80	March 15, 1987
425055	"	"	March 14, 1987
425056	"	"	March 15, 1987
425057	"	"	March 16, 1987
425058	"	"	March 17, 1987
425059	"	"	March 18, 1987
425060	"	"	March 12, 1987
425061	"	"	March 13, 1987
425062	"	"	March 14, 1987
425063	"	"	March 15, 1987
425064	"	"	March 16, 1987
=====	=====	=====	
Totals	55	880 hectares	

APPENDIX II

LIST OF REFERENCES

REPORT AREA

DIEPPE TOWNSHIP, QUEBEC

LIST OF REFERENCES

- Beaumier, M.: 1983 - Pedogeochemie de la region de Brouillan, MER, Quebec.
- Britton, J.M.:1975 - Mag.&EM surveys, Noranda Exploration.
- Giroux, H. :1977 - Diamond Drill Logs, Noranda Expl.
- Middleton, R.S.: 1983 - Induced Polarization survey, Newmont Exploration.
- Norman, R.E.: 1983 - Geology and Drill Logs, Newmont Expl.
- Seigel, H.O.: 1966 - Mag-Gravity surveys, Rio Tinto.
- Stemp, R.W. : 1974 - Airborne Mag-EM, Hudson Bay Expl.
- DP 83-14 : 1973 - INPUT survey, Quebec Government
- Descarreaux, J : 1983 - Geological Report for Golden Knight Resources Inc/Canico Joint Venture
- Northern Miner : Clippings dated Feb. 26, 1986.
- Personal Communication with Jarma Hannila, Project Geologist for Canico on Golden Pond Discovery.

APPENDIX III

NORTHERN MINER CLIPPINGS

*February 26, 1986-Spectacular section hit
by Inco*

*April 21, 1986- Additional Drill Holes from Inco-
Golden Knight.*

Feb 26, 1986

CANADA'S MINERAL RESOURCES NEWS

Spectacular section intersected by Inco

by Nicholas Tintor

Drilling by Inco Ltd. and joint venture partner Golden Knight Resources on their Casa Berardi area gold property in northwestern Quebec, has intersected the best gold mineralized section to date since the initial discovery was made by Inco in 1981. Hole 72958, sections of which are still out for assay, intersected an incredible 141.4 ft. of core grading 0.56 oz. gold per ton. The partners report that the true width of the section is approximately 75 ft.

At presstime trading in the shares of Golden Knight Resources, which controls a 40% interest in the large

882-claim property, was halted at \$9.50. The issue opened at \$10.25 after dissemination of the drill results and quickly soared past \$11.

This hole, which compares with some of the best holes pulled at Hemlo, is being labelled a "monster" by members of the mining and investment industries. "It's spectacular," Michael Pickens, a mining analyst at Midland Doherty Ltd. says. "You can quickly build tonnage with sections like that."

The hole is 50 m west of another hole announced in early January which intersected 66.3 ft. grading 0.41 oz. gold per ton in an exten-

See Page 6

Inco

From Page 1

sion of the Golden Pond West zone (N.M., Jan. 13/86).

"We're all pleased with the hole (72958)," Terrence Podolsky, Inco's vice-president of exploration tells The Northern Miner. "Our current drilling program calls for continuing work to the west," with two drill rigs, Mr. Podolsky adds.

Reserves on the property are currently estimated at 6.3 million tons grading 0.255 oz. gold per ton in two deposits. On Golden Pond East, more than 4 km east of the latest discovery, a decline ramp is being driven which is expected to be in ore by early May.

Other drill results from the west zone are also good and extend the mineralized zone from hole 72958 to the west by more than 150 m. Hole 72959, which also has not been completely assayed, is 150 m west of 72958. The hole intersected four sections from 451.4 ft.-873 ft. These include 17.7 ft. grading 0.31 oz. gold, 31.5 ft. grading 0.32 oz. gold, 26.6 ft. grading 0.18 oz. gold and 83.3 ft. grading 0.2 oz. gold per ton.

Encouraging values have also been returned from hole 72953 drilled above hole 72958. This hole cut 37.4 ft. grading 0.15 oz. gold and 11.2 ft. grading 0.14 oz. gold per ton. Another 13.8-ft. section in the hole assayed 0.1 oz. gold per ton.

Hole 72957, drilled 50 m east of hole 72958, intersected a 19.4-ft. section grading 0.16 oz. gold per ton.

The Northern Miner April 21, 1986 3

Additional drill results from Inco/Golden Knight

Additional drill results have been released by partners Inco Ltd and Golden Knight Resources from their Golden Pond project in the Casa Berardi area of northwestern Quebec.

Hole 72971-1, which has not been completely assayed, intersected a new mineralized zone 325 ft south of the main trend. The hole cut a 65.3-ft section assaying 0.13 oz gold per ton from a maximum depth of 876 ft.

Project operator Inco, which has

a 60% interest in the large 882-claim property, is running two drill rigs on the Golden Pond west zone which are testing the ground on 50 m spacings. Golden Knight maintains a 40% interest in the project.

Other results from the four completed holes are listed below.

Hole	Interval (ft)	Width (ft)	Grade oz au/t
72973	859.6- 866.1	6.5	0.20
	881.6- 894.3	12.7	0.24
	incl. 889.5- 894.3	4.8	0.47
	1049.9-1096.2	46.3	0.11
	1121.0-1137.8	16.8	0.17
72977	1174.9-1181.1	6.2	0.10
	1195.2-1211.6	16.4	0.14
	619.3- 633.5	14.2	0.23
72971	629.3- 636.8	7.5	0.18
72971-1	811.3- 876.6	65.3	0.13
	1710.2-1719.1	8.9	0.09

EXPLORATION BUDGET

MOB/DEMOB

Personnel:

Two men @ \$200.-- per man day for Four days	\$1,600
Equipment Gear (2) for Four days @ \$10.--/day	\$80
Accommodation for 2 men for 4 days @ \$50./day	\$400
Travel: Airfare Vancouver-Timmins ret. (3)	\$3,132
Freight	\$500
Miscellaneous (Taxis)	\$200
	\$5,912.

FIELD COSTS:

PERSONNEL:

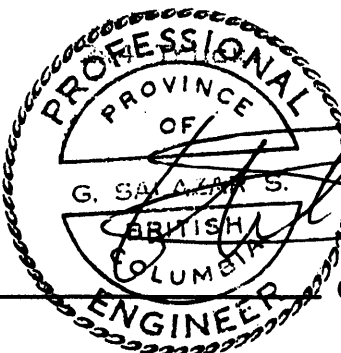
Project Manager (1) for 10 days @ \$350./day/man	\$3,500
Engineer () for ----days @ \$----/day/man	
Geologist (1) for 30 days @ \$300./day/man	\$9,000
Geophysicist () for ----days @ \$----/day/man	
Project Coord. () for ----days @ \$----/day/man	
Other: Helper (1) for 30 days @ \$150./day/man	\$4,500
() for ----days @ \$----/day/man	
() for ----days @ \$----/day/man	
() for ----days @ \$----/day/man	
Total: 70 days	\$17,000.

SUPPORT COSTS:

Accommodation in Town of La Sarre, P. Q.	
Room: (1) for 70 days @ \$20.--/day/man	\$1,400
Board: (1) for 70 days @ \$30.--/day/man	\$2,100
Accommodation in Camp	
Room: () for ----days @ \$----/day/man	
Board: () for ----days @ \$----/day/man	
	\$3,500

Transportation:

4x4 truck (1) for 40 days @ \$50.--/day	\$2,000
() for ----days @ \$----/day	
() for ----days @ \$----/day	
() for ----days @ \$----/day	
(1) for 5 days @ \$30.--/day	\$150



Fixed Wing:	() for ----kms.	@ \$----/km.	
Helicopter:	() for ----hrs.	@ \$----/hr.	
Boat:	() for ----days	@ \$----/day	
Other:	() for ----days	@ \$----/day	
	() for ----days	@ \$----/day	
Communications Phone, Courier			\$1,500
Supplies: EQUIPMENT SAMPLE BAGS			\$500
Other: Consumables			\$1,000
			\$5,150.

EQUIPMENT RENTAL:

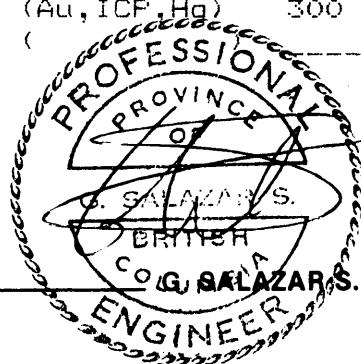
VLF-EM	() for ----days	@ \$----/day	
HL-EM	() for ----days	@ \$----/day	
Magnetometers	() for ----days	@ \$----/day	
I.P.	() for ----days	@ \$----/day	
Gravity	() for ----days	@ \$----/day	
Seismic	() for ----days	@ \$----/day	
Airborne	() for ----days	@ \$----/day	
Generator:	() for ----days	@ \$----/day	
Computer:	() for ----days	@ \$----/day	
Plugging:	() for ----days	@ \$----/day	
Cat: D-6	(1) for 50 hrs.	@ \$90.-/hr.	\$4,500
Other: Survey	(2) for 45 days	@ \$10.-/day	\$900
	() for ----days	@ \$----/day	
	() for ----days	@ \$----/day	
	() for ----days	@ \$----/day	
			\$5,400.

CONTRACT SERVICES:

Surface Drilling:	1,000. m.	@ 100./m.	\$100,000
Underground	_____ m.	@ _____/m.	
Type: NQWL			
Other:			
	() for ----days	@ \$----/day	
	() for ----days	@ \$----/day	
	() for ----days	@ \$----/day	
	() for ----days	@ \$----/day	
			\$100,000.

ANALYSES:

Rocks - Geochemical	Samples		
(Au, ICP, Hg)	300	@ \$16.95/ea.	\$5,085
(_____)		@ \$_____/ea.	



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	()	_____	@ \$ _____/ea.	
	()	_____	@ \$ _____/ea.	
Core	Assay (Au, ICP, Hg)	100.	@ \$18.50/ea.	\$1,850
	()	_____	@ \$ _____/ea.	
	()	_____	@ \$ _____/ea.	
	Whole Rock	_____	@ \$ _____/ea.	
	Thin Section	_____	@ \$ _____/ea.	
Soils - Geochemical	()	_____	@ \$ _____/ea.	
Silts	()	_____	@ \$ _____/ea.	
Other Supplies				\$500
	()	_____	@ \$ _____/ea.	
	()	_____	@ \$ _____/ea.	
	()	_____	@ \$ _____/ea.	
				\$7,435.

REPORT WRITING:

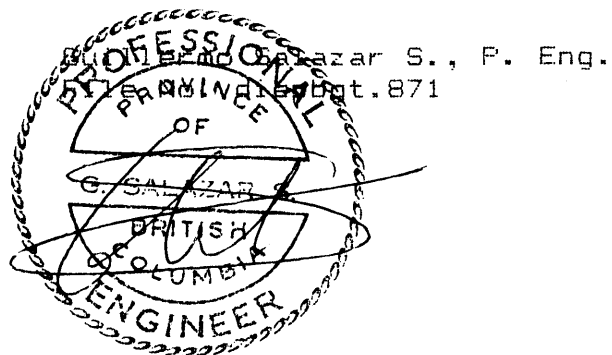
Engineer	(1) for 10 days	@ \$350./day	\$3,500	
Geologist	(1) for 15 days	@ \$300./day	\$4,500	
Geophysicist	() for ----days	@ \$----/day		
Drafting	(1) for 75 hrs.	@ \$20.-/hr.	\$1,500	
Other				
Supplies, Typing, copying			\$1,000	
				\$10,500.

OTHER COSTS:

Project Management	\$2,000	
Administration		
Audit		
Contingency	\$3,103	
		\$5,103.

TOTAL COSTS: \$160,000.

March 17, 1987



G. SALAZAR S. & ASSOCIATES LTD.

INTERNATIONAL GEOLOGICAL CONSULTANTS

312 CEDARBRAE CRES. S.W.

CALGARY, ALBERTA, CANADA T2W 1Y4

TELEPHONE (403)281-6889

REPORT ON THE

GREAT WESTERN PROJECT (Gold)

For

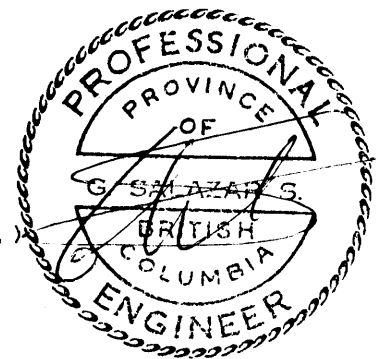
LECTUS DEVELOPMENTS LTD.

By

G. SALAZAR S., P.Eng. (B.C.)

and

S. P. SANTIAGO



July 14, 1987

N.T.S.: 82F/6W
PROVINCE: British Columbia.
COUNTRY: Canada.
LATITUDE: 49 26.5 N
LONGITUDE: 117 20.0 W
MINING DIVISION: Nelson.

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SUMMARY

This report on the Great Western Project is prepared at the request of Mr. Stanley A. Ford, director of Lectus Developments Ltd. ("LECTUS"). It is based in our review of all the available data and the work carried out in the property under our supervision during the 1986 Field Season. It expands on and amends our report to you dated February 28, 1987.

LAND:

Lectus expanded its land position on this project by optioning of the Thistle, White Witch and Great West Fr. Crown Grants. It is my understanding that no work has been done on these properties by title holders since the early 40's.

Lectus has recently acquired the Starlight and Gold Bell Crown Granted mineral claims, thus expanding its land position to the south.

1986 RESULTS:

Surveying:

The need to repeat and detail the surveys carried out by ASARCO is confirmed when looking at our Figures 4.1 and 7. These two Figures show a best fit for the ASARCO grid based on the few stations found and surveyed-in last year. Although not without error, significant changes are noted when these maps are compared to ASARCO's.

The necessity to carry out these surveys is clearly depicted in Figure No. 7. Here, DDH 86-1 is shown to have tested the northwestern tip of a chargeability anomaly which is shown running along the northeast boundary of a claim not part of Lectus' claim package. Presently, we feel that this claim boundary is plotted at least 25.0m. too far to the northeast.

Soil Geochemistry:

Figure No. 4.1 shows all our analytical results and ASARCO's but only when higher than 500.ppb's. Those areas of our grid that were laid but not sampled are shown as station ticks without assay numbers. The anomalies outlined with these surveys show remarkable regional correspondence. This allowed us to prepare the contour map as presented with confidence and has also forced us to live with a number of significant differences until the opportunity to check them in the field arises.

The continuity of the geochemical response of Targets

No. 1 and 3 is directly affected by this combination of data. In the case of Target No. 1, our samples on L43+50N break its continuity. Target No. 3 is cut by a 50.0m. displacement north of our L45+50N, then cut between our Lines 43+50N and 44+00N because of results along ASARCO's L44+00N and cut again by our L43+00N samples, where ASARCO's +3,000ppb sample is plotted six meters north of our 20ppb sample.

None of these discrepancies are unusual for the modern day explorationist, hence the need to use different exploration tools and to work with Compilation Maps such as our Figure No. 7 rather than giving elaborate, though reasonable, possible geomorphological explanations for them.

It should be noted at this time that the hatchured areas in Figure No. 7 enclose the +200.0ppb gold contour (See also Figure No. 4.1) while most workers in the area use the +100.0ppb. This was required in an effort to better define the drillable targets, in spite of the fact that DDH 86-1's best results project to between the 50 and 100ppb contours.

When the initial physical testing of these targetted areas are as successful as indicated by DDH 86-1, though, all parameters that led to its success are reanalysed, potential extensions defined, and other, similar targets are upgraded for field testing. The property's development thus becomes a two pronged attack by which certain targets are at a drill definition stage (Target No. 3) while others are at different stages of exploration (drilling at Target No. 1, trenching at Target No. 4, surface exploration, trenching and drilling at Targets 5 to 7). Since most of the surface work is weather dependant, it is carried out during the summer months for maximum efficiency.

Targetted Areas:

The areas targetted for further work are shown on Figure No. 8. The following description summarizes the data included in this report and is based on the data presented in Figure No. 7. Here, we shall discuss these targets in order of potential economic importance and not numerical sequence since the latter was set by the writer in 1984 and is being kept for chronological purposes only.

Target No. 3:

This anomaly is defined as extending in an en-echelon fashion from L43+50N at 67+00E to L47+00N at 64+70E for a horizontal distance of 550.m. In Figure No. 7, the anomaly is shown to be 650.0m. long because it takes into account ASARCO's

data. The size of the anomaly is defined by the geochemical and geophysical surveys carried out to date, both of which show it open to the north. Its southern boundary is extended to between Lines 42+00N and 42+50N, for a further 200.0m., by a partly coincident chargeability I.P. anomaly of +12 milliseconds which appears to butt against our Target No. 4. No economic significance is given to this structural trap until outcrop sampling and mapping is carried out. The total known potential length of this Target is, thus, 850.0m. or 2,720.0 feet.

The 6 and 10 millisecond contour lines of the I.P. chargeability survey for n=2 and 4 are also plotted on Figure No. 7. A detailed discussion of this survey is found in the text. The northern half of Target No. 3 coincides with a weaker, n=4, chargeability anomaly open to the north.

The eastern boundary of the n=4 chargeability anomaly seen in this area, and its n=2 equivalent, form a zone dipping steeply westerly and trending at about 320 degrees azimuth. This coincides with outcrop information in the vicinity of DDH 86-1. This hole cut through the following high grade mineralization:

From (m)	To (m)	Hole Width (m)	Au (1) (oz/ton) ppb	Remarks
4.36	4.97	0.61	0.044	
5.76	6.40	0.64	0.070	
6.40	7.10	0.70	0.860	
7.10	8.11	1.01	0.198	
8.11	8.87	0.76	<0.012> 415	
8.87	9.30	0.43	<0.017> 580	
For a weighted average of				
4.36	9.30	4.94	0.182	
or	6.40	8.11	1.71	0.469
and				
126.74	128.11	1.37	0.096	
128.11	128.63+	0.52+	0.248	End of Hole
For a weighted average of				
126.74	128.63+	1.89+	0.138	" " "

(1): <Gold assays> in brackets are converted from geochemical analytical reports.

Based on their location, the shallower intercept is correlated to the North Star vein while the deeper one may be the Starlight vein. ASARCO appears to have missed these high grade intersections. The core from the North Star vein is a crackle breccia zone consisting of healed breccias, networks and stockworks of irregular quartz, chalcedony(?) and calcite-filled



veins filled with splotches, blebs, veinlets, stringers and disseminations of sulphides which have been megascopically identified as pyrite, chalcopyrite and sphalerite. The core from the Starlight vein, in turn, is described as a possible chert horizon at the base of a bimodal volcanic pile. Further work to confirm this interpretation is required.

In comparison with these, Lacana's best intersection at the Kena property, located in a similar environment 4.0km southeast of the property, is 9.03m of 0.14 oz/ton gold and 7.3m of 0.117 oz/ton gold in their Neil and Main zones, respectively.

A broad but weak n=4 I.P. chargeability anomaly covers most of the North Star Crown Grant to the south of the property boundary and continues through the property. Its western end appears to have been tested by ASARCO with holes 80-1 (110ft. of 0.025 oz/ton Au), 80-2 (20ft. of 0.034 oz/ton Au) and 80-3. These intersects indicate that ASARCO tested a portion of the low grade mineralization found in DDH 86-1, which are:

From (m)	To (m)	Hole Width (m)	Au (1) (oz/ton) ppb	Remarks
51.91	65.08	13.17	205	
65.08	78.43	13.35	<0.014>485	
or 51.91	128.63	76.72	<0.010>345	To bottom.

(1): <Gold assays> in brackets are converted from geochemical analytical reports.

The size and shape of the body hosting this low grade mineralization is presently unknown because of the uncertain location of the ASARCO holes with respect to the Lectus holes. The three Lectus holes show the mineralized intervals to be in strongly sheared and chloritized "andesites" of Rosslund age carrying 7-10% pyrite as hairline veinlets and stockwork. The n=4 I.P. chargeability results show a broad anomalous area from L41+00N to L45+00N, for a distance of 800.0m. It is narrow but open to the north, bulges to 300.0m. in the centre, and narrows to 100.0m. along its south limb. ASARCO's work indicates that this anomaly extends northwesterly for another 1,000.0m. to their L54+00N. Much more exploratory work is required prior to discounting this type of mineralization based on its known tenor.

As a direct result of the 1986 work, Target No. 3 is now redefined to include a high and a low grade potential, with known dimensions of at least 800.0m. in length and 50.0m in width for the low grade target. It butts against Target No. 4 in the south end and is open to the north, where previous work indicates an unconfirmed additional length of 1,000.0m. The high grade

sections found compare favorably in grade with those drilled by Lacana at the Kena property.

The 1987 work program, as recommended, includes an early drilling stage (\$132,020.00), most of which is designed to confirm and extend the high grade intercepts found in DDH 86-1 with proposed drillholes 87-1 through 87-5 (See Figure No. 8). The early timing of this phase is crucial in deciding whether or not to follow up with another, more intensive, drilling phase in the fall. The program, as designed, also includes the completion of grid coverage (soil sampling, I.P. and magnetics) as well as geological mapping and outcrop sampling of the whole grid area. About 70% of the \$152,098.00 estimated budget is slated for this purpose.

Target No. 1:

This Target's geochemical signature includes nine samples which assayed higher than 500ppb's gold. It extends from L41+00N to L45+50N for a distance of 680.0m. Its north end is buried under blocky talus. The coincident n=2 and n=4 I.P. chargeability anomaly shown on Lines 47+00N to 49+00N along the baseline may extend it by a further 400.0m. to the north. It is within the Silver King syenitic to quartz monzonitic intrusive complex covering the eastern third of the property.

DDH 86-4 tested a limited area within the western half of this Target. Two sludge samples, taken between 14.33m and 29.57m. of hole depth averaged 890ppb's gold while their corresponding core samples returned 330ppb's gold. Host rock is a "silicified" healed breccia with chalcedony veinlets and strong chlorite alteration. Pyrite is the only sulphide recognized in this zone. The hole did not reach, however, the n=2 I.P. chargeability anomaly proposed to be the source of the eastern portion of the gold geochemical anomaly that defines it. Proposed DDH's 87-6 and 87-7 are designed to test it. Geological mapping, outcrop sampling and trenching are also proposed for this area.

Target No. 4:

This target is defined by coincident gold soil geochemical (greater than 200.ppb gold), n=2 and n=4 I.P. chargeability anomalies. It extends from L41+00N to ASARCO's L43+00N for a length of 400.0m. and appears to follow a trend that is conjugate to the western flank of the Silver King pluton and the one defining Target No. 3. As previously described, it may cut Target No. 3 off. Geological mapping, outcrop sampling and trenching are proposed for this target.

Targets No 5, 6, and 7:

These targets require prospecting and outcrop sampling prior to geological mapping and/or trenching. Of these, Target No. 6 is perhaps the more interesting one because it is defined by a large $n=2$ and $n=4$ I.P. chargeability anomaly which is open to the south.

Other Targetted Areas:

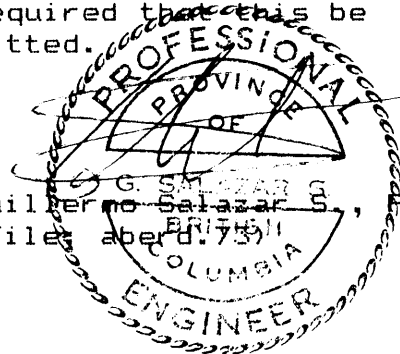
Our recommended program proposes to explore the east and west portions of the claims by carrying out gridded surveys along parallel lines 100.0m. apart. This is proposed based on regional trends which indicate that the belt of rocks drilled by Lacana to the east (Kena property) and by U.S. Borax to the west (Sandy Creek area) may cut through those areas.

It is proposed that this work be carried out by cutting L49+00N out as a easterly trending baseline reaching the east and west boundaries of the property from which initial prospecting of the areas can be carried out. Then, if warranted, north trending baselines at 44+00E and 80+00E can be cut and each grid developed.

A total of \$145,882.00 was evenly split amongst these two areas, although the final budget is dependant on the results of the prospecting stage which required that this be done as early in the summer as weather permitted.

Calgary, July 14, 1987

G. SALAZAR S., .Eng.
(File # 73)



INTRODUCTION

This report is prepared at the request of Mr. Stanley A. Ford, P. Eng., director of Lectus Developments Ltd. It comprises work started in July 7, 1986 and finished in January 21, 1987. As reported, the work was carried out in three stages. These comprised the following:

Stage One: 40.1 km. of linecutting, road access clearing, road and ground magnetometer surveying and soil sampling. A total of 541 soil samples were collected and analysed for gold by fire assay/ atomic absorption methods and for silver, copper, lead and zinc by X-ray fluorescence.

Stage Two: 22.0km. of Multipole Induced Polarization Survey over a portion of the grid.

and **Stage Three:** Diamond drilling of four NQWL holes for a total of 315.5 meters. A limited amount of road building to the drill sites was also carried out.

A total of \$166,540.90 was spent carrying out the above.

The report was written by G. Salazar S., P. Eng., and S. P. Santiago. Both authors have freely drawn information from all references quoted and from the work carried out by D. Freckelton while logging the core. Mr. C. Grundstrom was also instrumental in carrying out the work described herewith.

This report replaces our report dated February 28, 1987.

PROPERTY DESCRIPTION

Table No. 1 summarizes all the pertinent title data related to this property. (See Figures No. 1 and 2).

Lectus Developments Ltd. ("LECTUS") has entered into option agreements with the owners of record.

TABLE No. 1: CLAIM STATUS

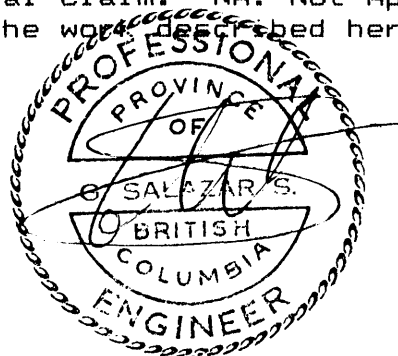
CLAIM NAME	CLAIM TYPE (1)	No. UNITS	RECORD No.	RECORD DATE	EXPIRY DATE (2)
ASARCO OPTION:					
BIRDSEYE	CG	1	L3278	N.A.	N.A.
PRINCETON Fr.	CG	1	L3938	N.A.	N.A.
Gold Eagle	MGS	4	1302(10)	Oct.16/79	1988
Gold Eagle #1Fr	MGS	1	1531(3)	Mar.5/80	1988
Gold Eagle #2	MGS	2	1532(3)	Mar.5/80	1988
Gold Eagle #3	MGS	9	1533(3)	Mar.5/80	1988
Gold Eagle #4	MGS	6	1841(8)	Aug.5/80	1986
Gold Eagle #5Fr	MGS	1	1856(8)	Aug.13/80	1988
Gold Eagle #6Fr	MGS	1	1857(8)	Aug.13/80	1988
Lady Aberdeen	RCG	1	919(1)	Jan.22/79	1988
Minto Fraction	RCG	1	920(1)	Jan.22/79	1988
Inverness	RCG	1	918(1)	Jan.22/79	1988
Haddo Fraction	RCG	1	921(1)	Jan.22/79	1988
Horseshoe	RCG	1	1307(10)	Oct.22/79	1988
Red Fraction	RCG	1	1308(10)	Oct.22/79	1988
Tregarden Fr.	RCG	1	1309(10)	Oct.22/79	1988
BOURDON OPTION					
Hillside	MGS	6	3512(9)	Sep.13/83	1986
Hilltop Fr.	MGS	1	3511(9)	Sep.13/84	1987
Great Western (ex.Lot 4148)	RCG	1	1551(2)	Feb.19/80	1988
Irene (ex.Lot 4151)	RCG	1	1552(2)	Feb.19/80	1988
Great Eastern (ex.Lot 4152)	RCG	1	1553(2)	Feb.19/80	1988
WEIR OPTION					
Thistle	CG	1	L.2233	NA	NA
White Witch	CG	1	L.3595	NA	NA
Great West Fr.	CG	1	L.4773	NA	NA

TOTAL: 46 UNITS

(1):CG:Crown Granted Mineral Claim. RCG:Reverted C.G.Min.Claim

MGS:Modified Grid System Mineral Claim. NA: Not Applicable

(2): These dates do not reflect the work described here.



LOCATION

The claims are located approximately six kilometers to the southwest of Nelson, B.C. The upper reaches of Giveout Creek, a tributary of Cottonwood Creek which drains into the west arm of Kootenay Lake, at Nelson underlies most of the claims. (See Figure No. 2).

ACCESS

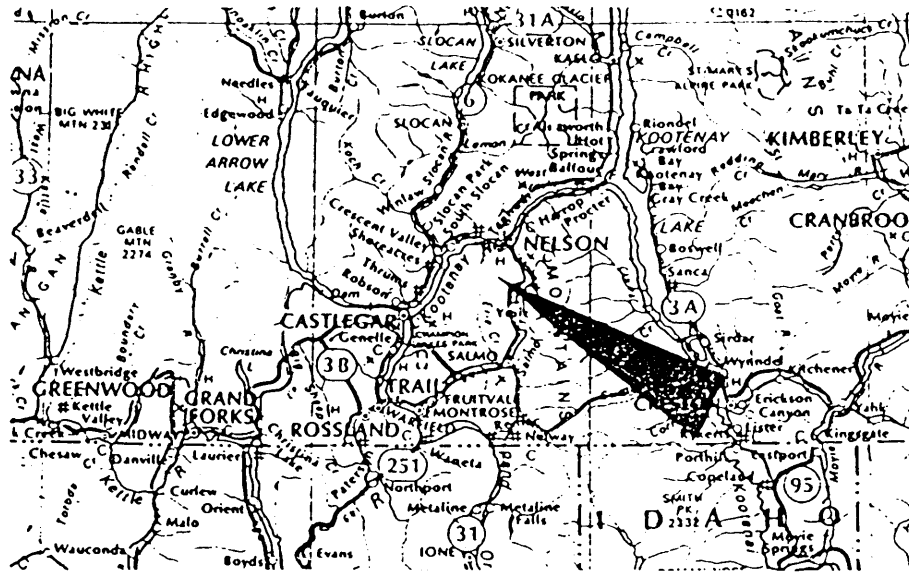
The city of Nelson, located at the junction of B.C. Highways No. 6 and 3A, is 41.0km northeast of Castlegar. The Castlegar airport is serviced with daily flights to and from Vancouver, B. C., and Calgary, Alberta, by Pacific Western Airlines and Time Air, respectively.

Alternative highway access to Nelson from either Vancouver or Calgary requires eight to ten hours of motor vehicle travel.

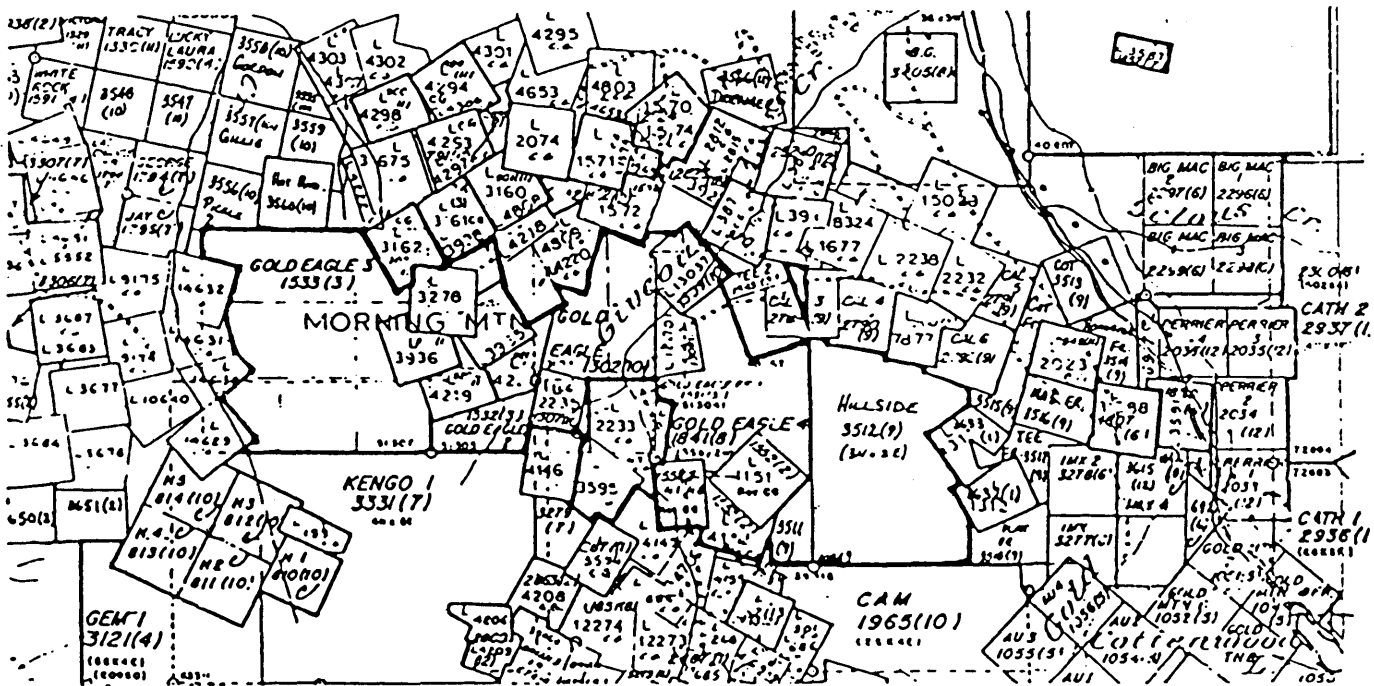
Helicopter support is readily available at Castlegar and Nelson.

PREVIOUS EXPLORATION

The Silver King Mine, located about three kilometers to the southeast of the center of the claims, was one of the earliest copper producers in British Columbia, beginning production about 1889. Over 200,000. tons of copper-silver ore was produced from this mine.



Scale 1:2,000,000



SCALE = 1: 50,000

LECTUS DEVELOPMENTS LTD
 — GREAT WESTERN CLAIMS —
 LOCATION AND CLAIMS MAP

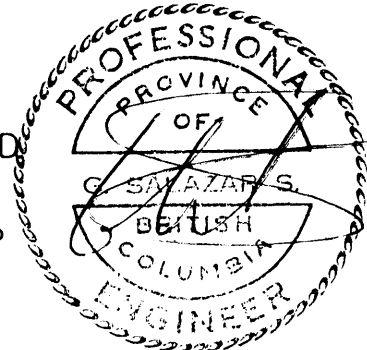
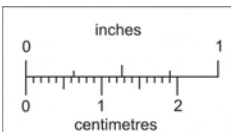


FIGURE 1



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.

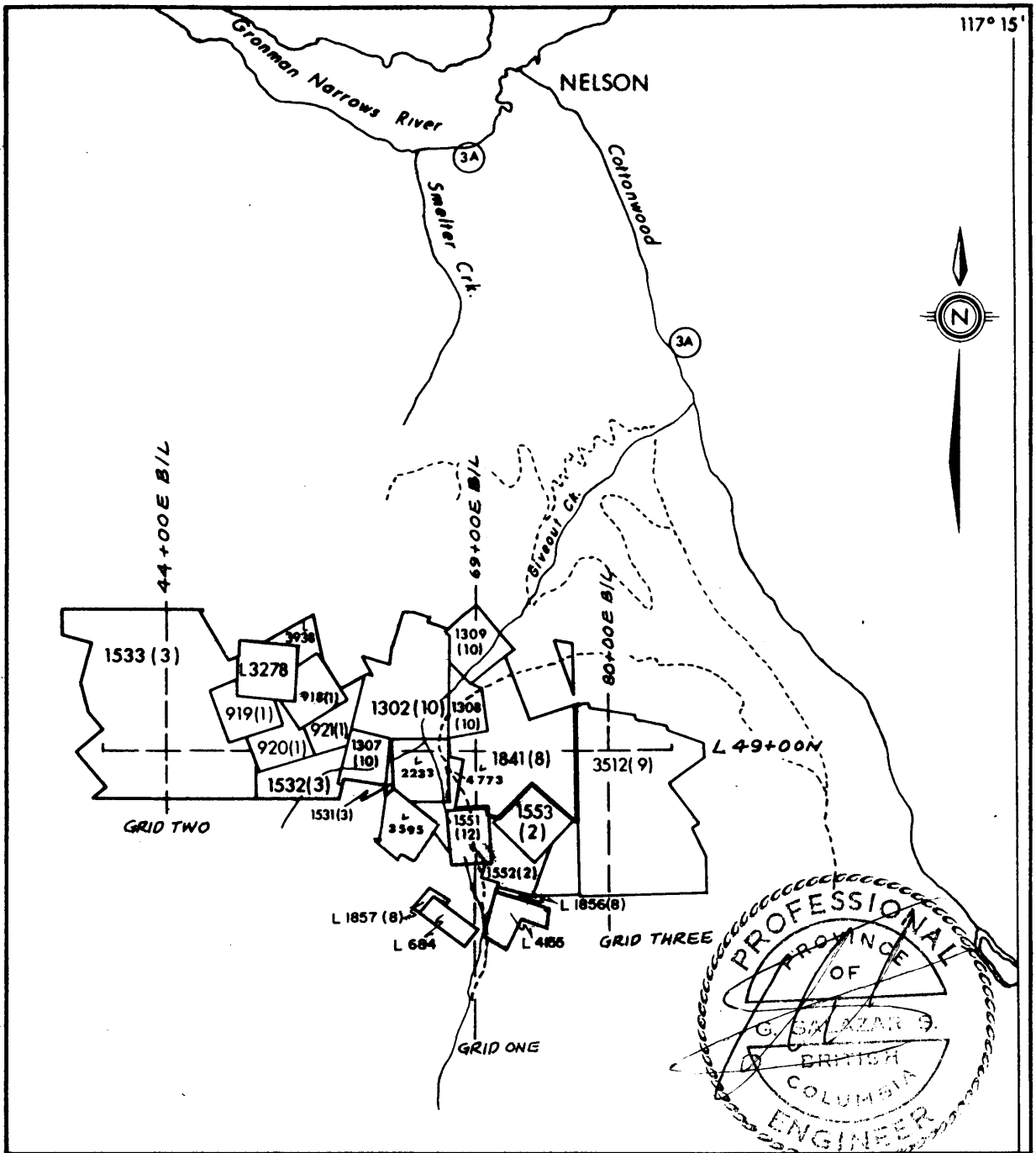
Several small tunnels and pits dating back to the early 1900's are present in the property, but no significant tonnage of mineral inventory is exposed on any of them. Small shipments of ore have been made from the Birdseye and Shamrock Crown Grants and from the Irene and Great Eastern properties. See Table No. 2.

TABLE N.2: PRODUCTION HISTORY

GREAT WESTERN GROUP OF CLAIMS AND VICINITY

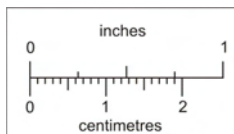
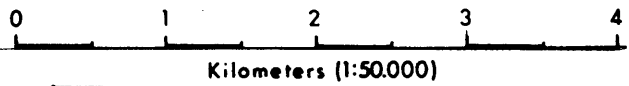
NAME	MINFILE No. (1)	TONNES	AU (gr)	AG (gr)	CU (kg)	PB (kg)	ZN (kg)	YEAR LAST PRODUCED
Venus, Juno	166	5411.	107120.	95486.	-	432.	-	1941
Birdseye(5)	167	4.	62.	9611.	-	-	-	1940
Athabasca	168	41779.	631826.	201798.	-	9333.	13947.	1943
California	169	1462.	70231.	123602.	-	8526.	19524.	1949
Shamrock(5)	170	8.	31.	1213.	-	280.	354.	1948
Irene(6)	171	15.	249.	373.	-	-	-	1939
Great Eastern(6)	172	34.	1276.	1774.	-	-	-	1939
Victoria, Jessie	173	3255.	3793.	94119.	83577.	-	-	1949
Starlight(7)	174	21.	583.	2936.	440.	-	-	1981
✓ Daylight, Berlin	175	327.	8832.	4977.	-	70.	-	1949
Silver King(2)	176	202049.	8896.	138214.k	6789700.	15234.	4071.	1958
Silver King(3)	176	80000.	N.R.	+290.gr/t	+2.1%	N.R.	N.R.	RES/81
North Star(4)	276	N.R.	N.R.	N.R.	N.R.	N.R.	N.R.	NONE

- NOTES: 1.All MINFILE numbers are preceded by 82FSW.
 2.Silver King also includes claims called American Flag, Dandy and Ollie.
 3.Reserves grade are reported at cut off levels only.
 4.Although without production, this claim is reported to have a 12.0 m. wide pyritized and silicified zone of shearing with "quite low" gold values.
 5.ASARCO option.
 6.Bourdon option.
 7.Palmer option.
 8.SOURCE: B.C. Min. of Energy, Mines and Petroleum Resources' MINFILE.



Notes;

1. Scale 1:50,000
2. Individual claim's Record No are shown Refer to table No.1 for other information.



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.

LECTUS DEVELOPMENT LTD.		
GREAT WESTERN PROJECT		
CLAIMS MAP		
NTS	82F/6W	G. SALAZAR S.B. ASSOCS LTD INT. GEOL. CONSULTANTS 312 Cedarbrae Cresc SW CALGARY ALBERTA
Work by	G. SALAZAR S.P. Eng	
Drawn by	S.K.	
Figure No	2	

ASARCO's systematic exploration efforts in the area cover the period between 1979 and 1982. Their reports show soil geochemistry along a grid of parallel lines 100.0 meters apart, with a 25.0 meter separation between sample stations. Ground magnetics and a induced polarization survey were also carried out to define those areas of pyrite concentration favorable to gold mineralization. Two bands of magnetic susceptibility lows about 1,500.0 meters long and 150.0 meters wide were found to be associated with zones of high chargeability response ($n=1$, $a=50.0$ m.) and to be spatially related to the highly anomalous gold values found in the soils. The zone defined by these coincident anomalies runs northwesterly closely following the western boundary of a Silver King syenite porphyry stock.

ASARCO drilled three holes in 1980 and six in 1981, for a total of 1085.m. Best drilled results were found at DDH 80-1, which returned 33.5m assaying 0.025 o/ton gold and 0.025 o/ton silver starting at a depth of 112.8m. DDH 80-2 was collared 32.8m to the southeast of DDH 80-1 in an effort to extend and improve the said drill results. It encountered 6.1m of 0.034 o/ton gold and 0.045 o/ton silver starting at a depth of 82.3m. The anomaly was not tested to the northwest. ASARCO reported spending a total of \$64,708.37 in the 1981 season. Table No.3 also includes the pertinent survey data of the ASARCO drillholes.

The Bourdon group detailed ASARCO's soil geochemical anomaly in the Great Western claim by collecting additional 35

samples in between ASARCO's lines. R. W. Robinson commissioned Western Geophysical Aero Data Ltd. to run a helicopter supported, airborne magnetometer-VLF survey over four lines and a total distance of 2.4km. Rechecking of anomalous zones at the Great Western claim were carried out by Salazar in 1985. This included a chain and compass survey of roads and grid lines for that area.

WORK DONE IN 1986

Table No. 3 summarizes the work carried out in the 1986 Field Season.

The grid lines consist of L39+00N to L48+00N, 50.0m. apart, and L49+00N to 54+00N, 100.0m. apart. Maximum length of line cut extends from 57+00E to 74+00E. As is normal in cut lines laid out by compass and hipchain methods, the lines are not exactly due east as proposed nor are the stations always 10.0m. apart.

Transit surveying of roads within the property totalled 5.5km and included location of stations of all previous grids as well as claim posts. This work resulted in the 1:2,500 scale base map used throughout this report.

Ground magnetic survey covered a total of 28.4 line kilometers. A Geometrics G-856 automatic recorder unit was used to record readings at a defined base station and a Geometrics G-826 manual recording unit was used for the field.

A total of 541 soil samples were collected on stations spaced every 20.0m. These were analysed for gold by fire assay/atomic absorption methods and for silver, copper, lead and zinc by X-ray fluorescence.

Some 22.0 line kilometers of Multipole Induced Polarization surveying was carried out by White Geophysical Inc. over portions of the grid.

Limited road building and trenching was carried out while building access to the proposed drillsites.

A total of four NQWL diamond drill holes totalling 315.5m. tested portions of targets defined by the geochemistry and Induced Polarization surveys. Drilling was done by Kootenay Exploration Drilling Ltd. of Rossland, B.C.

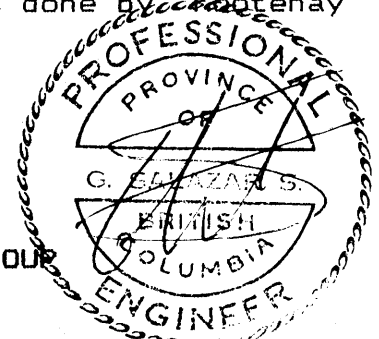


TABLE No. 3

WORK DONE IN 1986 BY PROPERTY GROUP

OPTION	LINE CUTTING		SURVEYING				
	GRID km	B.L. km	TRANSIT km	MAGNETICS km	MULTI I.P. km	SOILS No	DDH ft
ASARCO	14.06	1.36	1.61	9.43	9.89	113	nil
BOURDON	7.92	0.47	1.25	7.92	6.20	182	366
GREAT W.	7.81	nil	1.98	5.44	3.40	164	669
PALMER	1.32	nil	0.12	1.32	1.08	3	nil
OPEN	6.74	0.40	0.58	4.31	1.43	79	nil
TOTALS:	37.85	2.23	5.54	28.42	22.00	541	1035

REGIONAL GEOLOGY

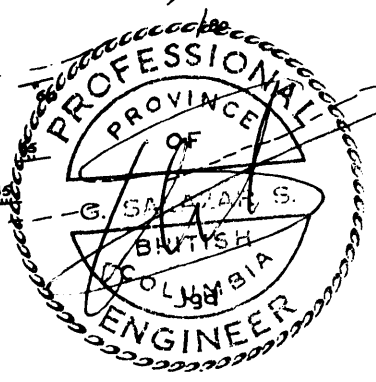
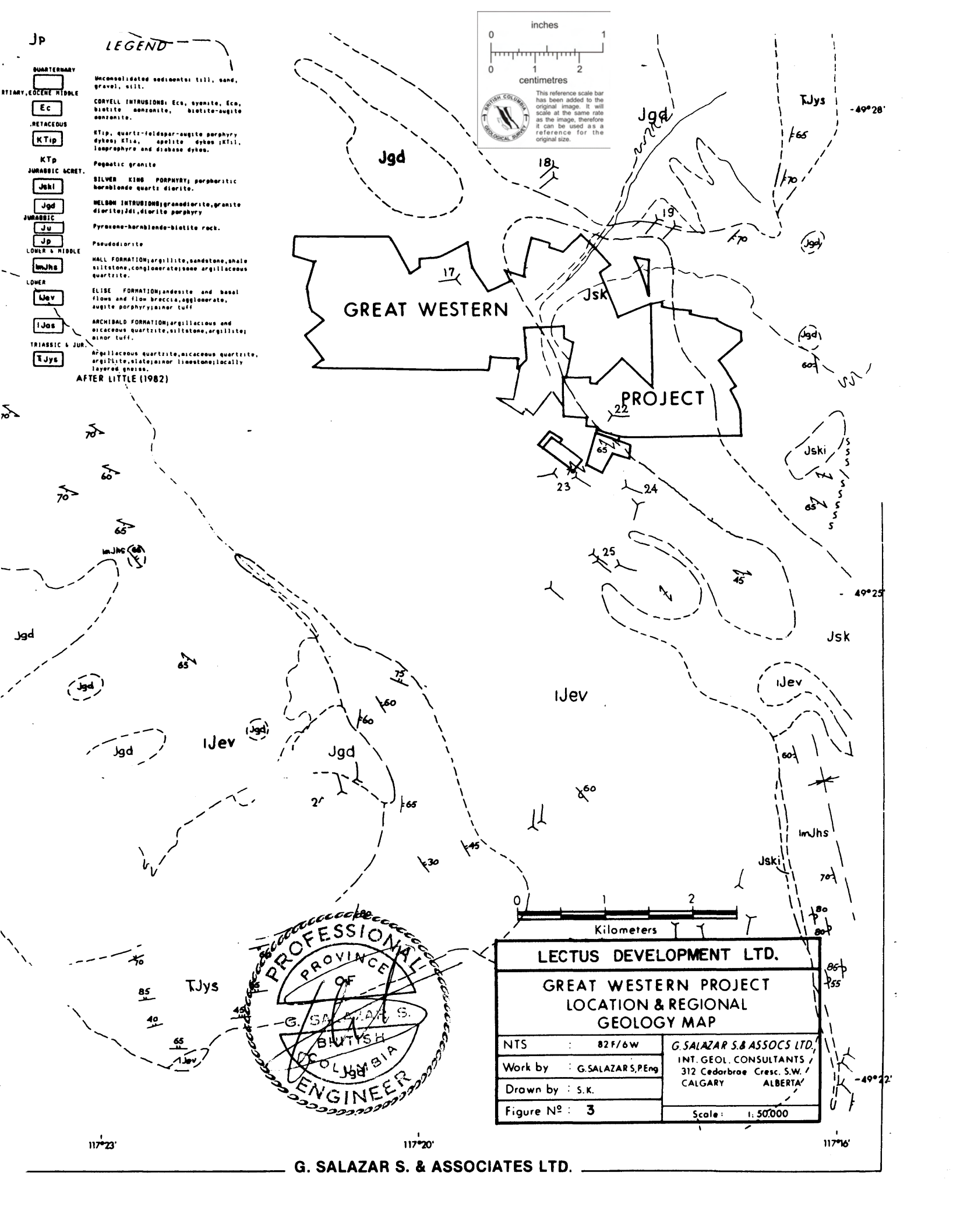
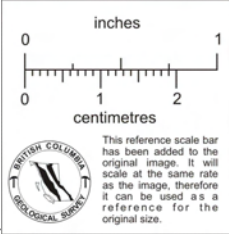
The claim area is underlain by the Elise Formation of

Jp

LEGEND

- QUATERNARY
 - [] Unconsolidated sediments: till, sand, gravel, silt.
- CRETACEOUS
 - [Ec] CORVALL INTRUSIONS: Eco, syenite, Eco, biotite monzonite, biotite-augite monzonite.
- TERTIARY
 - [KTip] KTip, quartz-feldspar-augite porphyry dykes; KTia, apolite dykes; KTil, leucophyre and diabase dykes.
- JURASSIC
 - [KTp] Pegmatic granite
 - [Jskl] SILVER KING PORPHYRY; porphyritic hornblende quartz diorite.
 - [Jgd] MELBOM INTRUSIONS; granodiorite, granite diorite; di, diorite porphyry
 - [Ju] Pyroxene-hornblende-biotite rock.
 - [Jp] Pseudodiorite
- LOWER & MIDDLE
 - [lmJhs] HALL FORMATION; argillite, sandstone, shale siltstone, conglomerate; some argillaceous quartzite.
- LOWER
 - [Ijev] ELISE FORMATION; andesite and basal flows and flow breccia, agglomerate, augite porphyry; minor tuff
 - [Ijas] ARCHIBALD FORMATION; argillaceous and calcareous quartzite, siltstone, argillite; minor tuff.
- TRIASSIC & JURASSIC
 - [Tjys] Argillaceous quartzite, calcareous quartzite, argillite, slate; minor limestone; locally layered gneiss.

AFTER LITTLE (1982)



LECTUS DEVELOPMENT LTD.	
GREAT WESTERN PROJECT LOCATION & REGIONAL GEOLOGY MAP	
NTS : 82F/6W	G. SALAZAR S. & ASSOCS. LTD., INT. GEOL. CONSULTANTS / 312 Cedarbrae Cresc. S.W. CALGARY ALBERTA
Work by : G. SALAZAR S., P.Eng	
Drawn by : S.K.	
Figure N° : 3	
Scale : 1:50,000	

117°23'

117°20'

117°16'

the Rossland Group intruded by a phase of the Silver King Porphyry (G.S.C. Map 1571A, Bonnington Map Area, B.C.).

The Silver King Porphyry consists of porphyritic hornblende quartz diorite to syenite and is assigned a Jurassic or possibly Cretaceous age.

The Lower Jurassic Elise Formation represents all the predominantly volcanic successions of the Rossland Group of rocks. See Figure No. 3.

LOCAL GEOLOGY & MINERALIZATION

The Silver King intrusive forms an irregular mass that is widest in the north, narrowest in the central portion and splits in the south into a relatively wide stock and numerous porphyry tongues near the Silver King mine. The northern portion of the intrusive, trending at azimuth 335^o, occupies the entire eastern third of the claims. Numerous geochemical and geophysical anomalies have been defined on either side of this intrusive's western flank which is coincident with a shear of unknown width.

The central and northern portions are underlain by spilitic flows of andesite and propylitized basalt, metamorphosed to sub-greenschist and greenschist facies, and often pyritized. Foliation shows an average trend of azimuth 310^o and dip of 70^o to the southwest. DDH's 86-1 and 86-2 intersected a major shear zone trending at azimuth 330^o and dipping at 80^o to the southwest. The zone consists of a series of 1.0cm thick

fissures cutting green sericitized volcanic flows.

The northern, western and southwestern portions were mapped by ASARCO as an undivided suite of flow breccias, agglomerate, augite porphyry, porphyritic andesite and basalt, lithic tuffs and tuffaceous sediments.

The north-northwestern portions are characterized by the younger feldspar augite porphyry intrusive of andesitic composition. In drill core, fresh looking aplite, lamprophyre, diabasic and monzonitic dykes were recognized.

Shear wallrock alteration is mainly as feldspathization and manganese rich carbonitization and minor epidotization.

Mineralization is most often confined to a crackle breccia zone and/or to quartz veining. In DDH's 86-1,2 and 3, the former is associated with strongly epidotized augitic andesite lithic tuffs while pervasive low temperature alteration zones are seen in DDH 86-4. Irregular veins within this zone form stockworks and networks of quartz, calcite and chalcedony(?) filled with splotches, blebs, veinlets, stringers and disseminations of sulphides. Megascopically, the sulphides are composed of pyrite, pyrrhotite, chalcopyrite and sphalerite.

GEOCHEMISTRY

A total of 541 soil samples were collected on stations spaced every 20.0m. These were analysed for gold by fire assay/atomic absorption methods and for silver, copper, lead and zinc

by X-ray fluorescence. Laboratory procedures are explained in Appendix No. 3.

Figure No. 4.1 is an isopach contour map of gold analysis in parts per billion (ppb) which include ASARCO's and Bourdon's sampling as well as ours. The following is concluded from this map.

1. The lowest contour value used of 50ppb gold is also the regional treshold. The profiles of geochemical anomalies along each grid line display a characteristic logarithmic decay pattern away from mineralization.

2. The anomalous gold geochemical dispersion patterns are directly related to vein type, stockwork and linear replacement mineralization of unknown dimensions.

3. The areas with 200ppb gold or more have been highlighted because they define strongly anomalous zones. They indicate a pronounced north trend with a possible, en-echelon, east offset component that may indicate a left throw. These are:

- 3.1: L43+00N to L48+00N, at 64+00E to 67+50E. This slightly arcuate, more than 600.0m. long, north trending anomaly is our previously labelled "Target No. 3". It consists of four separate dispersion haloes with five samples returning more than 400.ppb gold, the highest being 925.ppb and +3,000ppb gold. The southern third of this anomaly was successfully drill tested with ASARCO's DDH's 80-1 and 80-2 and with LECTUS' DDH's 86-1, 86-2 and 86-3. (SEE DIAMOND DRILLING).

- 3.2: L42+00N to L43+50N, at 69+00E to 70+00E. This anomaly was previously called "Target No. 1". It is underlain by Silver King porphyry and has the widest halo (80m. for the 400.ppb contour) and two +1,000ppb gold sites.

The eastern portion of this anomaly may have crept

downhill and, if so, may be sourced at a I.P. chargeability anomaly shown slightly uphill from it. Its western (or lower) portions, though, are related to the mineralization found on the lower Great Western mine dump and the mineralization associated with the intrusive contact as tested with DDH 86-4.

This anomaly may be further extended to the north to include anomaly 3.3 if the material below the talus slopes that separate them is anomalous as well.

The 1981 ASARCO Geochemical Report considered this to contain "...the most significant anomaly outlined...may well be associated with a gold bearing pyritic shear which is exposed in the Great Western workings..."

3.3: L43+50N to L46+00N, at 68+50E to 69+50E. This anomaly may increase the length of anomaly 3.2 by a further 260.0m. It splits into two ASARCO defined bull's eyes of 600.0ppb and 495.0ppb gold. The north and central portions of this anomaly have values of 580.0ppb and 720.0ppb gold respectively.

3.4: L41+00N to L43+00N, at 68+50E to 69+50E. This new anomaly, herewith labelled Target No. 4, also shows a north trend with an easterly, en-echelon throw, component. The highest values recorded are 375.0ppb and 485.0ppb gold. Its presence explains the presence of numerous old trenches at the boundary between the Millsite Fr. and the Great Western claim. These workings should be surveyed in and resampled.

3.5: Other single site abnormally high values, such as the 1,200.0ppb gold at ASARCO L38+00N/70+50E and Salazar's +1,000.0ppb gold at ASARCO L42+00N/70+30E are indicative of near surface mineralization, the extent of which is not known.

4. Almost all of the significant geochemical anomalies found are located on either side of the length of the western flank of the Silver King porphyry intrusive. Most of these anomalies are underlain by metamorphosed, often pyritized, spilitic andesite flows and propylitized basalts.

5. The area underlain by the Silver King Porphyry is characterized by wider and longer anomalies. Down hill creep and masking by recent avalanches are suspected in certain areas.

6. No anomalies are known to exist in those areas underlain by the intrusive feldspar augite porphyry.

7. Our knowledge of the geochemical response outside of the detailed area discussed above and the work carried out by ASARCO in the Morning Mountain area is limited to ASARCO's few exploration lines. The work being carried out in the properties to the west, southwest and east of these claims indicates that further exploration and prospecting should be considered.

GEOPHYSICAL SURVEYS

Ground Magnetism

The diurnally corrected ground magnetic survey results are presented as fence diagrams on Figure No. 5. Interpretation of these results is hampered by day to day discrepancies found in the process of plotting the data which may have resulted from the unusually wet period of time during which the survey was carried out.

The magnetic susceptibility lows reported by ASARCO were partially relocated in spite of the survey problems described above. A definite magnetic susceptibility low is seen defining the chlorite-sericite schist/ Silver King porphyry contact between Lines 44+00N and 48+00N which may be extended to L42+00N. Other features are more difficult to discern.

Multipole Induced Polarization Survey

White Geophysical Inc. was commissioned to carry out a multipole induced polarization survey over the central portion of the claims covering 22.0kms. of the grid. Their report dated January 12, 1987 presents the acquired data in detail.

The apparent resistivities show good contrasts from 80 to over 8,000 ohm-meters. The high resistivities are typical of granitic and syenitic stocks and unaltered volcanics while the low resistivity data show alteration and/or shearing zones.

The chargeability response is unusually low when compared to drill core data and ASARCO's surveys. DDH.86-1 was drilled through the north end of a northwesterly trending ten millisecond anomaly as represented in White's FIGURE 2A. This is correlated to a porphyritic andesite (?) carrying from 3 to 10% pyrite as disseminations and along hairline veinlets showing strong chlorite alteration. This assemblage defines a pyrite halo with an expected chargeability response fivefold greater than that found. This has resulted from a combination of the steep topography found as one nears the creek and the special array used in the survey.

The above discussion is further complicated as a result of the good correlation found between the gold in soils, the drillhole assay results and the chargeability results which prevent us from discarding the survey method. Instead, we recommend that other arrays be tested so that this surveying

method can still be used elsewhere in the property.

White describes twenty chargeability and resistivity anomalies which he suggests should be investigated. These are represented in Figure No. 7 for the n=2 and n=4 separations. Further discussion of this Regional Compilation Map is found under DISCUSSION OF RESULTS.

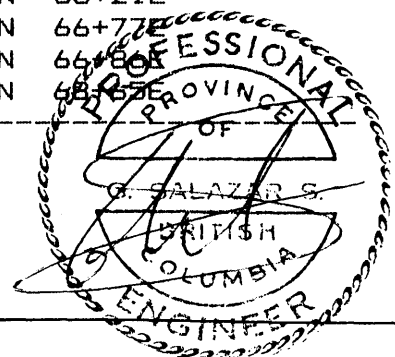
DIAMOND DRILLING

Table No. 3 includes all drilling done in this property to date. Lectus' NQWL drilling program was started in December 28, 1986 and completed in January 15, 1987. Drilling was done by Kootenay Exploration and Drilling Ltd. of Rossland, who used a BBS-1 portable drillrig.

**TABLE No.4
DDH SURVEY DATA**

DDH No.	CLAIM NAME	DIP	AZ.	COLLAR ELEV	HOLE DEPTH	GRID LINE	LOCATION(1) STATION
ASARCO DRILLING:							
80-1	North Star	-45	45	1475.m	171.9m	42N	65+05E
80-2	"	-48	50	1472.m	127.1m	41.7N	65+90E
80-3	"	-48	50	1512.m	166.7m	40N	65+45E
81-4	Black Witch	-45	45	1540.m	123.1m	Not in Grid	
81-5	"	-50	50	1535.m	91.4m	"	" "
81-6	Princeton Fr.	-46	45	1717.m	74.7m	"	" "
81-7	"	-55	55	1690.m	90.5m	"	" "
81-8	Lady Aberdeen	-45	60	1818.m	75.6m	"	" "
81-9	Gold Bell	-45	60	1552.m	164.0m	"	" "
LECTUS DRILLING:							
86-1	White Witch	-40	90	1437.m	128.6m	43.6N	66+21E
86-2	G. West Fr.	-55	90	1436.m	38.7m	43.5N	66+77E
86-3	"	-45	270	1430.m	35.4m	43.2N	66+80E
86-4	G. Western	-45	90	1472.m	112.3m	43.0N	66+57E

(1): Grid coordinates are present grid's.
ASARCO drilling is BQWL while LECTUS' is NQWL.



All split core samples were shipped to Loring Laboratories of Calgary for sample preparation and gold analyses using fire assay and atomic absorption or gravimetric methods, as required. At our request, a pulp of material was sent to ACME Labs of Vancouver for their 30 element Induced Couple Plasma and mercury analyses.

The 1986 drilling program was targetted at coincident gold in soils and multipole Induced Polarization anomalies. Table No. 4 lists the mineralization of potential economic interest intersected during this program by drillhole.

TABLE No. 5
Mineral Intersections Found In
1986 Diamond Drilling Program
GREAT WESTERN PROJECT

DDH No	HOLE DEPTH FROM	HOLE DEPTH TO	WIDTH M.	GOLD (1) OZ/TON	PPB	REMARKS
86-1	4.36	4.97	0.61	0.044		
	5.76	6.40	0.64	0.070		
	6.40	7.10	0.70	0.860		coarse gold assay
	7.10	8.11	1.01	0.198		"
	8.11	8.87	0.76	(0.012)	415	
	8.87	9.30	0.43	(0.017)	580	for a weighted average of:
or	4.36	9.30	4.94	0.182		
	6.40	8.11	1.71	0.469		North Star Vein ?
	15.45	15.85	0.40	(0.026)	880	
	15.85	16.79	0.94	0.074		
	16.79	17.10	0.31	0.044		for a weighted average of:
	15.45	17.10	1.65	0.057		
	39.50	39.65	0.15	0.074		
	51.91	53.00	1.09	0.046		
69.13	71.69	2.56	0.042			

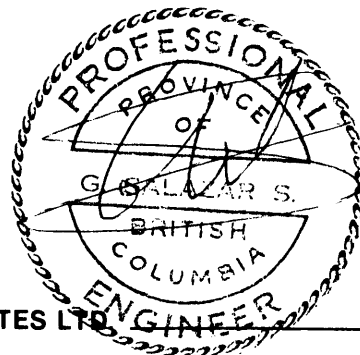


TABLE No. 5 (Cont.)

DDH No	HOLE DEPTH FROM TO	WIDTH M.	GOLD OZ/TON	PPB	REMARKS
	114.33 114.91	0.58	0.058		
	126.74 128.11	1.37	0.096		
	128.11 128.63	0.52	0.248		for a weighted average of:
	126.74 128.63	1.89	0.138		Starlight vein ?
86-2	5.18 5.95	0.77		785	
	8.95 9.85	0.90		505	
	20.76 23.47	2.71		590	
86-3	4.53 6.80	2.27		795	
	10.60 13.00	2.40	0.046		
	13.00 14.70	1.70	0.066		
	14.70 17.74	3.04	0.044		for a weighted average of:
	10.60 17.74	7.14	0.047		
	17.74 20.12	2.38		740	
	23.17 26.21	3.04	0.084		
	26.21 29.00	2.79		795	
	29.00 30.80	1.80		780	
	33.20 35.36	2.16		750	
86-4	21.30 21.56	0.26	0.050		Great Western Vein ?
	33.90 34.90	1.00		555	
	64.52 66.86	2.39	0.030		
	66.86 67.58	0.72	0.082		for a weighted average of:
	64.52 67.58	3.06	0.042		
	86.10 87.48	1.38	0.088		



(1): <Gold assays> in brackets are converted from geochemical analytical reports.

The "coarse gold" procedure used by Loring Labs. takes into account the possible presence of nugget gold by grinding the whole sample to (-10) mesh and splitting a 300gr. sample. The sample is then put through a disk pulverizer until the (+150) mesh portion is less than 20% of the sample by weight. Once this is accomplished, the coarse portion is fire assayed in its entirety and the fines are assayed following normal procedures. This method measures the coarse portion's contribution to the overall assay of the sample.

As well, no cutting of assays has been done because we feel that it is too early to apply any downgrading of results. These may be required after the next drilling stage is completed.

Mineralization is confined to veins and a crackle breccia zones consisting of healed breccias, networks and stockworks of irregular quartz, chalcedony(?) and calcite filled veins filled with splotches, blebs, veinlets, stringers, and disseminations of sulphides, which have been megascopically identified as pyrite, pyrrhotite, chalcopyrite and sphalerite.

Rock alteration along the walls of the crackle breccias and veins is mainly feldspatization and manganese rich carbonitization. Locally, strong chlorite and epidote alteration are also observed. Foliation, schistosity, minor faulting and fracturing are all present in the areas of alteration and crackle brecciation.

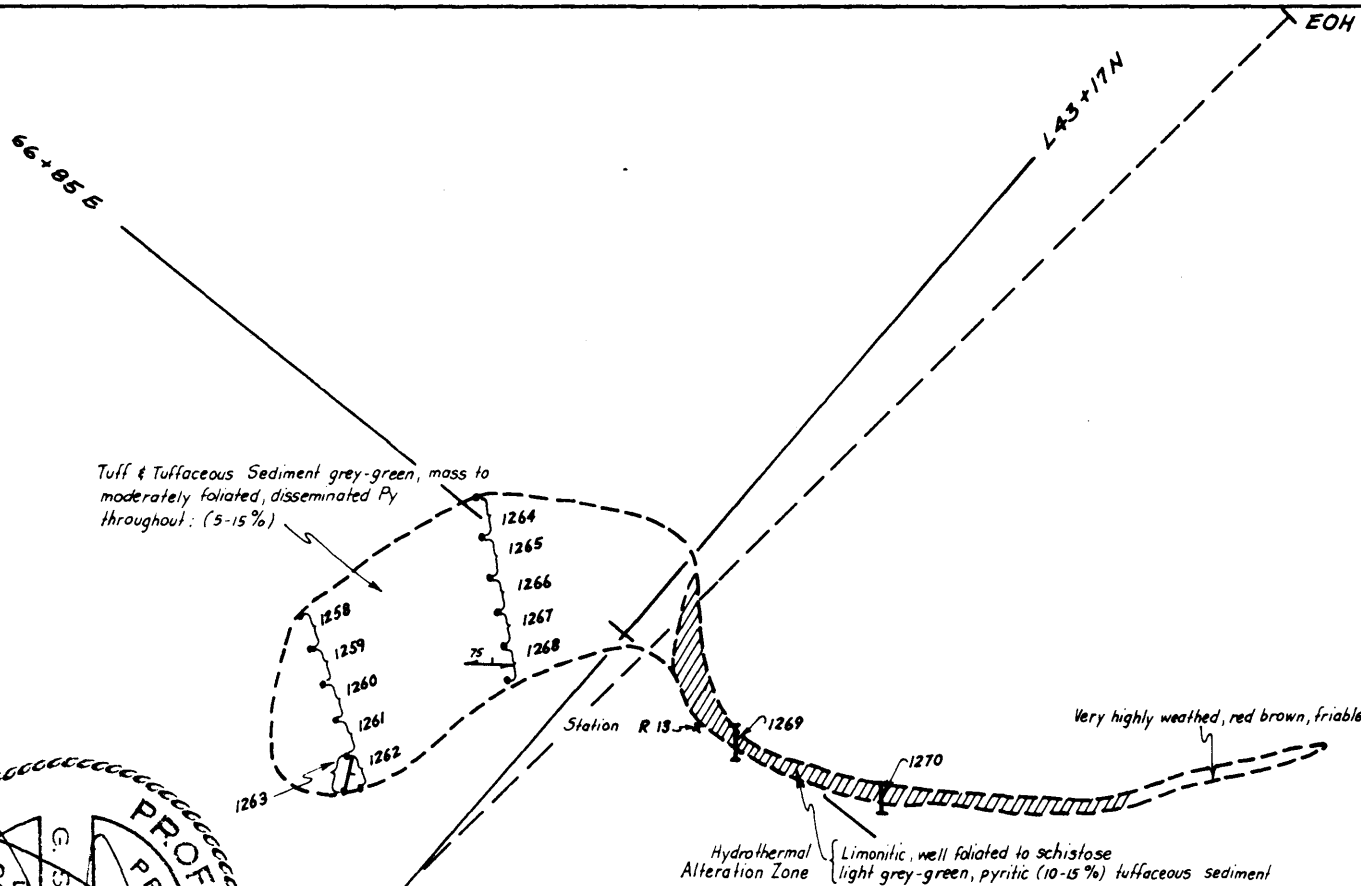
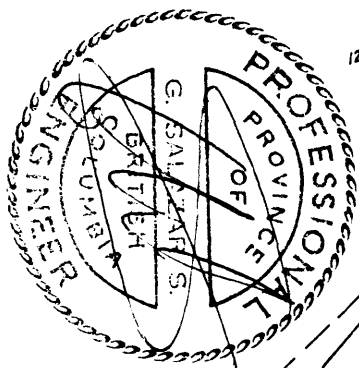
DDH 86-1 was moved 30.m. westwards upon the discovery of strongly sheared chlorite-sericite schists with vein quartz and ankeritic alteration behind the proposed drill site while building the road to it. Chip samples #1251 and #1252 were taken at 5.0m and 7.0m. east of the new drillsite from areas about 1.5m and 2.0m. in diameter. Predominant shearing at #1251 site trend at an azimuth of 290°, 305° and 315°, all dipping at 80° to the west. These two samples returned 530.ppb and 0.074 oz/ton gold, 3.2 and 2.2ppm silver, 72.0 and 7.0ppm arsenic and 25.0 and 10.0ppm mercury, respectively.

DDH 86-1 cut through an alternation of tuffaceous sediments, porphyritic and andesitic tuffs, andesites and augitic basaltic andesites. It also cut through the North Star and Starlight veins. The hole ended in the latter. Freckelton described it as a quartz vein or chert horizon at the base of a bimodal volcanic episode which is a typical Canadian Shield environment for gold deposition. This quartz vein/chert(?) assayed 0.248oz/ton gold over the 0.52m. of hole width sampled. Further study of the Induced Coupled Plasma (ICP) data may help shed some light on whether we are dealing with a chert horizon or a quartz vein. On the other hand, this type of deposits is not known to occur in the Nelson area while vein type deposits are.

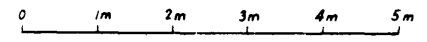
DDH 86-2 encountered strongly chlorite-epidote-clay altered hornblende andesites. Original textures are destroyed and local strong shearing is observed. 5-7% sulphides in the form of pyrite, pyrrhotite and specks of chalcopyrite occur mainly along fractures and within crackle breccia zones and also as fine disseminations.

DDH86-3 was drilled into a showing found as a result of trenching in the vicinity of ASARCO's +3.ppm gold site. Figures No. 3.1 and 3.2 show the geology and gold values found on outcrop. DDH 86-3 was drilled at an acute angle to foliation and fracturing and, therefore, probably represents a narrow true width of mineralization and country rock.

DDH 86-4 exposed hornblende quartz diorites and



GEOLOGY MAP

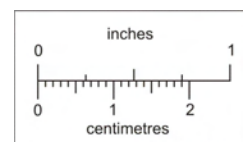


Assays are gold (ppb)

LECTUS DEVELOPMENT LTD.
 GREAT WESTERN PROJECT
 WEIR ZONE

Revised by	Date	NTS szrAw	Date:
			Work by: D.S.F.
			Drafted by: S.R.T.
			Figure No. 3.1

G. SALAZAR S. & ASSOCS. LT
 INT. GEOL. CONSULTANTS
 312 CEDARBRAE CRESC. S.W.
 CALGARY ALBERTA



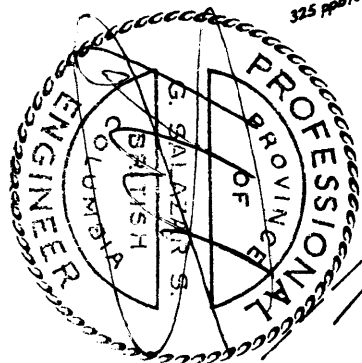
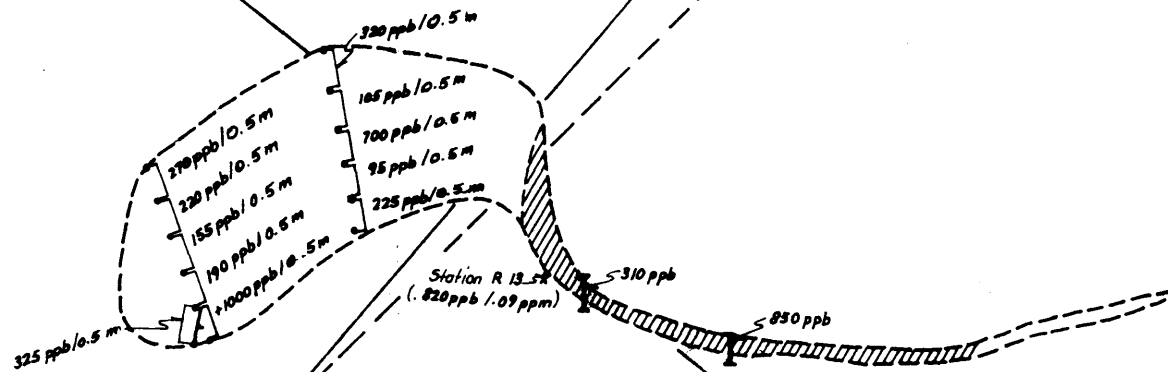
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G. SALAZAR S. & ASSOCIATES LTD.

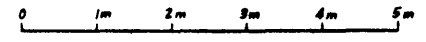
66+855

L 43+17N

EOH



SAMPLE LOCATION MAP

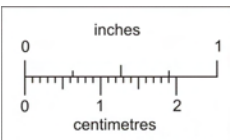


Assays are gold (ppb)

LECTUS DEVELOPMENT LTD.

GREAT WESTERN PROJECT

WEIR ZONE



BRITISH COLUMBIA
GEOLOGICAL SURVEY

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DDH 86-3

Revised by	Date	NTS 8256W	Date:	G. SALAZAR S. & ASSOCS. LT. INT. GEOL. CONSULTANTS 312 CEDARBRAE CRESC. S.W. CALGARY ALBERTA
		Work by:	D.S.F.	
		Drafted by:	S.R.T.	
		Figure No.	3.2	

syenites with a greyish-green aphanitic groundmass constituting 5-30% of the rock. The remainder consists of potassium feldspar, zoned plagioclase and pinkish red feldspathoids(?) together with localized quartz. Mineralization is confined to "silicified" healed breccias with chalcedony veinlets and chlorite. The sulphide component is mainly pyrite.

DISCUSSION OF RESULTS and RECOMMENDED PROGRAM

Figures No. 7 and 8 are our Regional Compilation and 1987 Proposed Work maps. The base map used in both Figures shows the 1986 grid layout with ticks every ten and/or one hundred meters and a best fit for the ASARCO grid (shown as straight lines), the outer perimeter of the property package subject of this report and its pertinent internal boundaries. Giveout Creek, the Silver King Tramline and both access roads into the property are also shown.

Figure No. 7 shows all drillholes, known showings and portals, gold in soils anomalies (areas of greater than 200.ppb gold) as described previously, and the I.P. chargeability results for n=2 and n=4 reported. Also shown here is the western flank of the Silver King porphyritic syenite stock. Seven Targetted Areas are recognized and prioritized in Figure No. 8. Also plotted here are the recommended sites for drill testing and for further gridded work. The following is shown there:

1. The location of soil geochemical Targets No. 1 and 3

(as per our report dated April, 1985) are confirmed and enhanced. Our previous Target No. 2, in turn, is discounted because the reported assays could not be duplicated.

Target No. 1 now extends from L41+00N to L45+50N for a horizontal distance of 680.m. It disappears under avalanche terrain in its north end.

A narrow $n=2$ chargeability I.P. anomaly parallels the soil anomaly between Lines 41+50N and 43+50N for a horizontal distance of about 300.m. This I.P. anomaly is about 50.m. upslope from the high core axis of the gold in soils anomaly and may represent its source. Should this be the case, DDH 86-4, which was drilled to test under the lower Great Western adit and this soil geochemical anomaly, did not reach the chargeability anomaly. Proposed DDH's 87-6 and 87-7 (See Figure No. 8) are designed to test this target in Lines 43+00N and 44+50N, respectively.

The center of Target No. 3 was defined by ASARCO with a +3.ppm gold anomaly in soils. This anomaly presently extends in an en-echelon fashion from L43+50N at 67+00E to L47+00N at 64+70E for a horizontal distance of 550.m. Our survey did not repeat ASARCO's high reading because our line did not go over a very old mine dump, as ASARCO's did. We suspect that this is the source of the +3.ppm ASARCO soil sample.

The weaker central portion of the soil geochemical anomaly is coincident with a $n=4$ I.P. chargeability anomaly which

extends to the northern edge of the I.P. survey in this area. This correlation and the presence of old portals below the road on L45+50N discounts the possibility of road contamination as the source for this anomaly. The northern end of the soil anomaly is an end of survey coverage as well, thus it is recommended that the soil sampling coverage be extended northwards.

DDH's 86-1, 86-2 and 86-3 were drilled to test Target No. 3 along L43+50N and vicinity.

The outcrop that caused the relocation of the site for DDH 86-1 was intersected at a hole depth of 4.36m. to 9.30m (true width of 4.28m.) for an uncut average of six samples of 0.182 oz/ton gold. This may be the extension of the North Star Vein. Included in this interval is a 1.71m section of drillcore (from 6.40m to 8.11m) for an uncut average of 0.469 oz/ton gold. Two of the samples included in these averages were analysed following Loring's "Coarse Gold" procedure, as described in Appendix No.3 and previously.

DDH 86-1 was ended in a 0.52m (hole) wide quartz vein or chert horizon that assayed 0.248oz/ton gold. The sample immediately above returned 0.096oz/ton gold over a hole depth of 1.37m, thus indicating a mineralized zone that averaged 0.138 oz/ton gold over a hole length of 1.89m. This may represent the strike extension of the Victoria or Starlight Veins. Further testing and definition of this intersection is required.

Further study of the Induced Coupled Plasma (ICP) data

may help shed some light on whether we are dealing with a chert horizon or a quartz vein in the bottom of DDH 86-1. We shall thus be able to decide whether we are dealing with a typical Canadian Shield type or a typical Cordilleran type of gold mineralization in this instance.

Geochemical Target No. 4 is coincident with a series of old trenches and a weak $n=2$ I.P. chargeability anomaly. The high chargeability anomaly successfully tested with DDH's 86-1 to 86-3 appears to terminate against this Target in between L40+00N and L42+50N. Testing by trenching and, later drilling, is recommended.

Target No. 5 (See Figure No. 8) is a large I.P. chargeability anomaly located in between L47+00N and L50+00 in between stations 71+00E and 73+00E. A twelve meter deep shaft located at about L49+00N/73+00E dug into what appeared to be a 1.5-2.0m wide quartz vein found to be unmineralized is the only known evidence of prior activity in the area. Its soil geochemical signature and extent to the north should be defined and assessed.

Target No. 6 is defined by a series of significant soil geochemical anomalies underlain by a strong $n=2$ I.P. chargeability which is open to the south. Here, the chargeability response is as strong as that found in the DDH 86-1 area. Gridded work, trenching and drilling are recommended.

Target No. 7 is defined by coincident soil gold

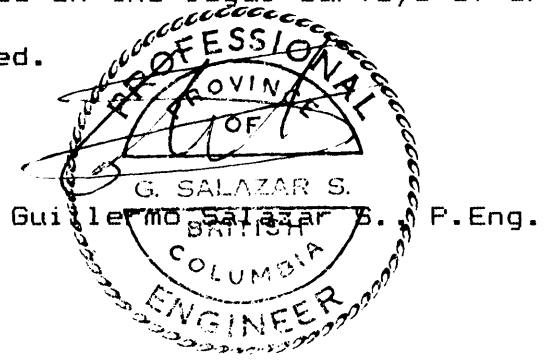
geochemistry done by ASARCO and I.P. chargeability anomalies. It may represent the strike extension of the Irene vein. Its geochemical signature should be relocated and redefined prior to any physical testing.

The whole property needs to be geologically mapped and prospected. Old roads and trenches should be located, mapped and sampled as required.

As previously mentioned, activity to the west, southwest and east indicates the presence of highly prospective ground in those directions, which should be investigated.

The need for a more accurate property survey map is evident when one is working with property boundaries like those shown on the south side of this property package. The known inaccuracies of the present base map confirm this need. A properly drafted property map based on the legal surveys of Crown Grant boundaries should be acquired.

July 14, 1987.



RECOMMENDED BUDGET

July 14, 1987.

Page 1

Company: LECTUS DEVELOPMENTS LTD.

Trading Symbol: LDV.V

Project Name: GREAT WESTERN PROJECT

Project No.: P1

EXPLORATION BUDGET

MOB/DEMOB

Personnel:

3 men @ \$125.- per man day for 3 days	\$1,125.
Equipment for 4 days @ \$ 125/day	\$500.
Accommodation for 3 men for 3 days @ \$50./day	\$450.
Travel: Calgary-Castlegar return; 4 trips @ \$206.8	\$825.
Freight	\$2,500.
Miscellaneous (Taxis)	\$400.

\$5,800.

FIELD COSTS:

PERSONNEL:

Project Manager (1) for 60 days @ \$350./day/man	\$21,000.
Geologist -1 (1) for 20 days @ \$300./day/man	\$6,000.
Geologist -2 (1) for 120 days @ \$200./day/man	\$24,000.
Geophysicist (1) for 30 days @ \$250./day/man	\$7,500.
Project Coord. (1) for 30 days @ \$175./day/man	\$5,250.
Other: Linecutter (3) for 30 days @ \$125./day/man	\$11,250.
-Prospectors (2) for 30 days @ \$150./day/man	\$9,000.
-Geol. Assist-1 (1) for 15 days @ \$100./day/man	\$1,500.
-Geol. Assist-2 (1) for 120 days @ \$100./day/man	\$12,000.
Total: 545 days	\$97,500.

SUPPORT COSTS:

Accommodation in Town of NELSON, British Columbia.

Room: (x) for 400 days @ \$20. /day/man \$8,000.

Board: (x) for 400 days @ \$30. /day/man \$12,000.

Accommodation in Camp

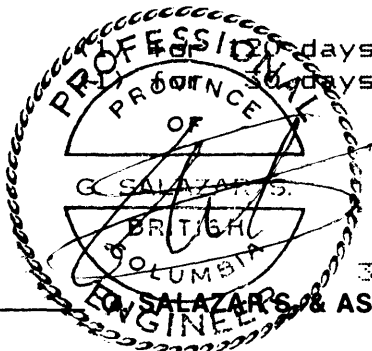
Room: () for ----days @ \$----/day/man

Board: () for ----days @ \$----/day/man

\$20,000.

Transportation:

4x4 truck	20 days @ \$50. /day	\$6,000.
	30 days @ \$50. /day	\$1,500.



	(1) for 60 days @ \$50. /day	\$3,000.
	(1) for 25 days @ \$50. /day	\$1,250.
2x4 Truck:	() for ----days @ \$----/day	NIL
Fixed Wing:	() for ----kms. @ \$----/km.	NIL
Helicopter:	(1) for 5 hrs. @ \$750./hr.	\$3,750.
Boat:	() for ----days @ \$----/day	NIL
Other:	() for ----days @ \$----/day	NIL
		\$3,000.
Communications Telephone, Courier		\$3,000.
Supplies: Gas, Oil, sample bags		\$2,500.
Other: Consumables:		\$24,000.

EQUIPMENT RENTAL:

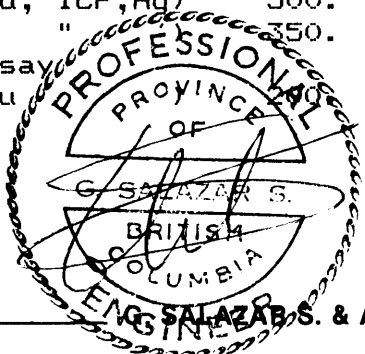
VLF-EM	(1) for 30 days @ \$30. /day	\$900.
HL-EM	() for ----days @ \$----/day	NIL
Magnetometers	(2) for 20 days @ \$100./day	\$4,000.
I.P.	() for ----days @ \$----/day	NIL
Gravity	() for ----days @ \$----/day	NIL
Seismic	() for ----days @ \$----/day	NIL
Airborne	() for ----days @ \$----/day	NIL
Generator:	() for ----days @ \$----/day	NIL
Computer:	(1) for 60 days @ \$30. /day	\$1,800.
Plugger:	() for ----days @ \$----/day	NIL
Cat: D-6	(1) for 300.hrs. @ \$62. /hr.	\$18,600.
Ultraviolet L.	(1) for 120 days @ \$5. /day	\$600.
Survey/Field	(6) for 55 days @ \$5. /day	\$1,650.
		\$27,550.

CONTRACT SERVICES:

Surface Drilling; 800.0	m. @ 100./m.	\$80,000.
Underground	_____m. @ ____/m.	NIL
Type:	NQWL	
Other:		
Induced Polariz.	(1) for 16 kms. @ \$2,500./km	\$40,000.
Orthoshop Base Map		\$3,000.
Surveying	() for 25 days @ \$200./day	\$5,000.
		\$128,000.

ANALYSES:

Rocks - Geochemical	Samples		
(Au, ICP, Hg)	500.	@ \$16.95/ea.	\$8,475.
Core (")	350.	@ \$18.50/ea.	\$6,475.
Assay (Au)		@ \$12.50/ea.	\$2,500.



Core (Au)	50.	@ \$10.00/ea.	\$500.
Whole Rock	-----	@ \$_____/ea.	NIL
Thin Section	-----	@ \$_____/ea.	NIL
Soils - Geochemical (Au, ICP, Hg)	3,000.	@ \$15.55/ea.	\$46,650.
Other Supplies:			\$400.
			\$65,000.

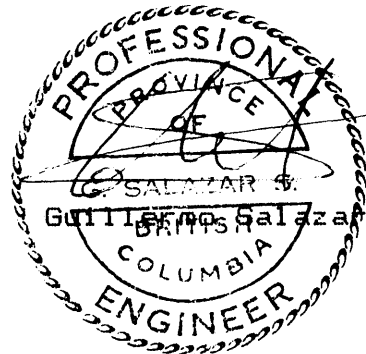
REPORT WRITING:

Engineer	(1) for 30 days @ \$350./day	\$10,500.
Geologist	(2) for 25 days @ \$250./day	\$12,500.
Geophysicist	(1) for 15 days @ \$300./day	\$4,500.
Drafting	(2) for 100.hrs. @ \$20. /hr.	\$4,000.
Other		NIL
Supplies, Typing, copying		\$2,000.
		\$33,500.

OTHER COSTS:

Miscellaneous Field Supplies:	\$12,900.
Project Management	\$7,250.
Administration	0.
Audit	\$1,000.
Contingency	\$7,500.
	\$28,650.
TOTAL COSTS:	\$430,000.

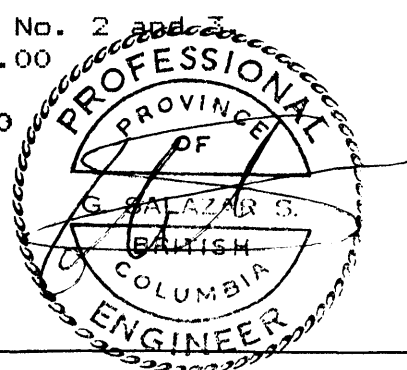
July 19, 1987.



G. SALAZAR S., P. Eng.

BUDGET SUMMARY

Stage One:	
Drill followup of DDH 86-1 intersects and other anomalies defined in 1986:	\$132,020.00
Finish coverage 1986 grid:	\$152,098.00
Stage Two:	
Carry out recommended work in grids No. 2 and 3	
2x\$72,941.00	\$145,882.00
GRAND TOTAL:	\$430,000.00



REFERENCES

1. GALE, R.E.P. (1980): Assessment Report on Magnetometer and Geochemical Surveys on the Aberdeen Group. Assess. Rpt. 8614.
 2. LITTLE, H.W. (1960): Nelson Map Area, West Half; B.C.; G.S.C. Mem. N. 308.
 3. _____ (1982): Bonnington Map Area. G.S.C. Map 1571A; Scale 1:50,000.
 4. MULLIGAN, R. (1952): Bonnington Map Area, B.C. G.S.C. Paper 52-13.
 5. OLSON, D.H. (1982): Aberdeen Group Project. Summary and Drilling Report and Maps; ASARCO report dated Jan. 14, 1982.
 6. PERKINS, E.W. (1981): Memorandum on Followup IP/ Resistivity; ASARCO report dated Nov. 5, 1981.
 7. PORTER, J.R. (1980): ASARCO report on IP/ Resistivity and Maps, dated Oct., 1980.
 8. _____ (1980): ASARCO report on Magnetic Survey and Maps, dated November 25, 1980.
 9. SALAZAR, G. (1984): Property Summary-Great Western Claims, dated December 12, 1984.
 10. _____ (1985): Property Summary- Aberdeen Claims, dated January, 1985.
 11. _____ (1985): Report on the Great Western Project, prepared for LINDEX EXPLORATIONS LTD., dated April 20, 1985.
 12. _____ and SANTIAGO, S.P. (1987): Report on the GREAT WESTERN PROJECT for Lectus Developments Ltd. dated February 28, 1987.
-

APPENDIX N. 1: STATEMENT OF QUALIFICATIONS AND DISCLAIMER

I, Guillermo Salazar S., of 312 Cedarbrae Crescent SW, Calgary, Alberta T2W-1Y4, hereby certify that:

1. I attended and graduated from the Universidad Nacional de Ingenieria de Lima, Peru with a Bachelor's of Science and a Engineering Degrees in Mining Engineering and Mining Geology in 1967. I also attended Harvard University from which I was awarded a Master's of Arts degree in Economic Geology in 1969.

2. I am a registered Professional Engineer in the Province of British Columbia and Professional Geologist in the Province of Alberta. I am also a member in good standing of the Society of Economic Geologists of America and of the Society of Mining Engineers of the AIME.

3. I have in excess of fifteen years of experience in my field in the U.S.A., Canada and South America.

4. A personal field inspection of the Great Western property claims was made by me, and that all available background technical data was also reviewed by me.

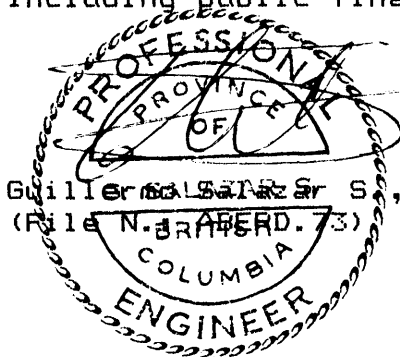
5. I have not, directly or indirectly, received, and do not expect to receive, any interest, direct or indirect, in the property of Lectus Developments Ltd., or any affiliate, and I do not beneficially own, directly or indirectly, any securities of Lectus Developments Ltd. or any affiliate.

6. This report may be used by Lectus Developments Ltd. for all corporate purposes, including public financing.

Calgary, Alberta.

Guillermo Salazar S., P.Eng. (B.C.)
(File N. BRABERD. 73)

July 14, 1987.



APPENDIX No. 2: Statement of Expenditures - 1986 Field Season.

July 14, 1987.

Page 1

Company: LECTUS DEVELOPMENTS LTD.

Trading Symbol: LDV.V

Project Name: GREAT WESTERN

Project No.: P1

EXPLORATION BUDGET

	<u>Budget</u>	<u>Current</u>	<u>To Date</u>	<u>Balance</u>
MOB/DEMOB				
Personnel	1,320	0	2,470	-1,150
Vehicles	100	0	320	-220
Accomodation	300	100	550	-250
Travel (Airfares)	719	247.5	1,402.5	-683.5
Freight	500	0	0	500
Miscellaneous (Taxis)	150	60	141.5	8.5
TOTAL COST MOB/DEMOB	3,089	407.5	4,884.	-1,795.

FIELD COSTS:

PERSONNEL:

G. Salazar S., Project Manager, March 1,2; 2 days @\$350./d	19,950	700	14,875	5,075
Other Personell Charges Total	64,800	0	21,500	43,300
TOTAL FIELD PERSONNEL COSTS:	84,750	700	36,375.	48,375.

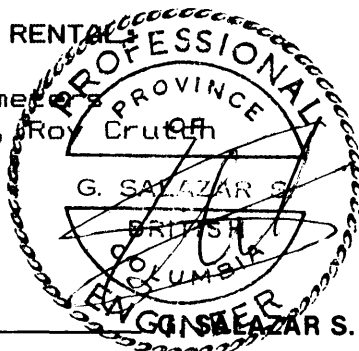
SUPPORT COSTS:

Accomodation in Town of NELSON, B.C.

ROOM:	7,080	0	3,340	3,740
BOARD:	10,620	0	5,010	5,610
Transportation:				
4x4 trucks;	13,200	0	5,580	7,620
Helicopter	2,250	0	0	2,250
Communications, Telephone, Courier	1,000	94.4	1,367.7	-367.7
Supplies: Gas, Oil, Bags	3,000	0	978.3	2,021.7
Other: Consumables:	1,000	0	1,175.5	-175.5
TOTAL SUPPORT COSTS:	38,150	94.4	17,451.5	20,698.5

EQUIPMENT RENTAL

VLF-EM	500	0	0	500
Magnetometer	3,300	0	3,000	300
Tractor, Roy Cruth	10,800	0	9,578	1,222



July 14, 1987.

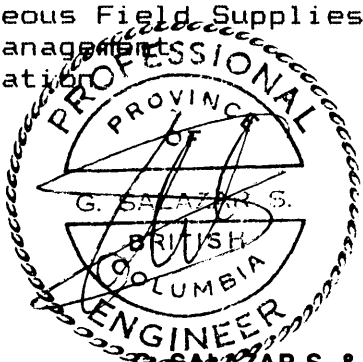
Page 2

Company: LECTUS DEVELOPMENTS LTD.
 Project Name: GREAT WESTERN PROJECT
 Project No.: P1

Trading Symbol: LDV.V

EXPLORATION BUDGET

	<u>Budget</u>	<u>Current</u>	<u>To Date</u>	<u>Balance</u>
Ultraviolet Light, 6 days @\$5.	0	0	125	-125
Total Equipment Rental Costs:	14,600	0	12,703.	1,897.
CONTRACT SERVICES:				
Surface Diamond Drilling	60,000	0	19,551	40,449
I.P. Contract	55,000	0	38,125	16,875
Total Contract Costs:	115,000	0	57,676.	57,324.
ANALYSES:				
Rocks Geochemical	2,980	0	161.7	2,818.3
Rocks Assaying	3,650	0	638.2	3,011.8
Whole Rock	750	0	0	750
Soils Geochemical	18,005	1,327.9	6,335.6	11,669.4
Core Analyses	0	0	4,416.6	-4,416.6
Sample Shipping:	0	0	71.9	-71.9
TOTAL ANALYSES COSTS:	25,385	1,327.9	11,624.	13,761.
REPORT WRITING:				
-G. Salazar S., Feb 14(.5), 15-18, 19(.5), 20, 21, 22(.5), 23, 24-28, Mar. 1(.3); 13.83 days @\$350./	5,250	4,840.5	10,172.1	-4,922.1
-S.P. Santiago; Feb. 13-28, Mar 1; 17 days @ \$300./	9,000	5,100.	7,260.	1,740.
-Geophysicist/Jr. Geologist S.P. Santiago, Feb. 4, 5, 6(.25), 7-12; 8.25 days @ \$200./day	3,750	1,650.	2,500	1,250
-Drafting; 80 hrs. @ \$20/	5,000	1,600	4,080	920
-Supplies, typing, copying	2,000	246.3	647.9	1,352.1
Total Report Writing Costs:	25,000	13,436.8	24,660.	340.
OTHER COSTS:				
Miscellaneous Field Supplies	9,960	0	1,167.4	8,792.6
Project Management	0	0	0	0
Administration	3,864	0	0	3,864
Audit	0	0	0	0



July 14, 1987.

Page 3

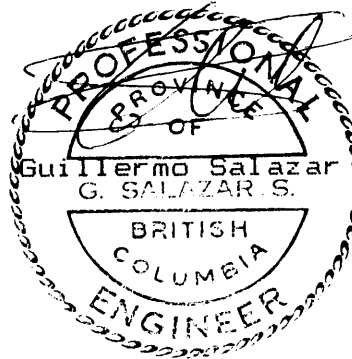
Company: LECTUS DEVELOPMENTS LTD.
Project Name: GREAT WESTERN PROJECT
Project No.: P1

Trading Symbol: LDV.V

EXPLORATION BUDGET

	<u>Budget</u>	<u>Current</u>	<u>To Date</u>	<u>Balance</u>
Contingency	2,202	0	0	2,202
=====				
Other Costs Total:	16,026	0	1,167.4	14,858.6
=====				
TOTAL PROJECT COSTS:	322,000	15,966.6	166,540.9	155,459.1
=====				

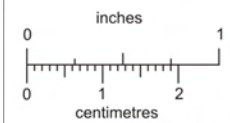
July 14, 1987.



APPENDIX No. 3: Drillhole Geological Logs, Assay Certificates and Assay Procedures.

THE GREAT WESTERN PROJECT

To accompany report by G. Salazar S. and S.P. Santiago dated July 14, 1987.



BRITISH COLUMBIA
GEOLOGICAL SURVEY

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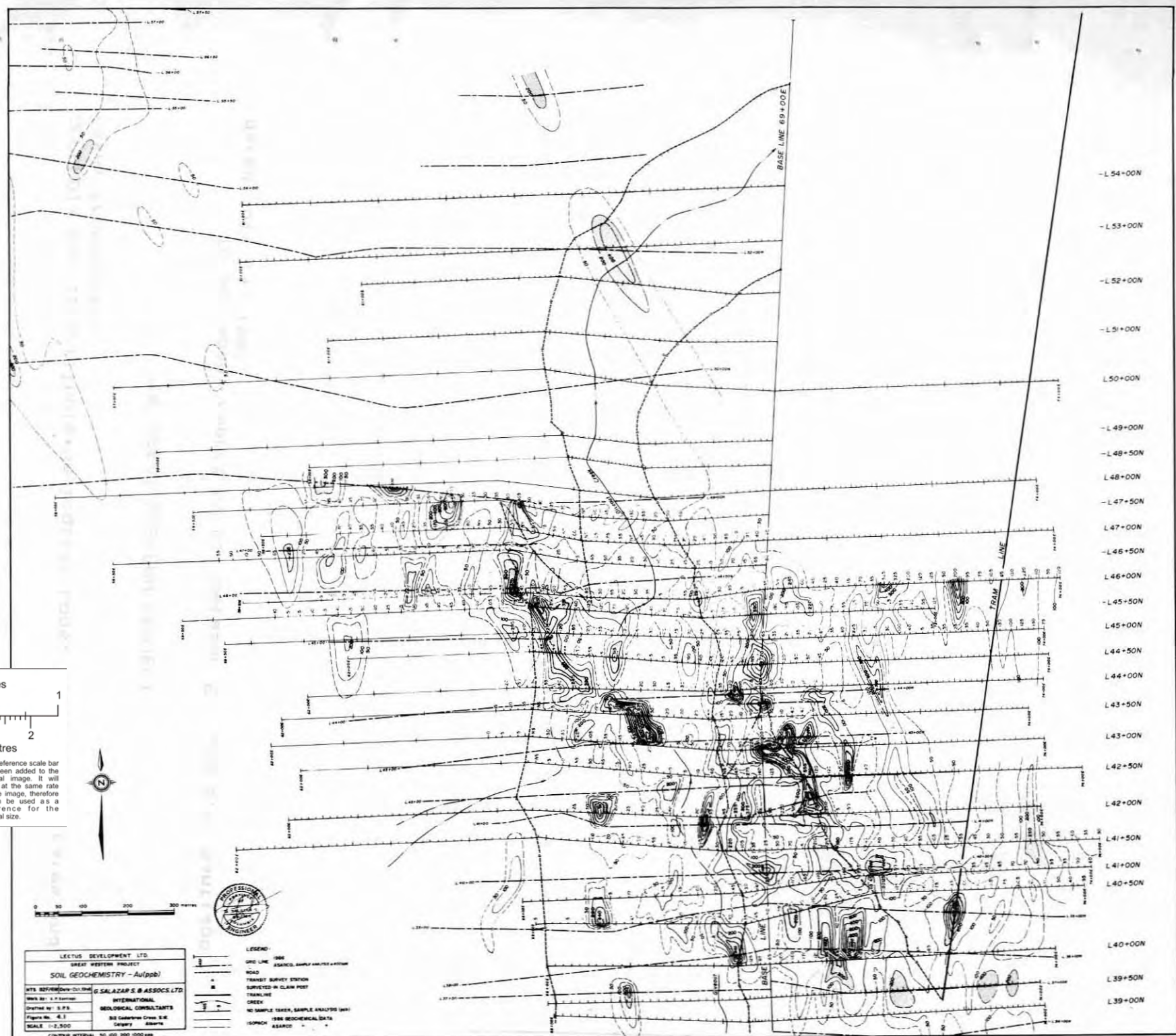
LECTUS DEVELOPMENT LTD.
GREAT WESTERN PROJECT
SOIL GEOCHEMISTRY - Au(ppb)

DATA REFERENCED ON THE SHEET BY: A. K. SALAZAR S. & ASSOCS. LTD. INTERNATIONAL CONSULTANTS
385 Calderwood Cross S.W. Calgary Alberta

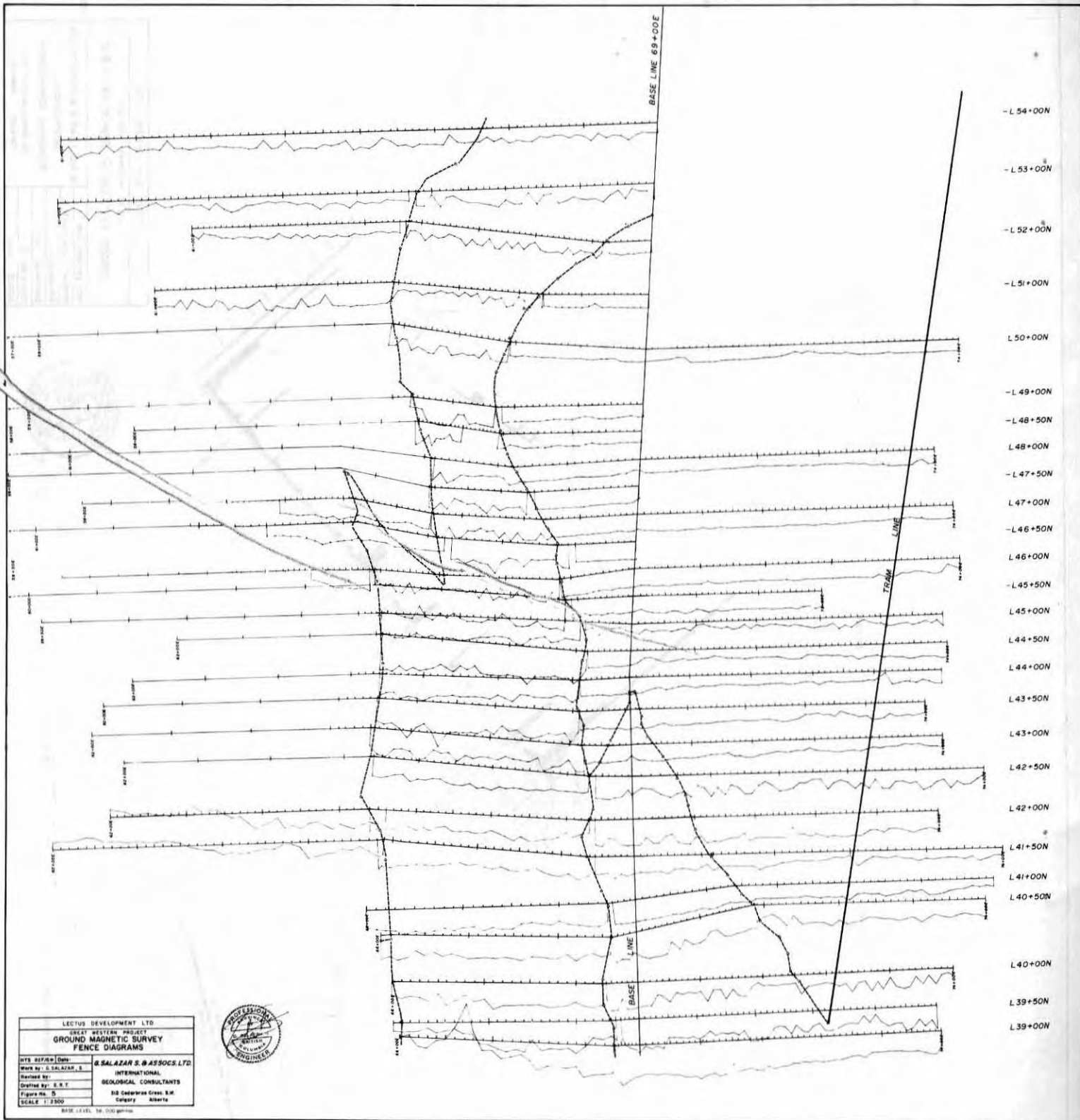
Figure No. 4.1
SCALE 1:2,500
CONTOUR INTERVAL 50, 100, 200, 400



LEGEND:
 - - - - - GRID LINE
 - - - - - SAMPLED, SHARPLY ANGLE & PITTING
 = = = = = ROAD
 - - - - - TRANSIT SURVEY STATION
 - - - - - SURVEYED OR CLAIM FOOT
 - - - - - TRAIN LINE
 - - - - - CREEK
 - - - - - NO. SAMPLE TAKEN, SAMPLE ANALYSIS UNIT
 - - - - - 1986 GEOCHEMICAL DATA
 - - - - - ASSAID



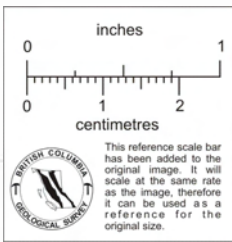
BRITISH COLUMBIA
GEOLOGICAL SURVEY

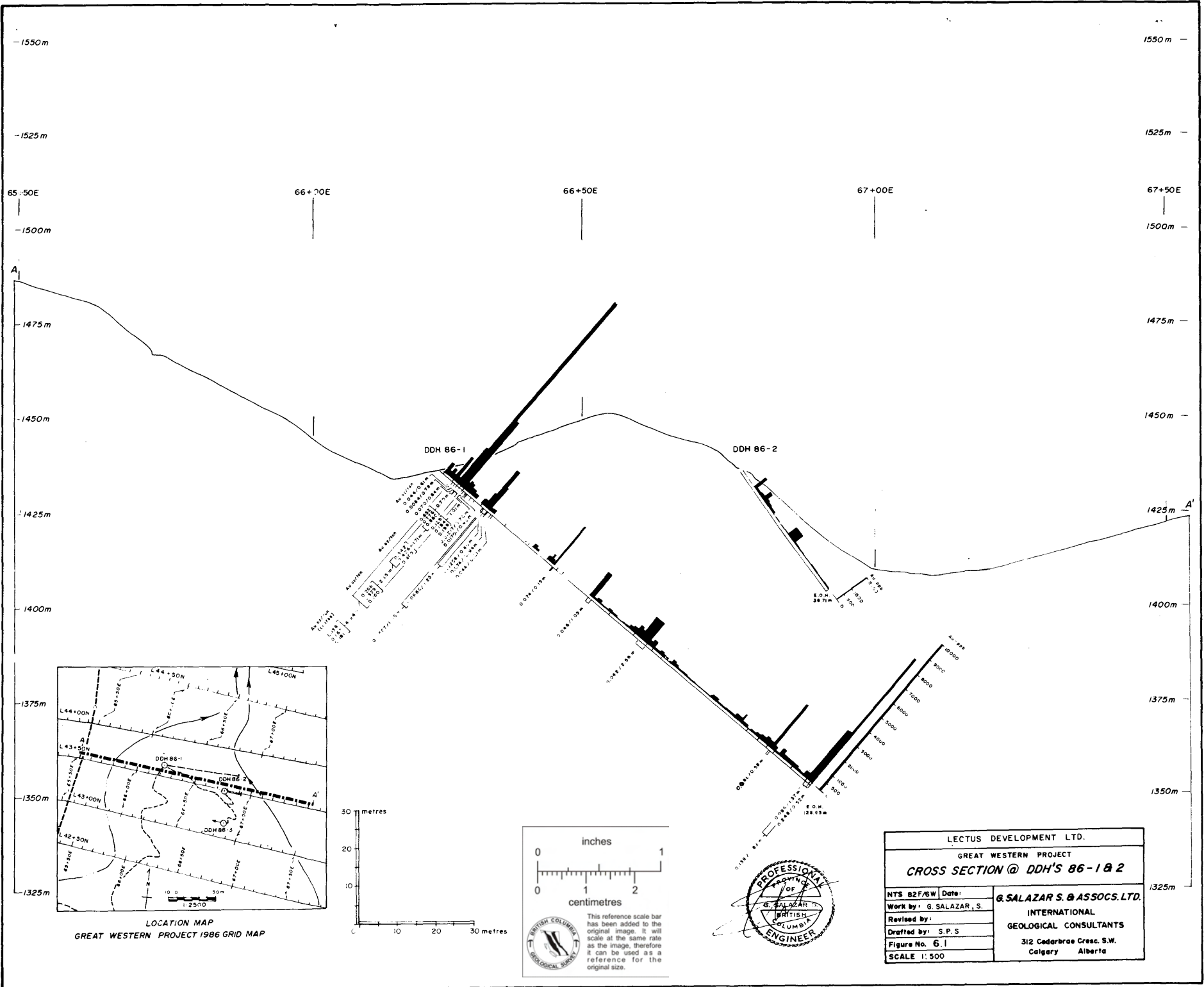


LECTUS DEVELOPMENT LTD
 GREAT WESTERN PROJECT
 GROUND MAGNETIC SURVEY
 FENCE DIAGRAMS

DATE: 1978	DATE:
DRAWN BY: L. SALAZAR	BY: L. SALAZAR
CHECKED BY: S.B.T.	INTERNATIONAL GEOLOGICAL CONSULTANTS
PAPER NO. 5	218 Calder Street, S.W. Vancouver, B.C., Canada
SCALE: 1" = 2500'	Calgary, Alberta

BASE 1:125, 10, 000 gpm/m





-1550m 1550m

-1525m 1525m

65+50E 66+70E 66+50E 67+00E 67+50E

-1500m 1500m

1475m 1475m

1450m 1450m

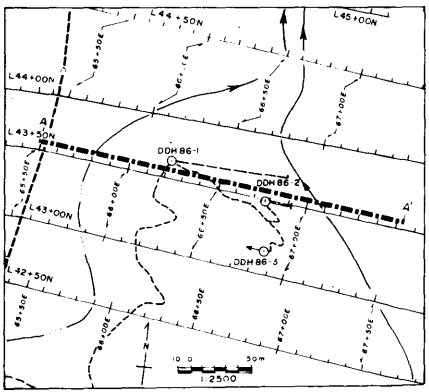
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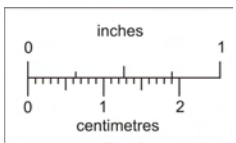
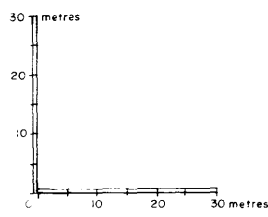
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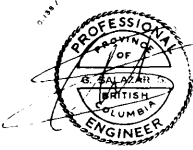
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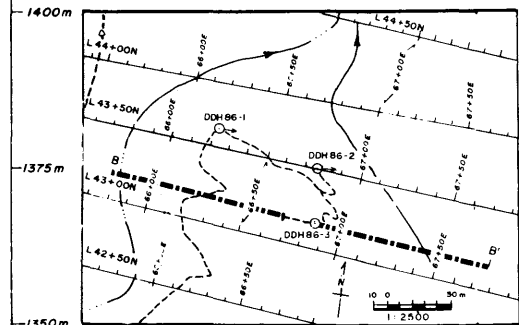
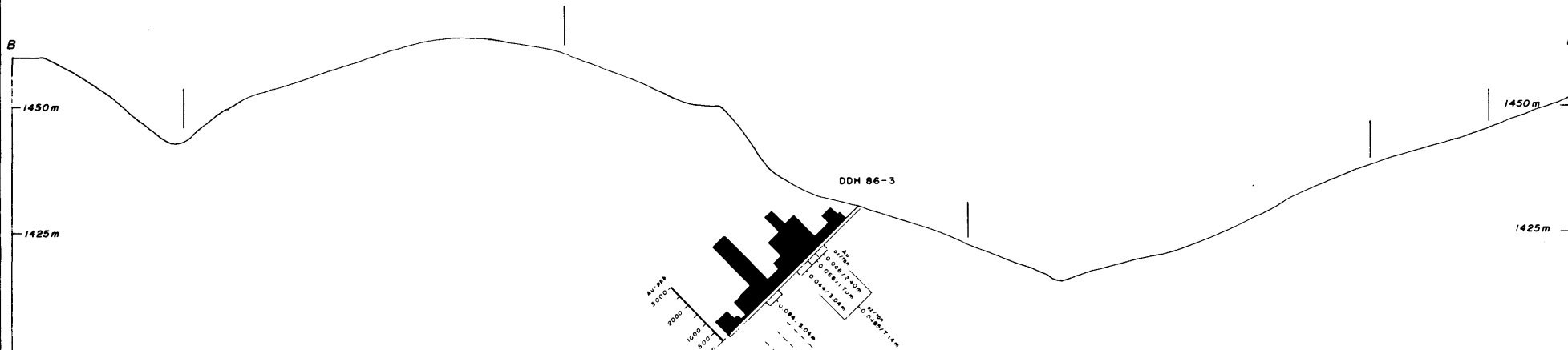
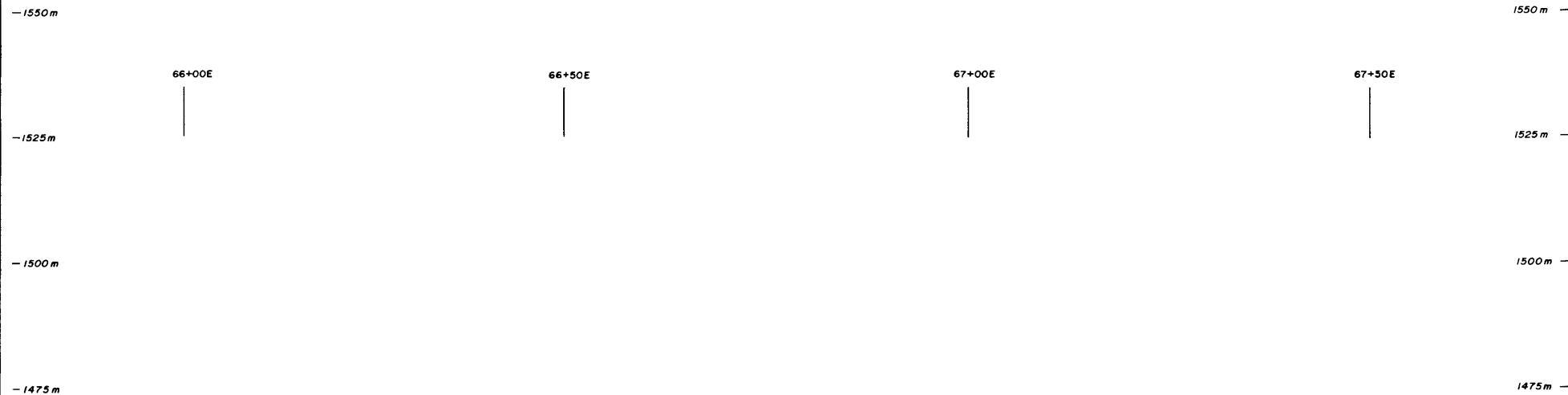
LOCATION MAP
GREAT WESTERN PROJECT 1986 GRID MAP



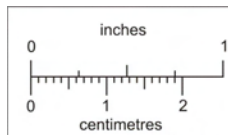
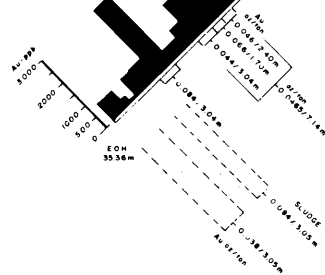
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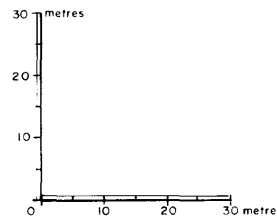
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NTS 02F/6W Date:	G. SALAZAR S. & ASSOCS. LTD.
Work by: G. SALAZAR, S.	INTERNATIONAL
Revised by:	GEOLOGICAL CONSULTANTS
Drafted by: S.P.S.	312 Cedarbrae Cresc. S.W.
Figure No. 6.1	Calgary Alberta
SCALE 1:500	



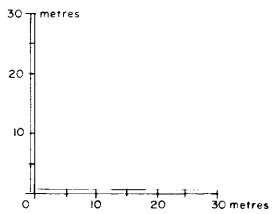
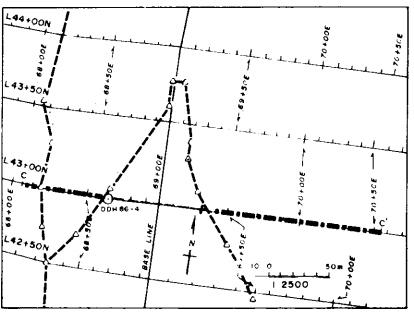
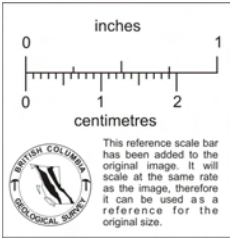
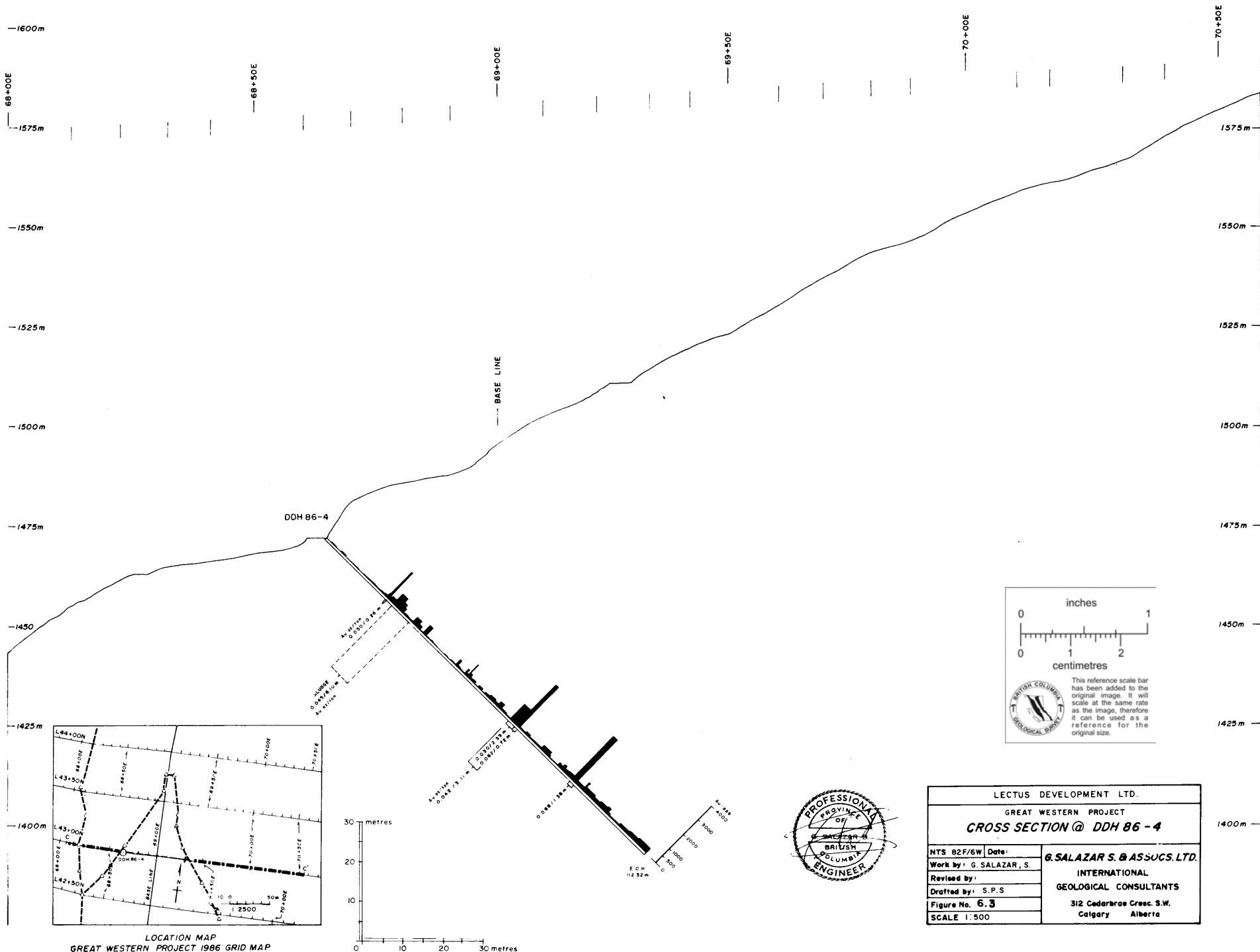
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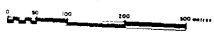
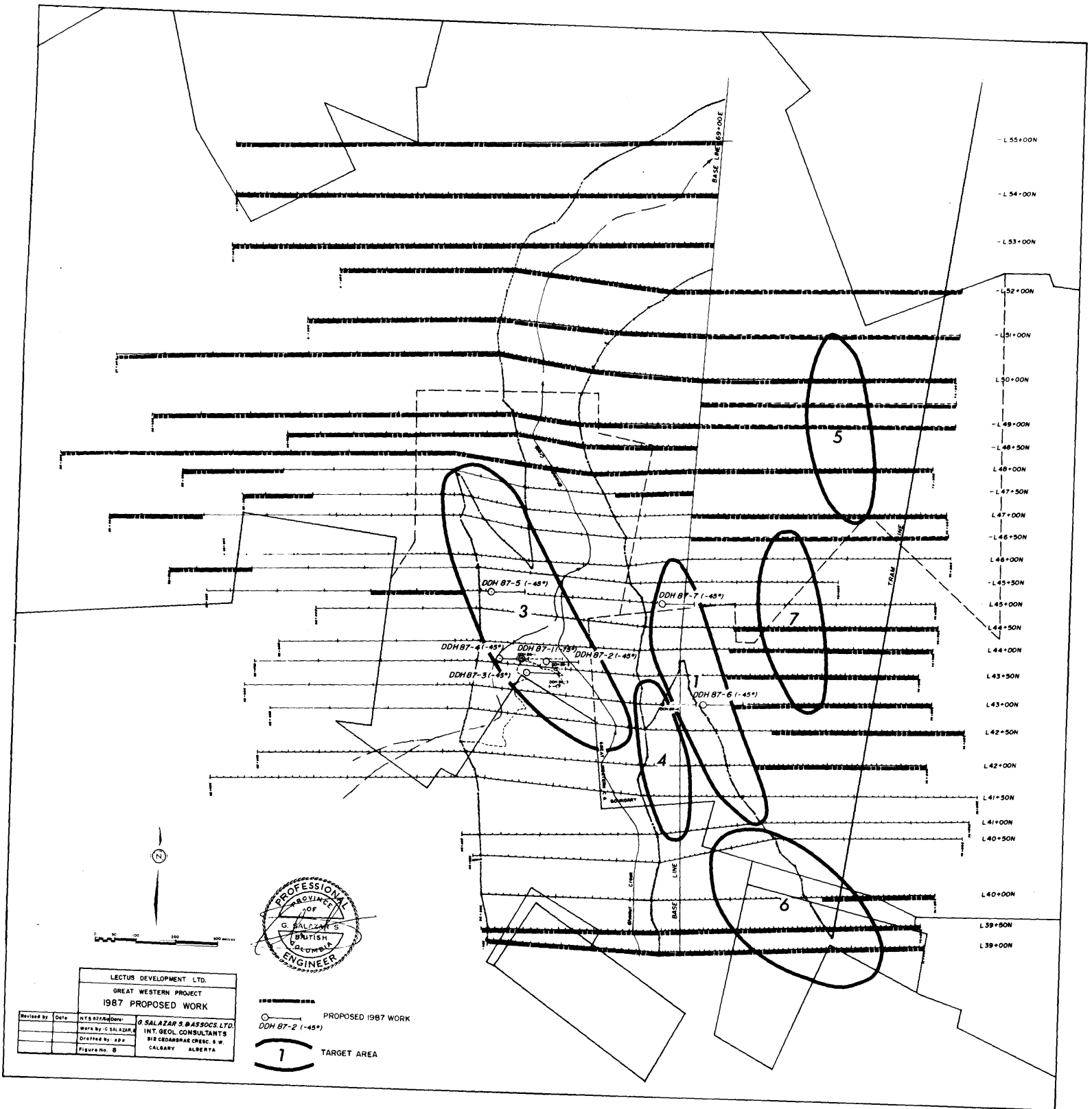
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Work by: G. SALAZAR, S.	
Revised by:	
Drafted by: S.P.S	
Figure No. 6.2	
SCALE 1:500	

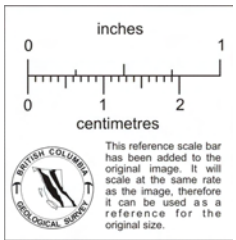


LECTUS DEVELOPMENT LTD.	
GREAT WESTERN PROJECT	
CROSS SECTION @ DDH 86-4	
NTS 82F/6W Date:	G. SALAZAR S. & ASSUCS. LTD.
Work by: G. SALAZAR, S.	INTERNATIONAL
Revised by:	GEOLOGICAL CONSULTANTS
Figure No. 6.3	312 Cedarbrae Cresc. S.W.
SCALE 1:500	Calgary Alberta



LECTUS DEVELOPMENT LTD.	
GREAT WESTERN PROJECT	
1987 PROPOSED WORK	
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100 CEDARCREST CRESC. # W.	
CALGARY ALBERTA	

----- PROPOSED 1987 WORK
○ DDH 87-2 (-45°)
7 TARGET AREA



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G. SALAZAR S. & ASSOCIATES LTD.

INTERNATIONAL GEOLOGICAL CONSULTANTS

312 CEDARBRAE CRES. S.W.

CALGARY, ALBERTA, CANADA T2W 1Y4

TELEPHONE (403)281-6889

Report on the

Anderson Claims Project (Gold)

DRILLING

for

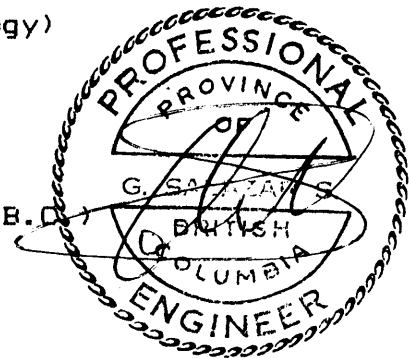
LECTUS DEVELOPMENTS LTD.

By

S. Maia Pudifin, B.Sc. (Geology)

And

Guillermo Salazar S., P.Eng. (B.C.)



June 24, 1987

N.T.S.: 92 I/8W
PROVINCE: British Columbia.
COUNTRY: Canada.
LATITUDE: 50 23'N
LONGITUDE: 120 27'W
MINING DIVISION: Kamloops
and Nicola.

SUMMARY:

This report on the Anderson claim group is prepared at the request of Mr. Stanley Ford, Director of Lectus Developments Ltd. ("LECTUS"). It is based on a 616.15m drilling program which was undertaken from February 1 to February 24, 1987. This report amends and replaces our report dated March 22, 1987.

LAND:

Lectus has entered into an option agreement with Saturn Energy & Resources Ltd. of Vancouver covering the Anderson Group of claims consisting of 139 units. It has since acquired, by staking, the adjacent Rom 1 & 2 claims, bringing the total number of units in this property to 152 units. See Figures No. 1 and 2 for location and access, and Table No. 1.

The property is 230.km. NE of Vancouver and 30.km. south of Kamloops. Highway No. 5, which connects the cities of Kamloops and Merritt, cuts through the southern claims along the north shore of Stump Lake.

POTENTIAL AND TARGETS:

Salazar's Target No. 1 (June, 1986), was tested with this drilling program. This Target, defined by geochemical, geological and geophysical (I.P., pulse-EM, VLF-EM) features, was chosen to test the potential for finding epithermal gold-silver deposits in a proposed fossil geothermal field environment. Based on the lake water sampling survey carried out by the B.C. Government, Salazar described this geothermal field as possibly covering the area between Anderson and Stump Lakes, for a northerly distance of close to 7.0km.

According to Salazar, Target No. 1 is exposed over a length of 325.m. and a width of up to 5.m. along a creek bed. Within this zone, which is buried in grasslands on either side of the creek, a 6-10. cm. wide quartz-chalcedony sheeted vein trending 305-310 degrees azimuth and dipping 75 degrees SW with parallel, en-echelon similar veins, is recognized. Although no fluorite is reported, a water sample taken from within the zone is the second highest known. Also defining the zone is a arsenic in soil anomaly found down drain and to the east of the creek.

The geological and geochemical core results confirmed the presence of the proposed fossil geothermal environment (Salazar, 1986), yet did not intersect any significant Au or Ag values. This is defined as a silicified crackle breccia zone in DDH ST-87-1 showing strong low temperature quartz-chalcedony

veinlets associated with sulphide (pyrite, chalcopyrite) wisps, bands and blebs and a multi-tracer element ICP geochemical anomaly. It occurs at the contact between the andesites and argillic lapilli tuffs. The low temperature alteration assemblage, though, is observed to continue into the argillic lapilli tuffs. This zone correlates to the outcrop exposures described above and to similar core exposures found in ST-87-2.

This drilling program also confirmed the presence of narrow graphitic beds or shears which are correlated to the VLF- and pulse-EM conductors tested.

Salazar, in his 1986 report, described Target No. 2 (See Figure No. 3) ... "as a zone of quartz-carbonate-limonite veining with associated brecciation, fracturing, silicification and pyritization (1-2%) that occurs in an area about 200.0m. wide by 2,200.0m. long that is correlative with Canico's Unit 1a and 1b or their contact. Associated high fluorine and mercury levels in the water as well as scattered but significantly high gold analyses (880.ppb at two sites, See Figure No. 3)..." At that time, he concluded that (Salazar, 1986, p. 15) ... "Should this be confirmed, a fossil geothermal field with an apparent high gold content is defined. The lack of detailed geological mapping and rock geochemical data in this area prevents any further geological modelling..." The lack of this information also prevented us from spotting drillholes onto this target during the drilling program subject of this report. This Target should be better defined and tested.

RECOMMENDED PROGRAM:

It is proposed that this fossil geothermal system be further defined and tested by carrying out a multistage program be implemented to test Salazar's Target No. 2. This program, first recommended by Salazar in 1985, should include an initial stage of prospecting, detailed mapping and rock geochemistry followed by soil sampling and, if warranted, diamond drilling. Each followup stage is dependant on the results encountered in the previous one.

The gridded work includes 36.0km. of cut line 50.0m. apart and a north trending, 1.7km. long, baseline located at coordinate 10,600E. Southernmost crossline is proposed at coordinate 7,100N while the northern limit of the grid is at coordinate 8,800N. Including the drilling, this program is budgetted to cost \$216,000.00.

G. Salazar Jr., P. Eng.

S. Maia Pudifin

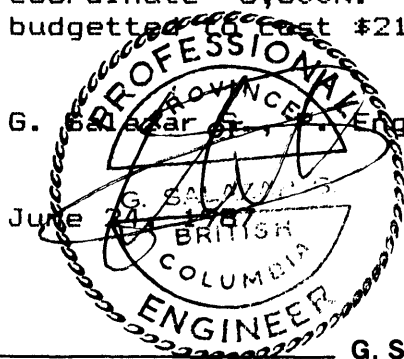


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INTRODUCTION:

This report on the Anderson Claims is prepared at the request of Mr. Stanley Ford, director of Lectus Developments Ltd. ("LECTUS"). It describes a 616.15 m drilling program which took place from February 1 to February 24, 1987 and reviews data previously presented.

The writers have made liberal use of descriptive information presented by prior workers (See References). Wherever possible, due credit to source has been given. The interpretation, conclusions and recommendations resulting from the quoted information, however, are totally our responsibility.

This report amends and replaces our report dated March 22, 1987.

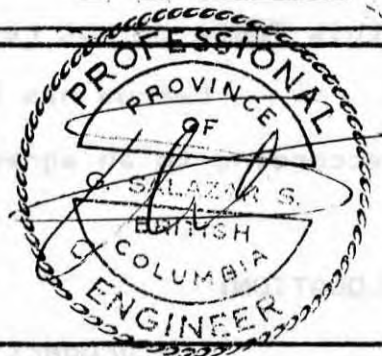
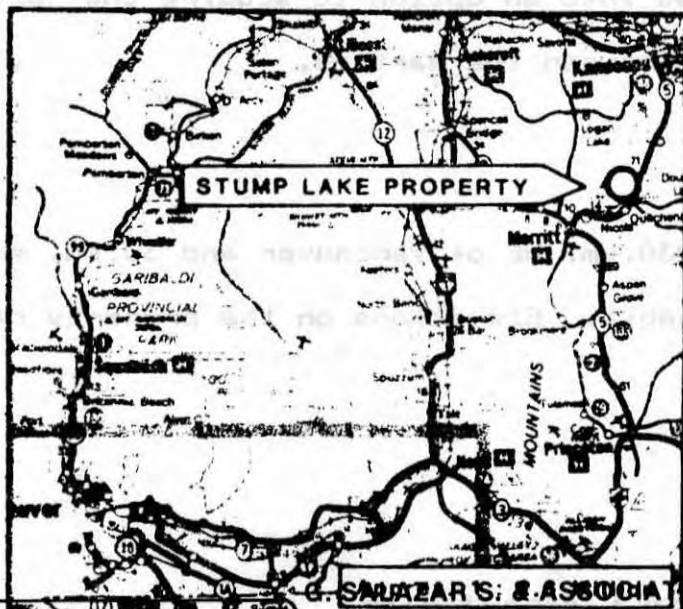
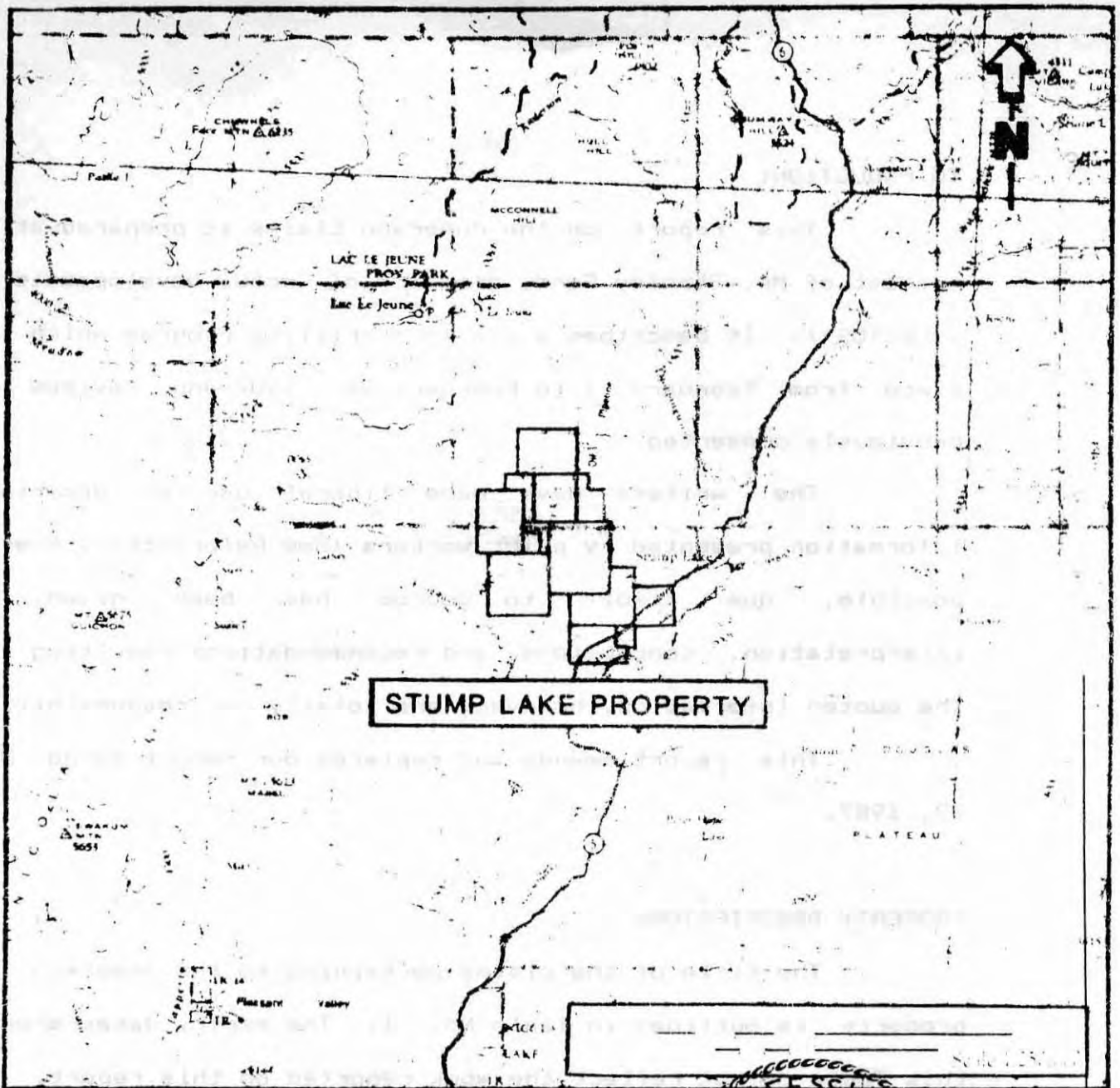
PROPERTY DESCRIPTION:

The title of the claims pertaining to the Anderson Lake property is outlined in Table No. 1. The expiry dates shown on this Table do not reflect the work reported on this report.

Lectus has entered into an option to acquire the property according to an agreement between the parties.

LOCATION:

The property is 230.km. NE of Vancouver and 30.km. south of Kamloops, British Columbia. Elevations on the property range from 740.m. to 1430.m.



LECTUS DEVELOPMENTS LTD.

ANDERSON CLAIMS PROJECT
LOCATION MAP

NTS : 92-1-8W

WORK BY :

DRAWN BY :

FIGURE NO. 1

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312 - CEDARBRAE CRES. S.W.
CALGARY, ALBERTA



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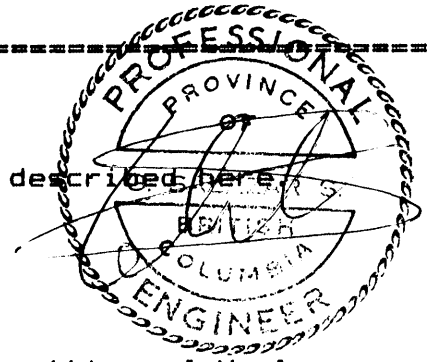
TABLE No. 1: The Anderson Group.

CLAIM NAME	CLAIM TYPE (1)	No. UNITS	RECORD No.	RECORD DATE	EXPIRY DATE (2)	MINING DIVISION
Anderson Supp. Group: (7 claims, 84 units)						
Anderson	MGS	12	2500	Mar 31/80	1989	Kamloops
Anderson 1	"	8	2501	"	"	"
Anderson 2	"	8	2593	May 8/80	"	"
Anderson 3	"	16	3928	Jan 8/82	"	"
Anderson 4	"	20	4126	Jul 20/82	1990	"
Anderson 5A	"	4	6676	Jun 23/86	"	"
Anderson 6	"	16	5974	Nov 9/84	"	"
Lance 5A	"	20	1671	Apr 18/86	1987	Nicola
Bag Group: (2 claims, 35 units)						
Bag 1	"	15	1276	Jul 23/82	1991	Nicola
Bag 2	"	20	1277	"	"	"
Other Claims: (2 claims, 13 units)						
Rom 1	"	4	1780	Feb 9/87	1988	Nicola
Rom 2	"	9	1779	"	"	"

 TOTAL: 152 units

(1): MGS: Modified Grid System

(2): Expiry dates do not reflect the work described here.



ACCESS:

Highway No. 5, which connects the cities of Kamloops and Merritt, cuts through the southern claims along the north shore of Stump Lake, which is partially covered by claim Bag No. 1. Access roads to the oil pipeline following Moore Creek and other multipurpose roads give good access to most of the property.

PREVIOUS EXPLORATION:

Detailed descriptions of the work done in the area are

found in the references. This portion relies strongly on the data as reported by P. Richardson and summarized in Salazar's (1986) report.

This property is to the north of the Mineral Hill Mine, located south of Stump Lake. The mine was found in 1882 and has produced 71,323.0 tonnes of ore yielding 254.78kg of gold, 7,781.65kg of silver, 49.56 tonnes of copper, 1,040.30 tonnes of lead and 235.15 tonnes of zinc (BCMM, 1985) between 1914 and 1952 mainly from the Enterprise vein. Efforts to develop further reserves along this vein/shear in the mid-sixties and seventies were not successful.

Initial interest in the area protected by the Anderson claims was prompted by regional geological similarities to those surrounding the Afton and Craigmont mines and to porphyry copper-molybdenum deposits. It started in 1971 with work carried out by Newconex in the Hollis Creek area and by Monitor Resources Ltd. ("Monitor") in the area to the southeast of Anderson Lake. The copper and molybdenum showings along Moore Creek were found and evaluated at this time. Molybdenite is reported in quartz veins and minor occurrences of pyrite, pyrrhotite and chalcopyrite are reported in the schists and volcanics. (See Figure No. 3).

The presence of a fluorite showing near Kullagh Lake, about 1.5km. east of Anderson 4, was first reported in 1976 ("Expl. in B.C.", p.E202). It is described in the 1985 version of the B.C. Min. of Mines' MINFILE as:

"Zoned fluorite and quartz veins varying in width from 2 to 12 cm. occur along a south dipping fault zone in andesites of the Nicola Group."

The Redbird claim protects this showing (No. 179, Figure No. 3). Published reports indicate that surface samples "show gold values up to 3,000ppb" and that the present owners carried out a limited drilling program in 1986. No assays have been reported.

L. Dekker reports that Chevron Canada drilled four diamond drill holes in the area to the south of Kullagh Lake, into a structural dome within their Microgold claim protecting the area to the south of the Redbird claim and to the east of the Anderson Group. This property was later on also tested by BP-Selco (Vancouver) and more recently by Asamera Inc.

Dynamic Oil & Gas Ltd. acquired the Lance claims in 1980 by staking. They carried out geochemical and geophysical surveys in the ground protected by the Lance 5A and Anderson 3 claims.

The area protected by the Anderson and Anderson 2 claims was subject of further studies in 1980-81. This programme, which included geological, geochemical and electromagnetic surveying, was carried out by Esperanza Explorations Ltd. The best target found was tested by DDH 80-An1 in the vicinity of a previous percussion hole that had some silver. Esperanza's hole encountered graphitic schists with disseminated sulphides. A chert horizon was found in the footwall of the schist. Goldbrae acquired the property late in 1981.

Also in 1981, the Federal and Provincial Governments expanded their joint Regional Geochemical survey to include Sheet 92I. Sample No. 3099, taken 1.5km. downstream from Anderson Lake, returned the highest fluorine in water value for the sheet at 830.ppb. and one of the highest mercury values at 110ppb.

The Canadian Nickel Co. ("CANICO") staked the Bag Nos. 1 and 2 claims in 1982 based on results from a previous year's panned concentrate stream sediment survey that showed the creek draining our Target No. 1 as strongly anomalous in gold, silver, arsenic, tungsten, copper and lead. Canico carried out geological mapping, limited rock, stream sediment and soil geochemical; and magnetometer and VLF-RADEM geophysical surveys in these claims in 1982 and 1983.

In 1982, Goldbrae carried out gridded surveys over the Anderson, Anderson 2 and Anderson 3 claims. These consisted of:

1. Reconnaissance Crone Vector Pulse and VLF surveys.
2. Limited geological mapping.
- and 3. Copper-silver-zinc soil geochemical survey limited to that area of the Anderson claim west of Beaver pond and claims Anderson 2 and 3.

In 1984, Goldbrae covered the south end of claim Anderson No. 4 and claims Bag No. 1 and 2, which were acquired from Canico, with the following gridded surveys:

1. 90. line km. of magnetometer and VLF-EM.
2. 40. line km. of Vector Pulse EM.
3. 24. line km. of multipole Induced Polarization survey.
4. 90. line km. of soil sampling. Samples were collected in 1983 and were analysed by Acme Labs and Chemex Labs, for the Bag and the Anderson claims samples,

respectively. Only the copper and arsenic results and what limited gold and silver results are available are reported.

Dr. Paul W. Richardson was commissioned by Goldbrae to review and summarize all work carried out in the property to May, 1985. White Geophysical Inc. was commissioned by Goldbrae to carry out a Pulse EM survey on the Anderson 1, 2, and 3 claims in late 1985.

Salazar reports carrying out a limited water sampling survey of ponds and lakes within the property in April, 1986. This survey confirmed the Government survey and placed all the fluorine analyses above the 90 percentile when compared with other samples from Sheet 92I.

REGIONAL GEOLOGY AND GEOPHYSICS:

The area protected by the claims is underlain by Upper Triassic Nicola Group rocks which consist of andesites and basalts with minor, thin, interbedded pyroclastic and sedimentary formations. The Nicola Batholith, of Jurassic and/or Cretaceous age, intrudes the above sequence and occupies the NW half of claim Anderson No. 3 and claim Lance 5A.

The Nicola Group is complex in detail (Preto, 1979; Richardson, 1985) and has been subdivided into three northerly trending belts separated by two major and high angle faults. One of these, the Quilchena fault, separates the central and eastern belts and crosses the Anderson claims closely following Moore

Creek.

Near the Nicola Batholith, the Nicola rocks have been altered to quartz-hornblende-feldspar gneiss and amphibolite-chlorite and biotite-chlorite schist. Strongly graphytic schists define VLF- and pulse-EM anomalies showing a north to northeasterly trend and steep easterly dips. Anomaly "A" (G.E. White, 1982; Richardson, 1985; See Figure No. 3) is the strongest and most continuous graphytic schist horizon thus defined. It was tested by Esperanza Explorations Ltd. with DDH 80-An1, which found the graphytic schist with disseminated sulphides and overlying a chert horizon. Esperanza reported that this chert is similar to those commonly found associated with bedded massive sulphide deposits.

In a regional scale, the available fluorine analyses depicts the area protected by the claims as a very anomalous one, with all fluorine analyses available within the claims being above the 90 percentile for samples from Sheet 92I.

WORK DONE:

A three hole diamond drilling program, to test Salazar's Target No. 1, was undertaken from February 1 to February 24, 1987, using a Longyear-44 rig. Drilling was contracted to Iron Mountain Drilling Ltd. of Merritt, B.C.. A total of 616.15 metres of core were logged and a total of 162 split core samples were collected.

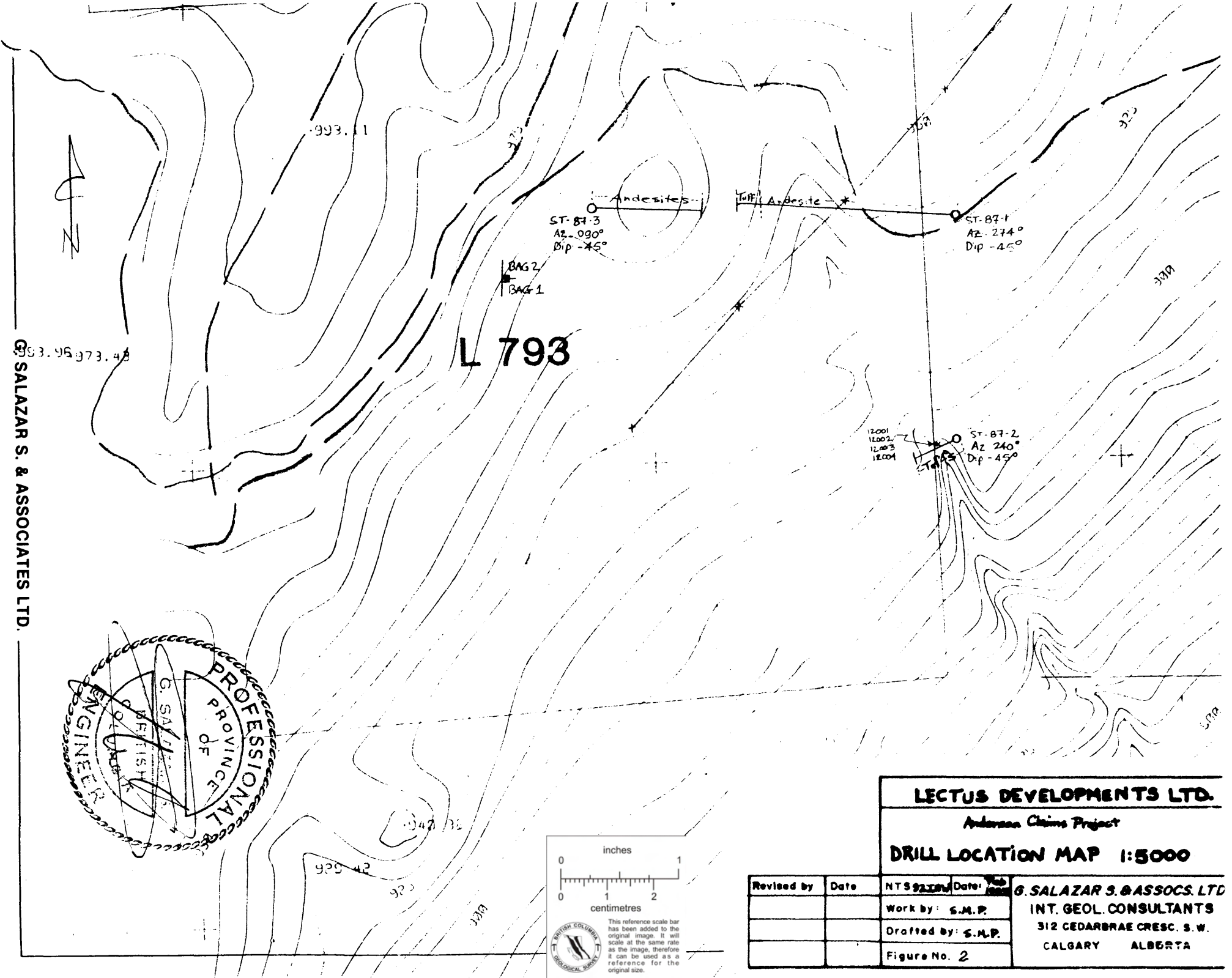
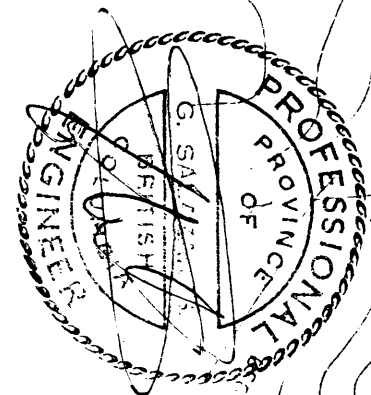
The samples were shipped to Loring Laboratories of Calgary, Alberta for gold and silver analyses using fire assay and atomic absorption. At our request the samples were then analyzed by Acme Laboratories of Vancouver, B.C. for 31 elements using induced coupled plasma analytical methods.

DDH ST-87-1 was drilled to a total depth of 369.51 m at a -45 angle trending 274 degrees. It tested a zone of high IP chargeability located 250.m north of (and on trend from) the quartz-chalcedony veinlets outcropping on the creek. This hole intersected altered bleached andesites (andesitic tuffs ?), andesites (predominantly porphyritic) and ended in alternating lapilli tuffs and argillites.

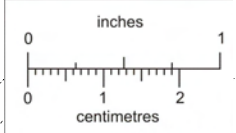
DDH ST-87-2 reached a total depth of 89.51 m at an angle of -45 degrees towards 240 degree azimuth. It tested a Pulse EM conductor and a zone of argillic alteration associated with a quartz-chalcedony vein system observed in outcrop. The surface exposure of tuffs and alternating argillite cut by quartz veins was also encountered at depth but veins were much more limited in size and abundance.

DDH ST-87-3 was collared approximately 400 m west of ST-87-1 at an angle of -45 degrees towards the east. This site was chosen to determine the extent of a zone of silicification and bleached alteration encountered in DDH ST 87-1. Another zone of anomalous IP chargeability was tested. A total depth of

G. SALAZAR S. & ASSOCIATES LTD.



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LECTUS DEVELOPMENTS LTD.
Anderson Claims Project
DRILL LOCATION MAP 1:5000

Revised by	Date	NTS 92100	Date: 10/1/82	G. SALAZAR S. & ASSOCS. LTD INT. GEOL. CONSULTANTS 312 CEDARBRAE CRESC. S.W. CALGARY ALBERTA
		Work by:	S.M.P.	
		Drafted by:	S.M.P.	
		Figure No.	2	

160.06m. was attained.

The Frolek Cattle Co. Ltd. (Att. Mr. Ray Frolek; P.O. Box 188, Kamloops, B.C. V2C-5K6; Phone No. 604-374-6588) allowed us access to their winter rangeland.

The core is stored at the property of Mr. R. Draper, Lot 1, Wilgoose Rd., 10 miles northwest of Merritt.

LOCAL GEOLOGY:

The stratigraphy observed in the core shows predominantly mafic to intermediate medium to dark green volcanics overlying light to medium grey lapilli tuffs. The tuffs appear to be interbedded with very fine grained dark grey to black argillites.

Following Debicki's classification, andesites are described as Unit 1 and subdivided into Unit 1a and 1b. Unit 1a is fine to medium grained and porphyritic with light green to buff coloured feldspar in a dark green groundmass. The phenocrysts are often seen only as ghosts giving the core a mottled appearance. Unit 1b is a usually fine to medium grained, rarely coarse grained, massive green andesite. In the upper sections of ST-87-1 and ST-87-3, bleached light green fractured zones may be altered tuffs.

Unit 2 was subdivided by Debicki into Unit 2a, a fine grained, white to grey coloured, siliceous rhyolite, often with well developed banding, and Unit 2b, a lapilli tuff. The 1987

drilling did not encounter rhyolites. Instead, our fine to medium grained, white to light greenish-grey rhyolitic to dacitic lapilli tuffs are described as Unit 2a. The lapilli tuff is often well banded with thin agglomeratic zones. Debicki's Unit 2a is now thought to be an intensely altered bleached andesite, Unit 1a. Also observed in the 1987 drilling, were soft sediment features within the tuff/argillite sequence. Scours, flame structures and possible rip-up clasts were outlined as seen in ST-87-1 from 340.00 to 341.75 m.

Argillites, identified as Unit 5, are very fine grained to aphanitic, dark grey to black are sometimes stained with limonite. Because of the interbedded lapilli tuffs, these argillites are also assigned a volcanogenic origin.

The contact zone between the andesites and the tuffs is observed in ST-87-1. The andesites are in contact with an altered and silicified zone (from 331.75 to 334.80m.), which become graphitic in the deeper 0.40m. This zone is in contact with a narrow graphitic coal seam (from 334.80 to 335.20m.). Graphite also occurs along parting planes between the argillites and tuffs further down hole, as can be seen at 349.71-353.17m. This graphite is also identified in ST-87-2 (at 58.25 to 64.20m.). The graphitic seams are associated to Pulse EM conductors and appear to be steeply dipping westwards.

The core is locally intensely fractured. Strong shears are defined by bleaching, clay-rich gouge zones and/or strong

chlorite alteration. Fracture patterns appear to be randomly oriented, though many occur at approximately 30 degrees to the core axis.

The lapilli tuffs and argillites may represent deposits within a successor basin adjacent to a volcanic center, as represented by the andesite flows. The graphite content within these units are probably the result of metamorphism of carbonaceous argillites. No sulphides were observed megascopically in the graphitic sections. In this scenario, the silicified crackle-breccia found in holes ST 87-1 and 87-2 would represent the previously proposed geothermal system (Salazar, 1986).

ALTERATION AND MINERALIZATION:

The uppermost unit observed in ST-87-1 (at 25.40 to 40.30m) is intensely hematized and carbonatized, which may represent a regolith of the upper andesites.

Calcite, a common alteration mineral found within all the units, occurs as veins, stringers, blebs and fracture coatings. Ankerite wisps were observed in minor amounts. Other carbonates, such as strontionite, may also be identified.

Bleaching appears to be related with thin banded low temperature quartz and/or calcite veinlets. In ST-87-1 (at 331.75 to 334.80m) thin wisps and veinlets of quartz give the core a "crackle" appearance. Minor carbonate is associated with

fractures within this silicified zone. It exhibits a very fine sugary texture on fresh surface. This section carries 3-4% pyrite, which occurs as fine grained crystals in dendritic dark grey wisps as well as fine grained spherical aggregates throughout the section. This zone is associated with an interval of high arsenic values and anomalous copper as described in the section on geochemical results. A porous white quartz vein was observed in ST-87-1 from 360.65 to 361.08. This interval, within argillites, returned the highest As value.

Narrow zones of local brecciation (up to 5 cm wide) were observed along the walls of the veins and veinlets cutting the andesites in ST-87-2 at 61.15-64.20 m and 77.71-86.58m. Clay is common along fractures particularly in the bleached areas.

Stringers of pyrite with occasional chalcopyrite and pyrrhotite are present in the core. Pyrite occurs as fine to medium grained disseminated crystals within the tuff/argillite sequence and in lesser amounts within the andesites. It also occurs as infilled wisps and spherical aggregates particularly in the silicified zone of ST-87-1.

Hematite and magnetite are also present and are commonly associated with chloritized and/or epidotized andesite.

The As and Hg values found by the ICP confirm the tentative identification of arsenopyrite and cinnabar in ST-87-3.

Certain intervals within the andesite are strongly chloritized, epidotized and have associated disseminated

magnetite. The anomalous IP chargeability of Target No. 1 area is attributed to this zone.

DRILL CORE GEOCHEMICAL RESULTS:

Analytical results show negligible gold or silver contents. The highest gold value attained is 50 ppb in ST-87-1 from 211.90 to 213.90 m. All other samples are below 40 ppb Au. Silver is generally not detected.

The ICP results show relatively high strontium values with the highest value of 2999 ppm found in ST-87-3 at 33.34 to 36.28 m. This is possibly due to strontianite, a strontium-rich carbonate, or celestine, its sulfate equivalent.

The ICP results show vanadium to average around 110 ppm. Slightly anomalous values are scattered throughout the three holes.

The average barium value is roughly 90 ppm, yet several anomalous intervals are present. The highest value of 808 ppm is found at 291.93 to 294.93 m in ST-87-1 within a chloritized strongly veined porphyritic andesite.

Eighteen of the 162 arsenic results are above an arbitrary threshold of 20 ppm. These are distributed in five zones. The highest arsenic value reported occurs in ST-87-1 at 360.55 to 361.18 m and is associated with the porous silica vein described before.

Several mercury highs, above a background of

approximately 700 ppb, were defined in 8 zones. Values over 4000 ppb occur in ST-87-1 from 223.08 to 244.25 m within a bleached, veined andesitic unit. Similar values are also in ST-87-3 from 147.92 to 152.20 m. These anomalous mercury zones are all associated with bleached altered intervals within the andesite sequence.

All analytical results are tabulated and found in Appendix No. 3.

DISCUSSION AND CONCLUSIONS:

The diamond drilling program subject of this report tested the presence and economic potential of a proposed fossil geothermal environment. Salazar's Target No. 1 was chosen for this initial testing because it was better defined by CANICO's detailed geological mapping and appeared to have the strongest structure on surface. In his 1986 report, Salazar described this Target as...

"... exposed over a length of 325.m. and a width of up to 5.m. along a creek bed. Within this zone, which is buried in grasslands on either side of the creek, a 6-10. cm. wide quartz-chalcedony sheeted vein trending 305-310 degrees azimuth and dipping 75 degrees SW with parallel, en-echelon similar veins, is recognized. Although no fluorite is reported, a water sample taken from within the zone is the second highest known. Also defining the zone is a arsenic in soil anomaly found down drain and to the east of the creek..."

The Target's association with pulse-EM and induced polarization anomalies also enhanced its potential.

DDH ST-87-1 intersected a three meter wide silicified

crackle breccia zone at the contact between andesites and argillic lapilli tuffs with associated sulphides and anomalous copper and arsenic ICP values. The arsenic anomaly extends into the argillic lapilli tuffs for a further 10.6m. A 15.0m interval of argillic tuffs with similarly anomalous arsenic values, in this case with strontium, is outlined in ST-87-2. CANICO's crackle breccia exposure is similar to the above two zones.

Several bleached, altered and sheared intervals were outlined in both the andesites and the argillic lapilli tuff sequence. Anomalous mercury was found to occur within these bleached zones but were restricted to the andesites. Additional elements including As, Ba, Sr, V, and Cu are also enriched within the bleached intervals.

Graphite was observed in ST-87-1 and ST-87-2. It is correlated with the Pulse EM conductor reported to occur here.

The presence of the proposed fossil geothermal environment was confirmed in the core. It is defined by those areas of enriched As, Ba, Hg, V and Sr associated with low-temperature quartz and carbonate veining. Unfortunately, no gold or silver values were found in the portion of the geothermal environment tested.

This drilling program has tested only a small portion of the geothermal field, as indicated by the water sampling surveys previously described, and extending from this Target area to Anderson Lake, for a distance of about 7.0km. Other areas of the

fossil geothermal field should be defined and tested in search of better economic mineralization.

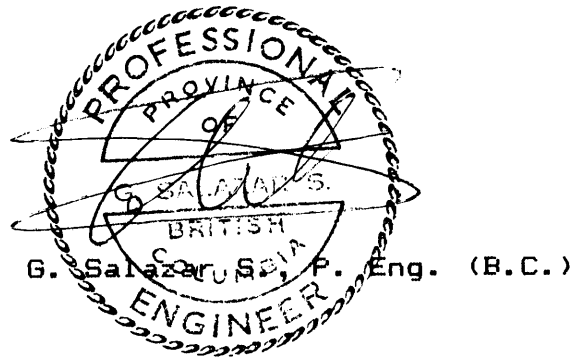
Salazar, in his 1986 report, described Target No. 2 (See Figure No. 3) ... "as a zone of quartz-carbonate-limonite veining with associated brecciation, fracturing, silicification and pyritization (1-2%) that occurs in an area about 200.0m. wide by 2,200.0m. long that is correlative with Canico's Unit 1a and 1b or their contact. Associated high fluorine and mercury levels in the water as well as scattered but significantly high gold analyses (880.ppb at two sites, See Figure No. 3)..." At that time, he concluded that (Salazar, 1986, p. 15) ... "Should this be confirmed, a fossil geothermal field with an apparent high gold content is defined. The lack of detailed geological mapping and rock geochemical data in this area prevents any further geological modelling...". The lack of this information also prevented us from spotting drillholes onto this target during the drilling program subject of this report. This Target should be better defined and tested.

RECOMMENDED PROGRAM:

It is proposed that a multistage program be implemented to test Salazar's Target No. 2. This program, first recommended by Salazar in 1985, should include an initial stage of detailed mapping and rock geochemistry followed by soil sampling and, if warranted, drilling. The gridded work includes 36.0km. of cut

line 50.0m. apart and a north trending, 1.7km. long, baseline located at coordinate 10,600E. Southernmost crossline is proposed at coordinate 7,100N while the northern limit of the grid is at coordinate 8,800N.

S. Maia Pudifin



Calgary, June 24, 1987.

RECOMMENDED BUDGET:

March 17, 1987
Company: LECTUS DEVELOPMENTS LTD.
Project Name: ANDERSON LAKES PROJECT
Project No.: 4

Page 1
Trading Symbol: LDV.V

EXPLORATION BUDGET

MOB/DEMOB

Personnel:

3 men @ \$150.- per man day for 2 days	\$900
Equipment: Gear (3) for 2 days @ \$10.-/day	\$60
Vehicle: 4x4, 2 trucks for 2 days @ \$60.-/day	\$240
Accommodation for 3 men for 2 days @ \$60./day	\$360
Travel: 2 return trips Calgary-Kamloops @ \$257.40	\$514.80
Freight: Sample shipping;	\$400
Miscellaneous (Taxis, Gas, etc.)	\$200
	\$2,674.8

FIELD COSTS:

PERSONNEL:

Project Manager (1) for 20 days @ \$350./day/man	\$7,000
Geologist (1) for 60 days @ \$250./day/man	\$15,000
Other: Soil Sampl (1) for 10 days @ \$100./day/man	\$1,000
Linecuters (4) for 15 days @ \$100./day/man	\$6,000
Geol. Helper (1) for 60 days @ \$150./day/man	\$9,000
Total: 165 days	
	\$38,000.

SUPPORT COSTS:

Accommodation in Town of Merritt

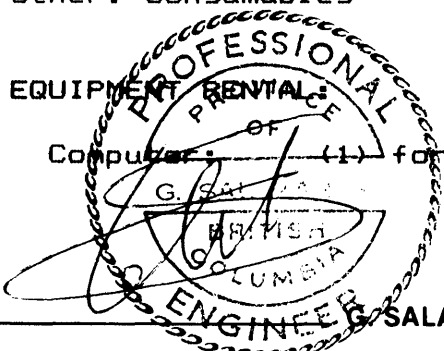
Room: (x) for 165 days @ \$30.-/day/man	\$4,950
Board: (x) for 165 days @ \$30.-/day/man	\$4,950
	\$9,900

Transportation:

4x4 truck (1) for 60 days @ \$60.-/day	\$3,600
(1) for 30 days @ \$60.-/day	\$1,800
Communications Telephone, Courier	\$1,000
Supplies: EQUIPMENT SAMPLE BAGS, GAS, OIL	\$1,000
Other: Consumables	\$900
	\$8,300

EQUIPMENT RENTAL:

Computer (1) for 30 days @ \$30.-/day	\$900
---------------------------------------	-------



Survey Equip. (4) for 15 days @ \$10./day	\$600	
Geol. Equip. (2) for 60 days @ \$10./day	\$1,200	
		\$2,700

CONTRACT SERVICES:

Surface Drilling; 1,000. m. @\$110./m. (includes field expenses, salaries) Type: NQWL	\$110,000	
		\$110,000

ANALYSES:

Rocks - Geochemical Samples			
(Au, ICP, Hg) 300.	@ \$16.95/ea.	\$5,085	
Assay			
(Au, ICP, Hg) 200.	@ \$18.50/ea.	\$3,700	
Soils - Geochemical			
(Au, ICP, Hg) 400.	@ \$15.55/ea.	\$6,220	
Other Supplies		\$400	
			\$15,405

REPORT WRITING:

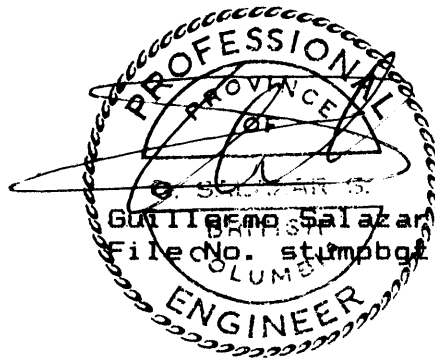
Engineer (1) for 20 days @ \$350./day	\$7,000	
Geologist (1) for 20 days @ \$250./day	\$5,000	
Drafting (1) for 150 hrs. @ \$20./hr.	\$3,000	
Other		
Supplies, Typing, copying	1,000	
		\$16,000

OTHER COSTS:

Project Management	\$4,000	
Administration	\$4,200	
Contingency	\$4,820.2	
		\$13,020.2

TOTAL COSTS:		\$216,000.0
---------------------	--	--------------------

March 17, 1987.



G. Salazar S., P. Eng.
File No. stumpbg. 871

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STATEMENT OF EXPENDITURES - To March 23, 1987.

March 23, 1987

Page 1

Company: LECTUS DEVELOPMENTS LTD.

Trading Symbol: LDV.V

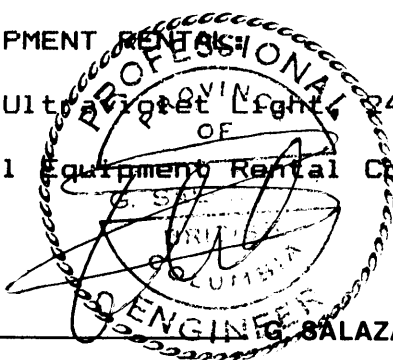
Project Name: ANDERSON LAKES PROJECT

Project No.: P4

FINAL 1986 DRAW

EXPLORATION BUDGET

	<u>Budget</u>	<u>Current</u>	<u>To Date</u>	<u>Balance</u>
MOB/DEMOB				
Personnel: Two people, two days.	1,000	0	750	250
Travel (Airlines):	1,000	0	426.4	573.6
Truck:	120	0	120	0
Room/Board	200	0	120	80
Gas	200	0	0	200
Freight	100	0	0	100
Miscellaneous (Taxis)	100	0	59	41
	=====			
TOTAL COST MOB/DEMOB	2,720	0	1,475.4	1,244.6
FIELD COSTS:				
PERSONNEL:	15,000			
-G. Salazar, Project Manager 13.5 days @ \$350./d		0	4,725	
-M. Pudifin, Field Geologist,		0	5,500	
-S. Robinson, Helper,		0	1,800	
	=====			
TOTAL FIELD PERSONNEL COSTS:	15,000	0	12,025	2,975
SUPPORT COSTS:				
Accommodation in Town of MERRITT, B. C. Schedule: One man:				
ROOM:	1,500	0	940	560
BOARD:	1,500	0	1,380	120
Transportation:	2,100	0	1,500	600
Gasoline:	500	0	507	-7
Communications, Telephone, Courier	2,000	0	573.6	1,426.5
Other Consumables: (EQUIPMENT SAMPLE BAGS)	1,000	0	465.5	534.5
	=====			
TOTAL SUPPORT COSTS:	8,600	0	5,366.1	3,233.9
EQUIPMENT RENTAL:				
Ultra Light 24 d. @ \$5.	75	0	120	-45
	=====			
Total Equipment Rental Costs:	75	0	120	-45



March 23, 1987

Page 2

Company: LECTUS DEVELOPMENTS LTD.

Trading Symbol: LDV.V

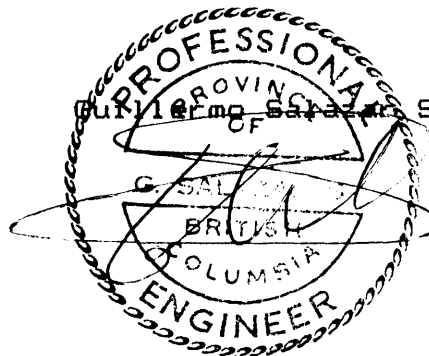
Project Name: ANDERSON LAKES PROJECT

Project No.: P4

EXPLORATION BUDGET

	<u>Budget</u>	<u>Current</u>	<u>To Date</u>	<u>Balance</u>
CONTRACT SERVICES:				
Orthoshop Mapping Surveys	2,500	0	2,500	0
Surface Diamond Drilling	37,000	0	36,378	622
	=====			
Total Contract Costs:	39,500	0	38,878	622
ANALYSES:				
Loring Laboratories Ltd.:	3,730			
Inv.#s 29547, 29612-1 & 29613-1		37.5	3,399.4	330.6
-Shipping & Handling:	500.			500.
	=====			
TOTAL ANALYSES COSTS:	4,230	37.5	3,399.4	830.6
REPORT WRITING:				
Engineer	1,750	1,000	1,000	750
Junior Geologist	2,500	2,250	2,250	250
Drafting & Printing	750	250	263	487
	=====			
Total Report Writing Costs:	5,000	3,500	3,513	1,487
OTHER COSTS:				
Project Management	0			0
Administration	0			0
Audit	1,404			1,404
Contingency	5,008			5,008
	=====			
Other Costs Total:	6,412			6,412
TOTAL PROJECT COSTS:	81,537	3,537.5	64,776.9	16,760.1
	=====			

March 23, 1987
(File No. stumpcpt.ac2)



APPENDIX NO. 1

STATEMENT OF QUALIFICATIONS AND DISCLAIMER

I, Guillermo Salazar S., of 312 Cedarbrae Crescent SW, Calgary, Alberta T2W-1Y4, hereby certify that:

1. I attended and graduated from the Universidad Nacional de Ingenieria de Lima, Peru with a Bachelor's of Science and a Engineering Degrees in Mining Engineering and Mining Geology in 1967. I also attended Harvard University from which I was awarded a Master's of Arts degree in Economic Geology in 1969.

2. I am a registered Professional Engineer in the Province of British Columbia and Professional Geologist in the Province of Alberta. I am also a member in good standing of the Society of Economic Geologists of America and of the Society of Mining Engineers of the AIME.

3. I have in excess of fifteen years of experience in my field in the U.S.A., Canada and South America.

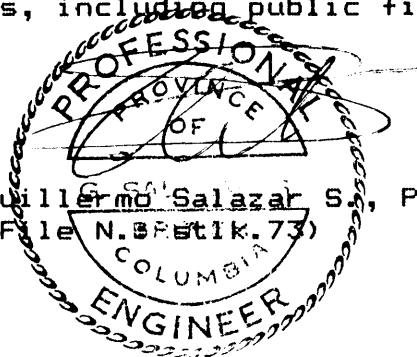
4. A personal field inspection of the Anderson property claims was made by me on April 22-26, 1986, and that all available background technical data was also reviewed by me.

5. I have not, directly or indirectly, received, and do not expect to receive, any interest, direct or indirect, in the property of Saturn Energy & Resources Ltd., or any affiliate, and I do not beneficially own, directly or indirectly, any securities of Saturn Energy & Resources Ltd. or any affiliate.

6. This report may be used by Saturn Energy & Resources Ltd. for all corporate purposes, including public financing.

Calgary, Alberta.

Guillermo Salazar S., P.Eng. (B.C.)
(File N. 8821K.73)



APPENDIX No. 2

STATEMENT OF QUALIFICATION

I, Stephanie Maia Pudifin, of 607-1239-12th Ave., Calgary, Alberta T3C 3R8, hereby certify that:

1. I have been studying and working in the field of mineral exploration since 1981 in various regions of Canada.

2. I graduated from McGill University with a Bachelor's of Science, Major in Geological Sciences in 1983.

3. I supervised the drilling program and logged the core drilled on the Anderson Lake property from February 1st until February 24th, 1987.

4. I have no financial interests in the above mentioned property and do not own, directly or indirectly any securities of Lectus Developments Ltd. or Saturn Energy & Resources Ltd.

5. This report may be used by Lectus Developments Ltd. for all corporate purposes, including public financing.

Calgary, Alberta
March 22, 1987

S. Maia Pudifin
(File No. stlk.73)

THE ANDERSON LAKES PROJECT

Prepared for Lectus Developments Ltd.

APPENDIX NO. 3

ASSAY CERTIFICATES

Report Dated June 24, 1987

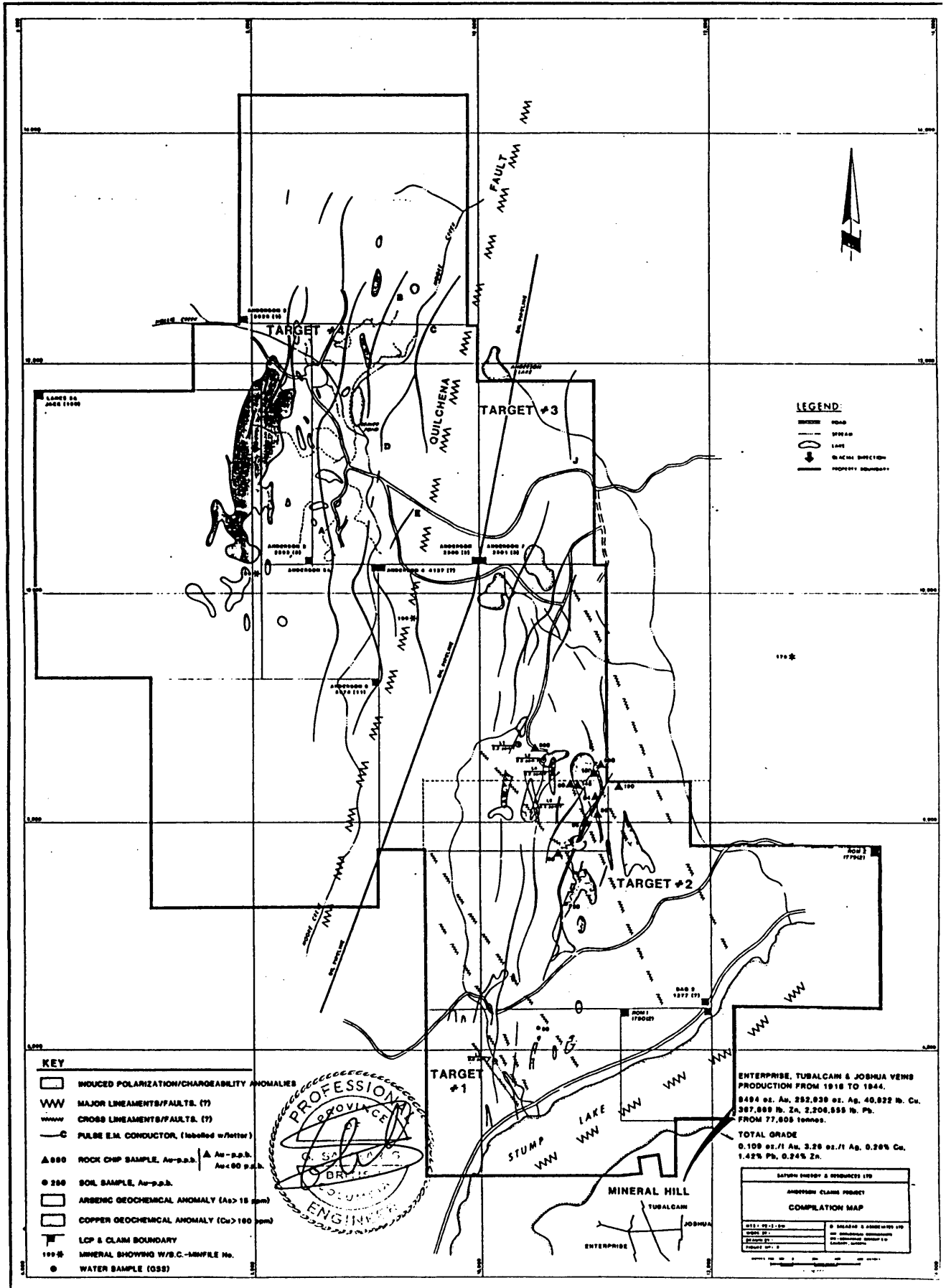
THE ANDERSON LAKES PROJECT

Prepared for Lectus Developments Ltd.

APPENDIX NO. 4

DIAMOND DRILL LOGS

Report Dated June 24, 1987



LEGEND:

- ROAD
- STREAM
- LAKE
- ACTUAL DIRECTION
- PROPERTY BOUNDARY

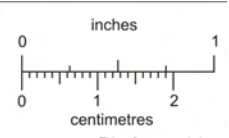
KEY

- INDUCED POLARIZATION/CHARGEABILITY ANOMALIES
- MAJOR LINEAMENTS/FAULTS. (T)
- CROSS LINEAMENTS/FAULTS. (C)
- PULSE E.M. CONDUCTOR. (labeled w/letter)
- ROCK CHIP SAMPLE, Au-p.p.b. | Au-p.p.b. Au < 50 p.p.b.
- SOIL SAMPLE, Au-p.p.b.
- ARSENIC GEOCHEMICAL ANOMALY (As > 15 ppm)
- COPPER GEOCHEMICAL ANOMALY (Cu > 100 ppm)
- LCP & CLAIM BOUNDARY
- MINERAL SHOWING W/S.C.-MINFILE No.
- WATER SAMPLE (OSS)

ENTERPRISE, TUBALCAIN & JOSHUA VEINS
 PRODUCTION FROM 1916 TO 1944.
 8494 oz. Au, 252,930 oz. Ag, 40,922 lb. Cu,
 287,808 lb. Zn, 2,206,555 lb. Pb,
 FROM 77,505 tonnes.

TOTAL GRADE
 0.109 oz./t Au, 3.26 oz./t Ag, 0.26% Cu,
 1.42% Pb, 0.24% Zn.

SATURN ENERGY & RESOURCES LTD	
ACQUISITION CLAIMS PROJECT	
COMPLETION MAP	
DATE: 10/11/20	BY: [Signature]
SCALE: 1:50,000	PROJECT NO: [Number]
PROJECT: [Name]	REGION: [Name]
MAP NO: [Number]	REVISED: [Date]



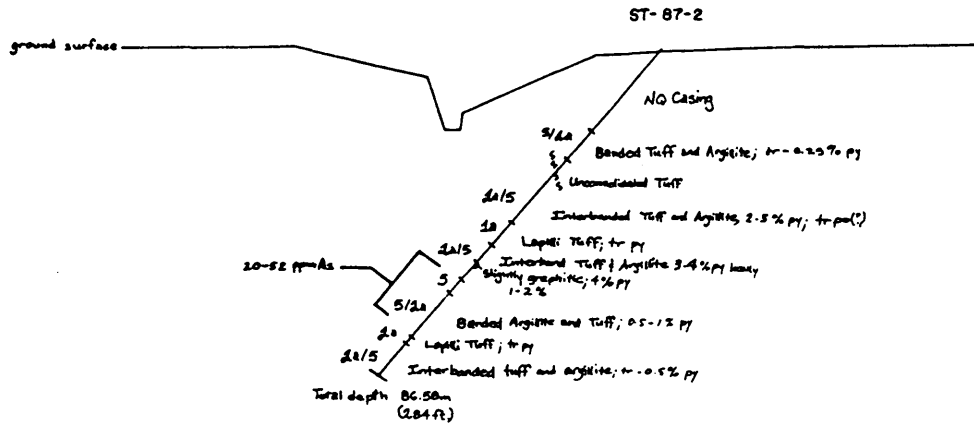
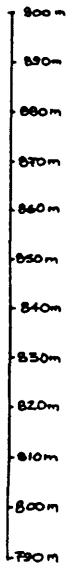
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SOUTH WEST

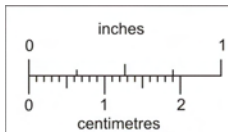
NORTHEAST

E.M.
Conductor
///////

ELEVATION



VIEW TO NORTHWEST



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.

LEGEND

- 5 Argillite
- 4 Volcanic Breccia
- 3 Andesite to Basalt
- 2 Intermediate Volcanic a) Lapilli Tuff
b) Argillite
- 1 Mafic Volcanics a) Andesite - Basalt
b) Feldspar Porphyry



LECTUS DEVELOPMENT LTD.

ANDERSON LAKE PROJECT

CROSS SECTION for DDH ST-87-2

NTS 92L/BW Date Feb. 1987

Work by: S.M. Pudifin

Revised by:

Drafted by: S.M.P.

Figure No.

SCALE: 1:1000

G. SALAZAR S. & ASSOCS. LTD.

INTERNATIONAL

GEOLOGICAL CONSULTANTS

312 Cedarbrae Cresc. S.W.

Calgary Alberta