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PROSPECTUS DATED SEPTEMBER 15, 1987

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MERRITECH DEVELOPMENT CORPORATION

Suite 808 - 475 Howe Street
Vancouver, British Columbia
V6C 2B3

NEW OFFERING **EFFECTIVE DATE: OCTOBER 2, 1987**

250,000 Units, each Unit consisting of one common share and two Series "A" share purchase warrants (the "Unit").

	Price to Public	Agent's Commission	Net Proceeds to be Received by the Issuer*
Per Unit	$0.55	$0.055	$0.495
Total	$137,500	$13,750	$123,750

* Before deduction of the costs of this issue, estimated to be $23,000.

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

THE VANCOUVER STOCK EXCHANGE HAS CONDITIONALLY LISTED THE SECURITIES BEING OFFERED PURSUANT TO THIS PROSPECTUS. LISTING IS SUBJECT TO THE ISSUER FULFILLING ALL THE LISTING REQUIREMENTS OF THE VANCOUVER STOCK EXCHANGE ON OR BEFORE MARCH 30, 1988, INCLUDING PRESCRIBED DISTRIBUTION AND FINANCIAL REQUIREMENTS.

THE PRICE OF THE UNITS WAS DETERMINED BY NEGOTIATION BETWEEN THE ISSUER AND THE AGENT.

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NO PERSON IS AUTHORIZED BY THE ISSUER TO PROVIDE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS IN CONNECTION WITH THE ISSUE AND SALE OF THE SECURITIES OFFERED BY THE ISSUER.

UPON COMPLETION OF THIS OFFERING THIS ISSUE WILL REPRESENT 17.99% OF THE SHARES THEN OUTSTANDING AS COMPARED TO 62.27% THAT WILL THEN BE OWNED BY THE CONTROLLING PERSONS, PROMOTERS, DIRECTORS AND SENIOR OFFICERS OF THE ISSUER AND ASSOCIATES OF THE AGENTS. REFER TO THE SECTION "PRINCIPAL HOLDERS OF SECURITIES" FOR DETAILS OF SHARES HELD BY CONTROLLING PERSONS, PROMOTERS, DIRECTORS AND SENIOR OFFICERS OF THE ISSUER AND ASSOCIATES OF THE AGENTS.

THE OFFERING PRICE OF $0.55 PER UNIT EXCEEDS THE ANTICIPATED NET BOOK VALUE PER COMMON SHARE SUBSEQUENT TO THE OFFERING BY $0.37, REPRESENTING A DILUTION OF 67.27%.

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WE, AS AGENT, CONDITIONALLY OFFER THESE SECURITIES, SUBJECT TO PRIOR SALE, IF, AS AND WHEN ISSUED BY THE ISSUER AND ACCEPTED BY US IN ACCORDANCE WITH THE CONDITIONS CONTAINED IN THE AGENCY AGREEMENT REFERRED TO UNDER THE SECTION "PLAN OF DISTRIBUTION".

Name and Address of Agent

YORKTON SECURITIES INC.
1400 - 609 Granville Street
Vancouver, British Columbia
V7Y 1G5
(604) 669-7752

interest acquired by the Issuer consisted of (i) the payment of the aggregate sum of $100,000 over the period from the date of the Option Agreement until January 15, 1990 and (ii) the issuance of an aggregate of 200,000 common shares of the Issuer over the same period. In addition, the Optionor of the property shall be entitled to receive a 20% net profits interest in the property with required annual minimum royalty payments of $40,000 commencing January 15, 1991.

The initial option payment of $5,000 with respect to the Russel Creek property has been paid by the Issuer and, upon the Issuer obtaining a receipt for this Prospectus, 25,000 shares shall be issued to the Optionor of the property. The issuance of subsequent instalments of shares to the Optionor is subject to the prior submission to and acceptance by the Exchange of engineering reports recommending further or continuing work on the property.

The Russel Creek property is accessible via Highway 5 north from the city of Kamloops to the town of Barriere; thence, eastward on the paved and gravel Barriere Lakes road to just west of East Barrierre Lake. A gravel logging haulage road joins the East Barriere Lake road at Russel Creek and leads northeasterly through the claims. It is approximately 88 kilometres by road from Kamloops to the property.

The following is excerpted from the report of Neil B. Jorgensen, P. Eng., dated July 22, 1987, as amended July 30, 1987, with respect to the property. The full report is annexed to and forms part of this Prospectus.

History

The Barriere Lakes - Adams Plateau region has been explored intermittently since the early 1890's. Most of the work has involved the search for and development of base metals massive sulphide deposits.

One of the earliest significant discoveries was the Homestake deposit. Hoy and Goutier (1986) describe its history:

> The property, as recorded in Minister of Mines Annual Reports (1927, 1936), was discovered in 1893 and first developed between 1893 and 1895. Work on the property was intermittent and shipments of ore occurred sporadically until 1927. The mine was reopened by Kamloops Homestake Mines Ltd. in 1935; workings at that time consisted of four adits and more than 455 metres of cross cuts, drifts, raises and a winze. A 50 tonne per day flotation mill was installed on the site. Recorded production between 1935 and 1941 totalled approximately 6,965 tonnes from which 12,400 grams of gold, 9,565,900 grams of silver, 11,080 kilograms of copper, 171,325 kilograms of lead and 246,520 kilograms of zinc were recovered. In the early 1970's, work on the

property was resumed with geophysical and geochemical surveys, diamond drilling and drifting to gain access to the old workings and to provide underground diamond drill sites. Proven reserves were at that time, estimated to be 1,010,800 tonnes with an average grade of about 240 grams silver per tonne, 2.5 percent lead, 4.0 percent zinc, 0.55 percent copper and 28 percent barite (The Financial Post, January 13, 1973). Since 1982 work by the Kamad Silver Company Ltd. has confirmed and improved previous grade estimates but the deposit is considered difficult to mine, mainly because of the poor strength of the host rocks.

The Homestake Property was optioned by Esso Minerals Canada in 1983 and currently is being explored by that Company.

In 1978 Craigmont Mines discovered the Chu Chua copper deposit near the headwaters of Chu Chua Creek. This find led to increased activity in the area until the decline in copper prices shifted interest elsewhere.

In October, 1983, Rea Gold Corporation announced the discovery of gold bearing massive sulphide mineralization south of Johnson Lake. Minnova Inc. (formerly Corporation Falconbridge Copper) optioned the Rea Gold property and has since carried out extensive surface exploration and diamond drilling programs. This work has outlined two massive sulphide deposits with estimated reserves as follows (Reaugh, 1986):

Deposit	Tonnage (tons)	Au Grade (oz/ton)	Ag Grade (oz/ton)	Zn Grade (%)	Pb Grade (%)	Cu Grade (%)
Discovery	267,720	0.190	2.14	2.24	2.14	0.57
Silver	1,120,000	0.042	21.22	2.89	3.20	1.16

Minnova currently is doing more drilling on the Silver Zone. Recently released results include the following (Reaugh, 1987):

Hole RG #	Interval Meters	True Width Meters (Feet)	Confirmed Assay Results Ag oz/T	Au oz/T	Zn%	Pb%	Cu%
107	21.5-23.5	1.75 (5'-9")	75.85	.084	37.40	4.12	4.18
108	35.7-39.0	3.10 (10'-3")	407.18	.340	19.56	9.43	6.34
109	123.4-125.9	2.5 (8'-3")	71.76	.074	4.23	1.50	2.38
	131.1-135.2	4.1 (13'-6")	19.81	.038	2.25	1.55	0.78

The Cad Property is located 16 km north-north west of Rea Gold and 20 km north by west of Homestake.

Blanchflower (1987) describes the history of the property as follows:

> In 1971, Ducanex Resources carried out soil and silt geochemical surveying over the property, then called the "C&G" and "DEN" claims. The "EBL" and "REM" mineral claims, situated immediately north of the subject property, have been actively explored by K.E. Northcote and Associates, Westmin Resources, Craigmont Mines, Noranda Exploration, Rayrock Mines and Royal Canadian Ventures. Their work since 1969 has included geological, geochemical and geophysical surveying, and trenching.
>
> Noranda Exploration Company Ltd. (N.P.L.) operated this property in 1984 and 1985. In 1984, they established a survey control grid over the entire property and conducted soil geochemical sampling and geophysical surveying (horizontal loop electromagnetics and magnetics). The next year, Noranda established a detailed survey control grid over a very high silver, lead and zinc soil geochemical anomaly situated in the northeastern portion of the claim group. They tested this anomaly with detailed geophysical (induced polarization and horizontal loop electromagnetics) surveying, soil sampling and drilling (2 holes totalling 184.7 metres). The drilling results were not encouraging and the Option to Purchase Agreement with Mr. Graham was terminated in February, 1986.

After optioning the property, Merritech Development Corporation had a Genie EM survey carried out by Esso Minerals Canada in the north-eastern part of the Cad claim in January 1987. Following this work the company diamond drilled three holes to test further the geochemical and geophysical features in the area.

Regional Geology

The following description of the regional geology is taken from Blanchflower (1987):

> The regional geology of the Barriere Lakes - Adams Plateau has been the subject of a number of recent governmental publications; the most definitive of these are authored by: P.A. Schiarizza and V.A. Preto (1984), V.A. Preto (1981) and T. Hoy and R. Goutier (1985). Much of the following text is based on the results of these recent geological reports.
>
> This region is underlain dominantly by a weakly to moderately metamorphased assemblage of sedimentary and

volcanic rocks belonging to the Late Devonian to Early Mississippian age Eagle Bay formation. The Eagle Bay formation appears to stratigraphically overlie volcanic rocks of the Late Devonian Fennell formation. Both of these major formations have been intruded by granodiorite orthogneiss to biotite quartz monzonite ranging in age from Late Devonian to Cretaceous. Locally, the metamorphased strata and intrusions are overlain by olivine basalt flows of Pleistocene to recent age.

Structural features of the region include, at least, two periods of folding and faulting (Preto 1979). An early period of folding, west to north-west trending with axes plunging north to north-west, has deformed the volcanic and sedimentary strata prior to later folding with axes plunging gently north.

There are numerous base metal occurrences known in the region, many of which are clearly syngenetic stratabound massive sulphide deposits. Polymetallic deposits, commonly with associated barite and precious metal values, are most abundant in the Birk Creek - North Barriere Lake, Johnson Lake - Sinmax Creek and Adams Plateau areas.

The best known deposits in the area are the Rea Gold, Homestake and Chu Chua. The former two occur in the Eagle Bay formation and the latter, in the Fennell formation.

Local Geology

Since only one outcrop has been located on the claims and diamond drilling has taken place only in the Russ Grid area, little is known about the property geology. Schiarizza and Preto (1984) show that the claims are underlain by a unit of the Eagle Bay formation composed of Devonian and/or Older calcareous chlorite schist and fragmental schist derived from mafic to intermediate volcanic and volcaniclastic rocks with lesser amounts of limestone, dolomite, chlorite and sericite phyllite. This is the same sequence of rocks which hosts the Rea Gold deposit.

The outcrop occurs along the main access road in the southern part of Cad claim. This exposure consists of a lower chloritic and somewhat talcy schist overlain by a silicified or cherty horizon which grades into massive limonitic quartz. Above the quartz is limonitic gray limestone which grades into gray thin layered unmineralized limestone over a couple of metres. Mr. Jorgensen believes that this outcrop represents a volcanic sedimentary stratigraphic contact zone marked by a cherty quartz exhalative layer.

According to Shevchenko (1986) the Noranda diamond drill holes cut easterly dipping quartz dacitic volcaniclastics above siltstones and quartz arenites. Blanchflower (1987) reports that Merritech's holes in the same area intersected gently dipping fine grained sandstone, siltstone, argillite, graphitic, argillite and waterlain tuff.

A brief examination of the 1987 core by Mr. Jorgensen revealed that much of it consists of green to white chloritized and sericitized tuff with pyrite and pyrrhotite blebs along layering, and black argillites and graphitic argillites. Some of the graphitic layers contain medium to coarse grained pyrite. In addition to the predominant rock types, Mr. Jorgensen notes in his report that he observed a few sections of crystal tuff and fine grained possible intrusive rocks.

The rock in the lower parts of DDH 87-2 is strongly sericitized or silicified and has pyrite stringers along the foliations. Much of the original texture has been obliterated by the alteration.

Geochemistry

Noranda carried out reconnaissance sampling over the entire property followed by detailed sampling in the Russ Grid area, north-eastern Cad claim. Mr. Jorgensen has examined the Noranda Geochemistry Maps for the Russ Grid area and the following discussion is based on this examination.

The detailed sampling outlined a 900 m long, 20-70 m wide north trending zone which is composed of coincident silver and lead anomalies which overlap a number of smaller zinc anomalies. The zone is very consistent throughout its length and metal values are quite high. Silver ranges from 5-23 PPM, lead from 100-630 PPM and zinc from 400-750 PPM. There is no noticeable roll off of values at either end of the zone.

It should be noted that carbonaceous sediments (graphitic argillites) commonly are anomalous in base and precious metals and may cause soil geochemistry anomalies. However, samples from the argillites cut by the 1987 drilling have uniformly low gold, silver and lead contents. Copper and zinc values are slightly higher but only a few sections had more than 100 PPM Cu or Zn. Since the major elements in the Russ Grid anomalous zone are lead and silver, it seems unlikely that the feature is caused by metal values in the carbonaceous sediments.

Geophysics

Noranda did horizontal loop electromagnetic and magnetometer surveys across the claim block and detailed HLEM and induced

polarization surveys on the Russ Grid. The work outlined numerous north to north-east striking EM conductors as well as 3 IP anomalies in the Russ Grid area. Two of the latter features are in the vicinity of the geochemical anomaly and one, the strongest, is about 300 m to the south-west on line 11,000 N.

The IP survey consisted of two test lines. It was carried out using a frequency domain system and a dipole-dipole array. Mr. Jorgensen has seen one of the pseudosection plots. On this line the anomalies consist of percent frequency effect highs and apparent resistivity lows. The other pseudosection was not available at the time of preparation of Mr. Jorgensen's report.

Before the start of the 1987 drilling program, Esso Minerals Canada carried out a Geometry Normalized In Phase Electromagnetic (Genie) survey over the Russ Grid for the Issuer. The survey outlined a prominent anomaly with a north north-westerly striking principal axis which extends for 1,000 m in length. This feature corresponds well with an EM conductor and the strong IP anomaly found by Noranda.

The Genie system was developed by Scintrex and Esso Minerals Canada. The system consists of a large fixed rectangular loop connected to a multifrequency sinusoidal wave transmitter, and a mobile horizontal loop receiver. The long edge of the transmitter is oriented parallel to the geological strike. Readings are made along grid lines perpendicular to the strike and outside of the long edge of the loop.

Readings are made at nine possible frequency pairs, measuring the amplitude of the electromagnetic fields at two relative frequencies. One frequency is the reference which is relatively unaffected by ground conductivity. The ratio (R) can be expressed as follows:

$$R = \frac{IPs}{P} \times 100 \text{ percent}$$

Where IPs = the in-phase component of the secondary field
P = the primary field,

which is simply the in-phase secondary field at the signal frequency normalized by the primary field at the reciever.

Mr. Jorgensen has examined maps showing the results of the survey.

Diamond Drilling

Noranda drilled two short holes in 1986 to test part of the geochemical anomaly and one of the IP zones. The drilling did not reveal any source for the features.

In early 1987 Merritech completed 3 holes totalling 394.11 m in the Russ Grid area. Two of the holes were designed to test the geochemical anomaly and the third, the strong IP and coincident Genie anomalies to the south-west. The drilling did not uncover any mineralization capable of producing the geochemical anomaly. However, geophysical features probably are caused by graphitic and pyritic layers in the argillites.

Discussion

The target on the Cad property is a massive sulphide deposit similar to the Homestake and Rea Gold. Hoy and Goutier (1986) describe the Rea Gold discovery zone as follows:

> Two massive sulphide lenses occur at the stratigraphic top of a thin felsic tuff and exhalative chert sequence that lies above a thicker sequence of mafic ash, crystal and lapilli tuffs. Both lenses are underlain by a footwall feeder and alteration zone, characterized by intense silification, pervasive pyrite and sericite development, indicative of Si, Fe and K metasomatism. The southern lense is 'capped' by a layer of massive barite. Both lenses are stratigraphically overlain by a thin sequence of mafic tuff which grades up into argillites, wackes and grits. Deposition of sulphides and barite occurred near the end of a cycle of explosive volcanism. Intense regional deformation and greenschist facies regional metamorphism have altered the host rocks to produce a succession of sheared chlorite phyllites, quartz sericite schists and chert.

They also describe the Homestake Mine:

> Sulphide-barite lenses at Homestake occur near the top of a thick sequence of pyritic quartz-sericite phyllites within a predominantly mafic to intermediate tuff succession. The quartz-sericite phyllites include both felsic tuffs and metasomatically altered footwall rocks in which potassium, silica and iron have been introduced. Although macroscopic folds are not recognized within the footwall phyllites, their presence is inferred due primarily to recognition of folds in overlying units where bedding is more visible and to the presence of rootless minor folds within the phyllites.

The authors go on to state:

> Rea Gold and Homestake have many similarities. They are sulphide ± barite lenses within or near the top of a felsic (?) pyroclastic unit within a thicker pile of more mafic tuffs and minor mafic flows. Both have extensive footwall

alteration zones characterized by silicification, sericitization and pyrite development and both are overlain by a mixed mafic pyroclastic and clastic sedimentary sequence. These deposits, as well as a number of other somewhat similar deposits in Eagle Bay formation rocks such as Beca and Birk Creek (Goutier, et.al., 1985) are similar in many respects to the volcanogenic 'polymetallic' or Kuroko class of deposits.

According to Boldy (1981) Pre-Cambrian massive sulphide deposits in Canada occur at time stratigraphic breaks at the top of (generally felsic) volcanic sequences. These breaks commonly are marked by cherty tuff or chert layers which carry layered and disseminated pyrite. A sharp increase in metal content occurs within 30 m of a sulphide lens. In the bulk of the deposits rocks in the stratigraphic footwall, contains disseminated and stringer sulphides and are altered to chlorite and sericite.

Boyle (1982) states that typical massive sulphide deposits have extensive wall rock alteration envelopes which generally contain chlorite, sericite, quartz, pyrite, chert and in some cases, carbonate. In most cases, proximity to ore is indicated by an increase in the potassium to sodium ratio. Furthermore, most deposits have complex and irregular trace element halos involving mainly chalcophile elements such as Cu, Ag, Au, Zn, Pb, Sb, As and others. The halos and envelopes are detectable over a wide range of distances from the sulphide lenses, in some cases for as much as several hundred metres.

The geological setting of the Cad property is favourable for the discovery of massive sulphide deposits since it is the same as at Rea Gold. There are some geological indications that such a deposit may exist on the claims. The strong alteration in DDH 87-2 is similar to that described in the footwalls at Rea Gold and Homestake and fits in well with Boyles alteration envelopes. In addition, the outcrop exposes a time stratigraphic break on the Cad claim. The importance of the former feature could be tested by analysing the 1987 core for major elements to check for chemical changes associated with proximity to sulphide lenses.

The most striking indication of mineralization on the property is the large soil geochemistry anomaly. Mr. Jorgensen believes that such a strong and persistent feature probably reflects a multimetal deposit. Since the diamond drilling did not intersect any mineralization capable of producing such an anomaly, it appears that the zone has been transported. Locating its source will have to be done by overburden drilling and till sampling in the up ice direction to trace the geochemical dispersion train. Taking bedrock cores from the holes would provide valuable geological information which would not otherwise be available.

Those parts of the property beyond the Russ Grid should not be discounted solely because they lack geochemical anomalies. Heavy overburden could have masked response from mineralization. Also, the fact that the geophysical conductors in the grid area are caused by graphite, does not mean that all the others on the property are. One or more, may reflect sulphides.

Sangster (1980) has studied the characteristics of massive sulphide districts in Canada and Japan. He reports that the average district has a diameter of 32 km and hosts 12 deposits. Since only two or three deposits have been defined in the Adams Lake - Barriere Lakes District to date, one must expect that several more will be discovered. Therefore, any areas underlain by favourable geology warrant thorough exploration, particularly if they have known EM anomalies.

As in the case of the grid area, further exploration on the bulk of the claim block will have to be done by overburden drilling and basal till sampling. Thompson (1979) describes a program which tested airborne EM anomalies in drift covered area of favourable geology in Ontario. In this case initial overburden drilling with holes 150-450 m apart on lines 400-800 m apart in the direction of ice movement led to the discovery of a copper deposit. Harron et.al. (1987) reports the use of holes at 245-365 m spacings perpendicular to the ice direction to locate gold mineralization. Thus it seems that drilling a series of holes at similar spacings would adequately test the Cad property.

Conclusions and Recommendations

The Cad property is situated in a geological environment which is known to host massive sulphide deposits. There is strong geochemical evidence to suggest that such a deposit may exist in the vicinity of the Russ Grid. Statistical considerations suggest that the rest of the claim block also warrants further exploration. Therefore, a two stage program is recommended to test the properties potential.

Stage 1a

The first phase of the program consists of determining the direction of ice movement in the area followed by detailed overburden drilling to locate the source of the anomaly and reconnaissance drilling to explore the bulk of the property. A series of holes should be drilled at 50 m spacings on lines 100 m apart for 500 m in the up ice direction from the anomaly. A geologist should be on site to log the till and check the indications of mineralization. If the source is not found by this drilling, it should be searched for in other directions by drilling on a series of lines at 200 m spacings along the length of the anomaly. The lines should extend for 200 m to either side of the zone.

Standard geochemistry samples should be taken at 1.5 m intervals along the holes. Larger samples should be taken of the basal till and separated into a geochemistry sample and a pan concentrate. Short cores of the bedrock also should be taken from each hole.

All basal till geochemistry samples should be analysed using multi-element ICP methods. A heavy mineral, separate, should be prepared from the pan concentrates and it should also be analysed by ICP. The cores from the overburden drilling and the core from the 1987 diamond drilling should be split and analysed by quantitative ICP methods to check for major element zoning. The diamond drill core should be sampled in 1.5 m sections.

If no indications of the source of the anomaly are discovered by this work the rest of the samples collected from the detailed drilling holes should be analysed in an effort to determine the direction of transport.

At the completion of the field work all available data should be compiled and interpreted and a report written with recommendations for further exploration.

Estimated cost of the program is $102,800.

Stage 1b

The bulk of the property should be tested at some time by a series of holes at 150 m spacings along lines spaced 500-800 m apart in the direction of ice movement. Basal till and bedrock samples should be taken and analysed as described previously. At the completion of the work a report should be prepared with recommendations for further exploration.

Estimated cost of the program is $55,000.

Stage 2

Depending on the results of the first program, the second stage will consist of diamond drilling, additional overburden drilling, or both. For the purpose of this report it is assumed that Stage 2 will consist of 1,200 m of diamond drilling at a cost of $170,200.

USE OF PROCEEDS

The net proceeds to be derived by the Issuer from the sale of the securities offered by this Prospectus will be $123,750 which, when added to working capital as at the date of this Prospectus of approximately $19,040, aggregate $142,790 and will be used for the following purposes (listed in order of priority):

REPORT ON
THE CAD PROPERTY

KAMLOOPS MINING DIVISION
BRITISH COLUMBIA

Latitude 51° 18' N Longitude 119° 52' W

NTS 82M/5W

FOR

MERRITECH DEVELOPMENT CORPORATION

BY

NEIL B. JORGENSEN, P.ENG.

JULY 22, 1987

Revised July 30, 1987

REPORT ON
THE CAD PROPERTY

MERRITECH DEVELOPMENT CORPORATION

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REPORT ON
THE CAD PROPERTY

MERRITECH DEVELOPMENT CORPORATION

SUMMARY

The Cad property consists of 10 claims totalling 47 units in the Barriere Lakes Area, Kamloops Mining Division, B.C. The claims are owned by J.D. Graham and are under option to Merritech Development Corporation.

Exploration has taken place in the Barriere Lakes - Adams Plateau Region since the late 1890's and production took place from the Homestake deposit prior to 1941. Interest in the area was rekindled in 1983 when Rea Gold Corporation discovered massive sulphides at a location about 16 km south south-east of the Cad claims. Continuing exploration on the Rea Gold claims has outlined two polymetallic deposits with aggregate reserves of about 1.4 million tons.

The property was briefly explored by Ducanex Resources in 1971. In 1984 and 1985 Noranda carried out reconnaissance and detailed geochemical and geophysical surveys and a limited diamond drilling program on the claims. Merritech acquired the ground in 1986 and completed three diamond drill holes in the Russ Grid area, north-eastern Cad claim in early 1987.

The Barriere Lakes Region is underlain by weakly to moderately metamorphased sedimentary and volcanic rocks belonging to the Devonian to Mississippian Eagle Bay formation. The Cad claims cover an area of chloritic schists derived from volcanic rocks and lesser amounts of sedimentary rocks. A volcanic sedimentary stratigraphic contact has been located on the property and strongly altered volcanic rocks were cut by one of the

drill holes. Both of these features indicate a favourable environment for the occurrence of massive sulphide deposits.

A 900 m long multi-element soil geochemistry anomaly is present on the Russ Grid. This feature appears to be indicative of a sulphide lens. Since the diamond drilling did not intersect any mineralization capable of producing such an anomaly, it appears that the zone is transported from its source.

Numerous geophysical anomalies have been located on the claim block. Those in the vicinity of the diamond drilling likely are reflections of graphitic layers in underlying argillites. However, several EM conductors elsewhere may be of interest, particularly since they are located in a favourable geological sequence within a developing massive sulphide district.

A two stage program is recommended to search for massive sulphide deposits on the claims. The first phase involves detailed overburden drilling to find the source of the geochemical anomaly and wide spaced drilling to test the potential of the rest of the claim block. The work is split into two sections, with estimated costs of $103,000.00 and $55,000.00. The second stage consists of diamond drilling at a cost of $170,000.00.

SECTION 1.0 - INTRODUCTION

The author was engaged by Merritech Development Corporation to examine the Cad Property and to recommend a program on it if warranted. The following report is based on data provided by the Company, observations made during a field examination on July 12, 1987 and research into other sources. Much of the discussion in the Diamond Drilling Section of this report is based on Blanchflower (1987), the Geophysics Section on Ashton (1987) and Blanchflower (1987) and the Geochemistry Section on Noranda (1986).

1.1 LOCATION AND ACCESS

The property is situated to the east of East Barriere Lake, about 24 km east north-east of the Town of Barriere and 78 km north north-east of the City of Kamloops, B.C. Property location is shown on Figures 1, 2 and 3.

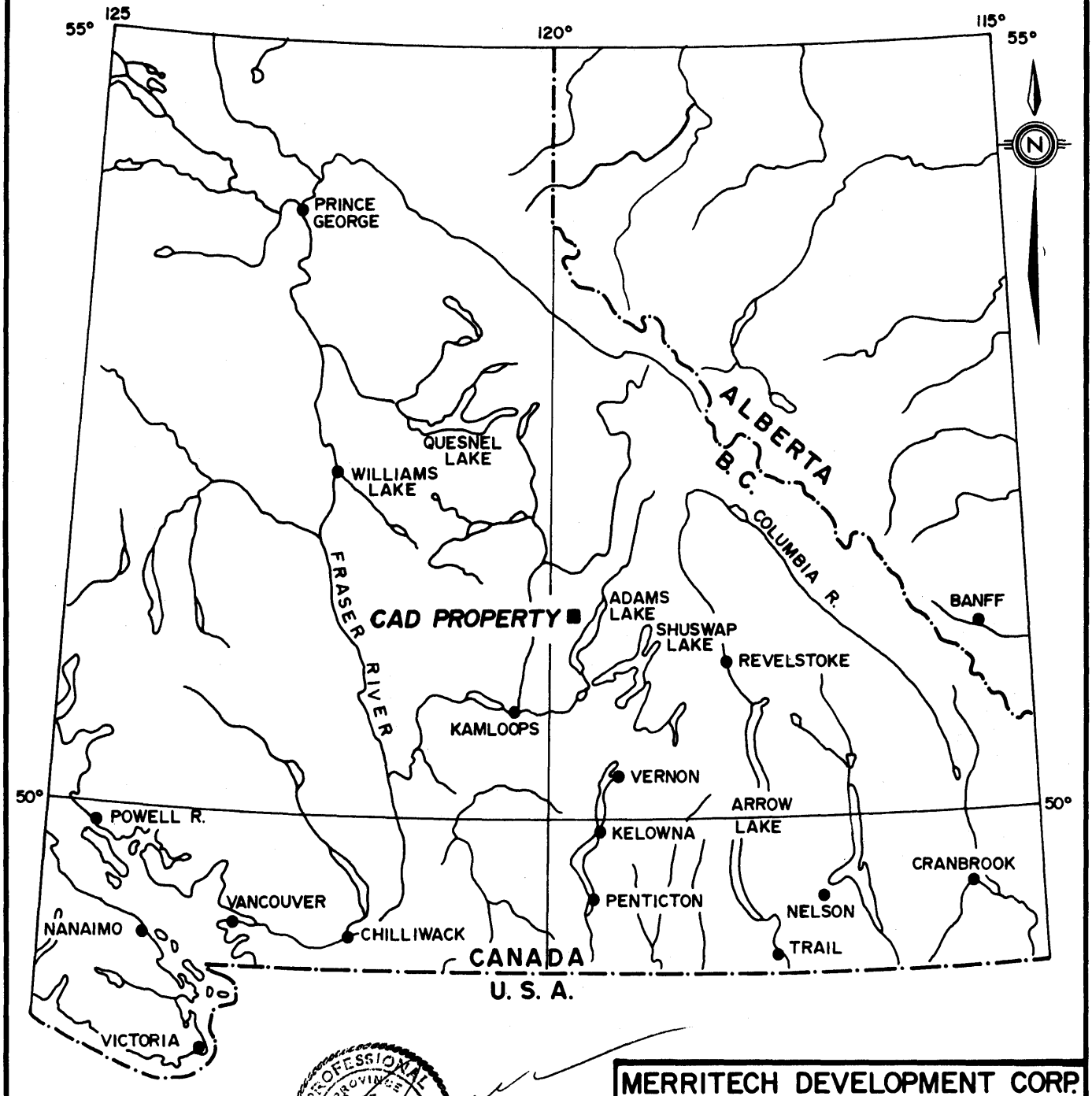
The claims are situated at latitude 51° 18'N and longitude 119° 52'W, NTS 82M/5W. They are in the Kamloops Mining Division.

Access from Kamloops is via Highway 5 to Barriere, thence 1.1 km through town on the Barriere business road, thence 21.1 km east on the East Barriere Lakes Road. From this point the Barriere Ridge Road runs north-easterly and crosses the claim block. The legal corner post of the Cad and Win claims is about 5.9 km by road from the junction.

A four wheel drive vehicle is recommended for access. Total distance by road from Kamloops is about 90 km.

1.2 PROPERTY AND OWNERSHIP

The property consists of the 10 claims listed in the following table:



PROFESSIONAL ENGINEER
PROVINCE OF BRITISH COLUMBIA
NEILR JORGENSEN

inches
0 1
0 1 2
centimetres

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.

BRITISH COLUMBIA GEOLOGICAL SURVEY

MERRITECH DEVELOPMENT CORP.

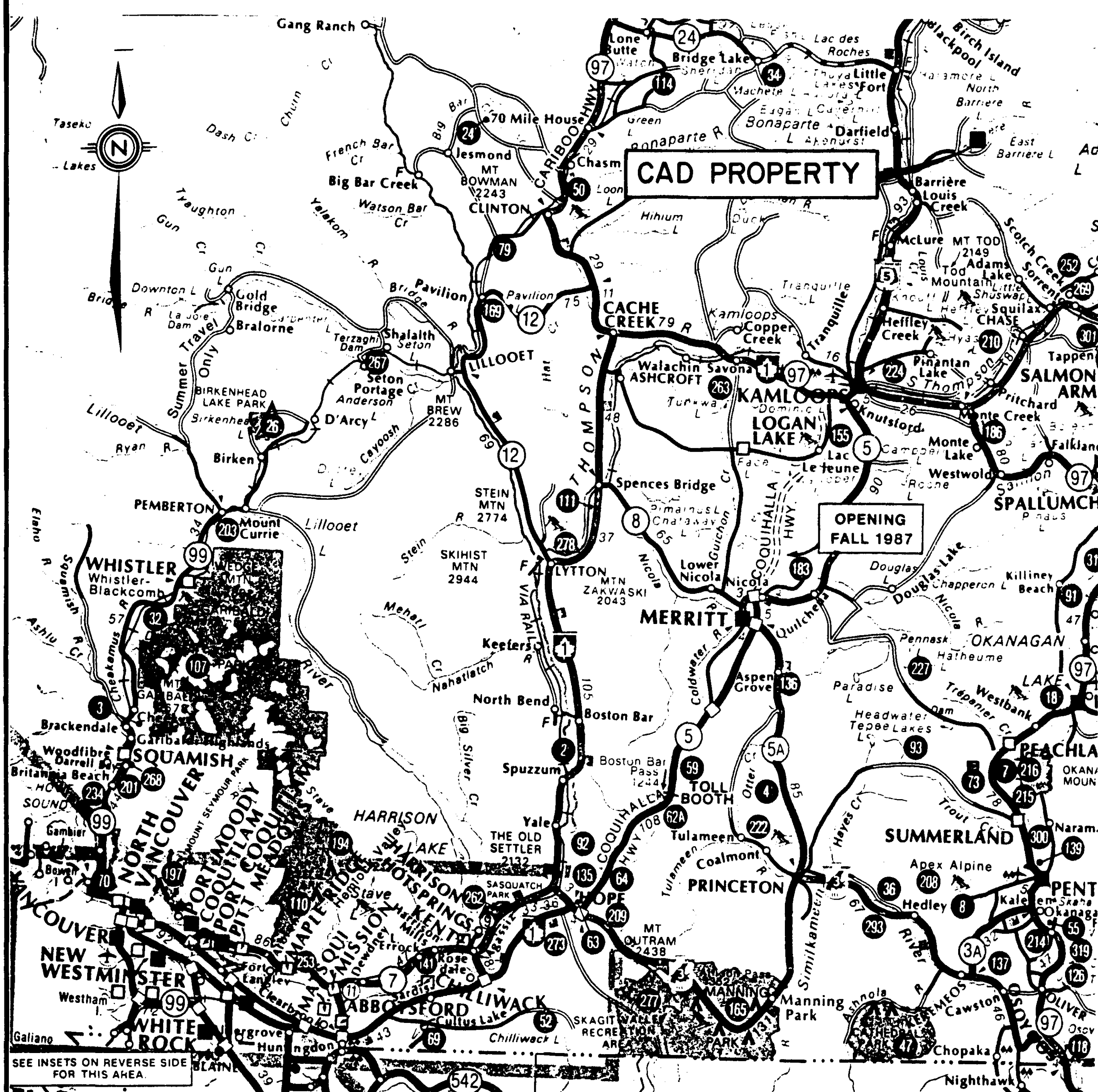
CAD PROPERTY LOCATION

SCALE: 1 : 4,055,000

80 40 0 80 160 Km

N. JORGENSEN, JULY, 1987 | FIGURE 1

AFTER BLANCHFLOWER, 1987



MERRITECH DEVELOPMENT CORP.

CAD PROPERTY
PROPERTY LOCATION

SCALE APPROX. 1 : 1,756,000

20 10 0 20 40 60 80 Km

N. JORGENSEN, JULY, 1987

FIGURE 2

inches 0 1

0 1 2 centimetres

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.

BRITISH COLUMBIA GEOLOGICAL SURVEY

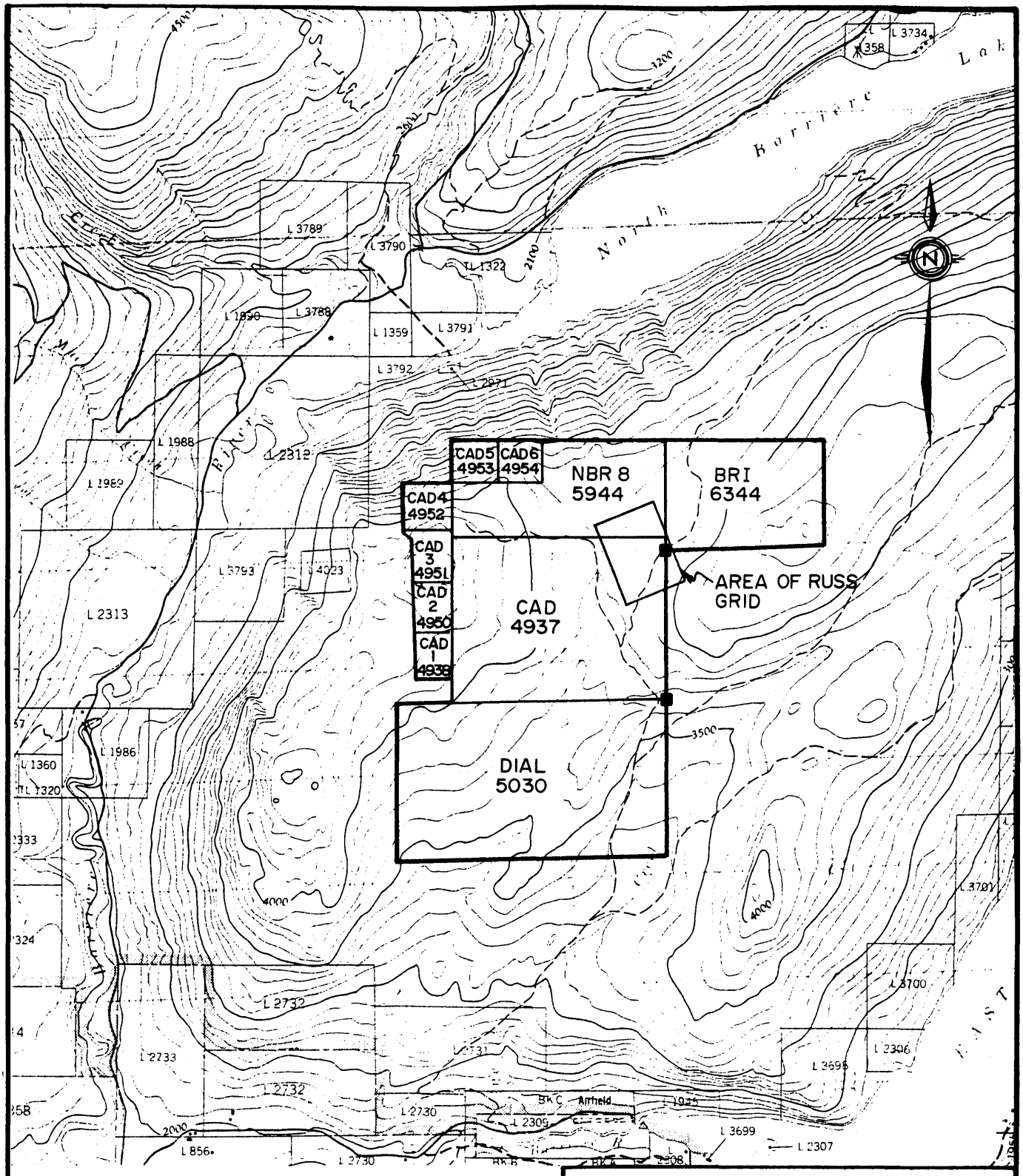
Claim Name	Record No.	Type	Units	Expiry Date	Registered Owner
CAD	4937	MGS	12	Nov. 16/87	J.D.Graham
CAD 1	4938	2 Post	1	Nov.16/87	J.D.Graham
CAD 2	4950	2 Post	1	Nov.16/87	J.D.Graham
CAD 3	4951	2 Post	1	Nov.16/87	J.D.Graham
CAD 4	4952	2 Post	1	Nov.16/87	J.D.Graham
CAD 5	4953	2 Post	1	Nov.16/87	J.D.Graham
CAD 6	4954	2 Post	1	Nov.16/87	J.D.Graham
DIAL	5030	MGS	15	Nov.22/87	J.D.Graham
NBR 8	5944	MGS	8	Nov.7/87	J.D.Graham
BRI	6344	MGS	6	Nov.15/87	J.D.Graham
			47		

A notice to Group No. 2231 covering all the claims was registered on November 18, 1985.

The author located the common legal corner post of the Cad and Win claims and is of the opinion that it conforms to the Staking Regulations of the Mineral Act of British Columbia. He had an examination made of the claim records in the Gold Commissioner's Office in Kamloops which revealed that the claims are duly recorded and have up to date assessment filed on them. He can not, however, make any further comments about the validity of the claims.

J.M. Ashton has informed the writer that the 1987 diamond drilling will be filed for assessment before the claims expire.

Merritech Development Corporation has optioned the property from the Owner. The option was registered on the claim records as No. 554 on March 27, 1987.



MERRITECH DEVELOPMENT CORP.

CAD PROPERTY
CLAIMS LOCATION

SCALE 1 : 50,000

1.0 0.5 0 1.0 2.0 Km

N. JORGENSEN, JULY, 1987 | FIGURE 3

PART OF MAP NTS 82M/5W

inches
0 1
0 1 2
centimetres

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.

Esso Minerals Canada has a right to earn a 51 percent ownership in the claims from Merritech. The company has expressed a continuing interest in doing so (McDonald, 1987).

1.3 PHYSICAL SETTING

The claim block covers a section of the broad north-east trending ridge between East and North Barriere Lakes and extends part way into the North Barriere Lakes - Barriere River Valley. The valley walls are steep but elsewhere on the property the terrain is moderate. Elevations on the claims range from 975 to 1,370 m and total local relief is about 800 m.

The climate in the region is temperate with summer highs up to 30°C and winter lows down to -25°C. Precipitation is moderate to heavy.

Sections of the property have been subjected to clear cut logging. Elsewhere the area is covered by moderately thick forests of pine, balsam, fir, cedar and aspen. Only one outcrop has been located on the property to date.

1.4 HISTORY

The Barriere Lakes - Adams Plateau region has been explored intermittently since the early 1890's. Most of the work has involved the search for and development of base metals massive sulphide deposits.

One of the earliest significant discoveries was the Homestake deposit. Hoy and Goutier (1986) describe its history:

> The property, as recorded in Minister of Mines Annual Reports (1927, 1936), was discovered in 1893 and first developed between 1893 and 1895. Work on the property was intermittent and shipments of ore

occurred sporadically until 1927. The mine was reopened by Kamloops Homestake Mines Ltd. in 1935; workings at that time consisted of four adits and more than 455 metres of cross cuts, drifts, raises and a winze. A 50 tonne per day flotation mill was installed on the site. Recorded production between 1935 and 1941 totalled approximately 6,965 tonnes from which 12, 400 grams of gold, 9,565,900 grams of silver, 11,080 kilograms of copper, 171,325 kilograms of lead and 246,520 kilograms of zinc were recovered. In the early 1970's, work on the property was resumed with geophysical and geochemical surveys, diamond drilling and drifting to gain access to the old workings and to provide underground diamond drill sites. Proven reserves were at that time, estimated to be 1,010,800 tonnes with an average grade of about 240 grams silver per tonne, 2.5 percent lead, 4.0 percent zinc, 0.55 percent copper and 28 percent barite (The Financial Post, January 13, 1973). Since 1982 work by the Kamad Silver Company Ltd. has confirmed and improved previous grade estimates but the deposit is considered difficult to mine, mainly because of the poor strength of the host rocks.

The Homestake Property was optioned by Esso Minerals Canada in 1983 and currently is being explored by that Company.

In 1978 Craigmont Mines discovered the Chu Chua copper deposit near the headwaters of Chu Chua Creek. This find led to increased activity in the area until the decline in copper prices shifted interest elsewhere.

In October, 1983, Rea Gold Corporation announced the discovery of gold bearing massive sulphide mineralization south of Johnson Lake. Minnova Inc. (formerly Corporation Falconbridge Copper) optioned the Rea Gold property and has since carried out extensive surface exploration and diamond drilling programs. This work has outlined two massive sulphide deposits with estimated reserves as follows (Reaugh, 1986):

Deposit	Tonnage (tons)	Au Grade (oz/ton)	Ag Grade (oz/ton)	Zn Grade (%)	Pb Grade (%)	Cu Grade (%)
Discovery	267,720	0.190	2.14	2.24	2.14	0.57
Silver	1,120,000	0.042	21.22	2.89	3.20	1.16

Minnova currently is doing more drilling on the Silver Zone. Recently released results include the following (Reaugh, 1987):

			Confirmed Assay Results				
Hole RG #	Interval Meters	True Width Meters (Feet)	Ag oz/T	Au oz/T	Zn%	Pb%	Cu%
107	21.5 - 23.5	1.75 (5' - 9")	75.85	.084	37.40	4.12	4.18
108	35.7 - 39.0	3.10 (10' - 3")	407.18	.340	19.56	9.43	6.34
109	123.4 - 125.9	2.5 (8' - 3")	71.76	.074	4.23	1.50	2.38
	131.1 - 135.2	4.1 (13' - 6")	19.81	.038	2.25	1.55	0.78

The Cad Property is located 16 km north-north west of Rea Gold and 20 km north by west of Homestake.

Blanchflower (1987) describes the history of the property as follows:

> In 1971, Ducanex Resources carried out soil and silt geochemical surveying over the property, then called the 'C & G' and "DEN' claims. The 'EBL' and 'REM' mineral claims, situated immediately north of the subject property, have been actively explored by K.E. Northcote and Associates, Westmin Resources, Craigmont Mines, Noranda Exploration, Rayrock Mines and Royal Canadian Ventures. Their work, since 1969, has included geological, geochemical and geophysical surveying and trenching.

Noranda Exploration Company Ltd. (N.P.L.) explored this property in 1984 and 1985. In 1984, they established a survey control grid over the entire property and conducted soil geochemical sampling and geophysical surveying (horizontal loop electromagnetics and magnetics). The next year, Noranda established a detailed survey control grid over a very high silver, lead and zinc soil geochemical anomaly, situated in the north-eastern portion of the claim group. They tested this anomaly with detailed geophysical surveying (induced polarization and horizontal loop electromagnetics), soil sampling and drilling (2 holes totalling 184.7 metres). The drilling results were not encouraging, and the Option to Purchase Agreement with Mr. Graham was terminated in February 1986.

After optioning the property Merritech Development Corporation had a Genie EM survey carried out by Esso Minerals Canada in the north-eastern part of the Cad claim in January 1987. Following this work the company diamond drilled three holes to test further the geochemical and geophysical features in the area.

SECTION 2.0 - REGIONAL GEOLOGY

The following description of the regional geology is taken from Blanchflower (1987):

> The regional geology of the Barriere Lakes - Adams Plateau has been the subject of a number of recent governmental publications; the most definitive of these are authored by: P.A. Schiarizza and V.A. Preto (1984), V.A. Preto (1981) and T. Hoy and R. Goutier (1985). Much of the following text is based on the results of these recent geological reports.
>
> This region is underlain dominantly by a weekly to moderately metamorphased assemblage of sedimentary and volcanic rocks belonging to the Late Devonian to Early Mississippian age Eagle Bay formation. The Eagle Bay formation appears to stratigraphically overlie volcanic rocks of the Late Devonian Fennell formation. Both of these major formations have been intruded by granodiorite orthogneiss to biotite quartz monzonite ranging in age from Late Devonian to Cretaceous. Locally, the metamorphased strata and intrusions are overlain by olivine basalt flows of Pleistocene to recent age.
>
> Structural features of the region include, at least, two periods of folding and faulting (Preto 1979). An early period of folding, west to north-west trending with axes plunging north to north-west, has deformed the volcanic and sedimentary strata prior to later folding with axes plunging gently north.
>
> There are numerous base metal occurrences known in the region, many of which are clearly syngenetic stratabound massive sulphide deposits. Polymetallic deposits, commonly with associated barite and precious metal values, are most abundant in the Birk Creek - North

Barriere Lake, Johnson Lake - Sinmax Creek and Adams Plateau areas.

The best known deposits in the area are the Rea Gold, Homestake and Chu Chua. The former two occur in the Eagle Bay formation and the latter, in the Fennell formation.

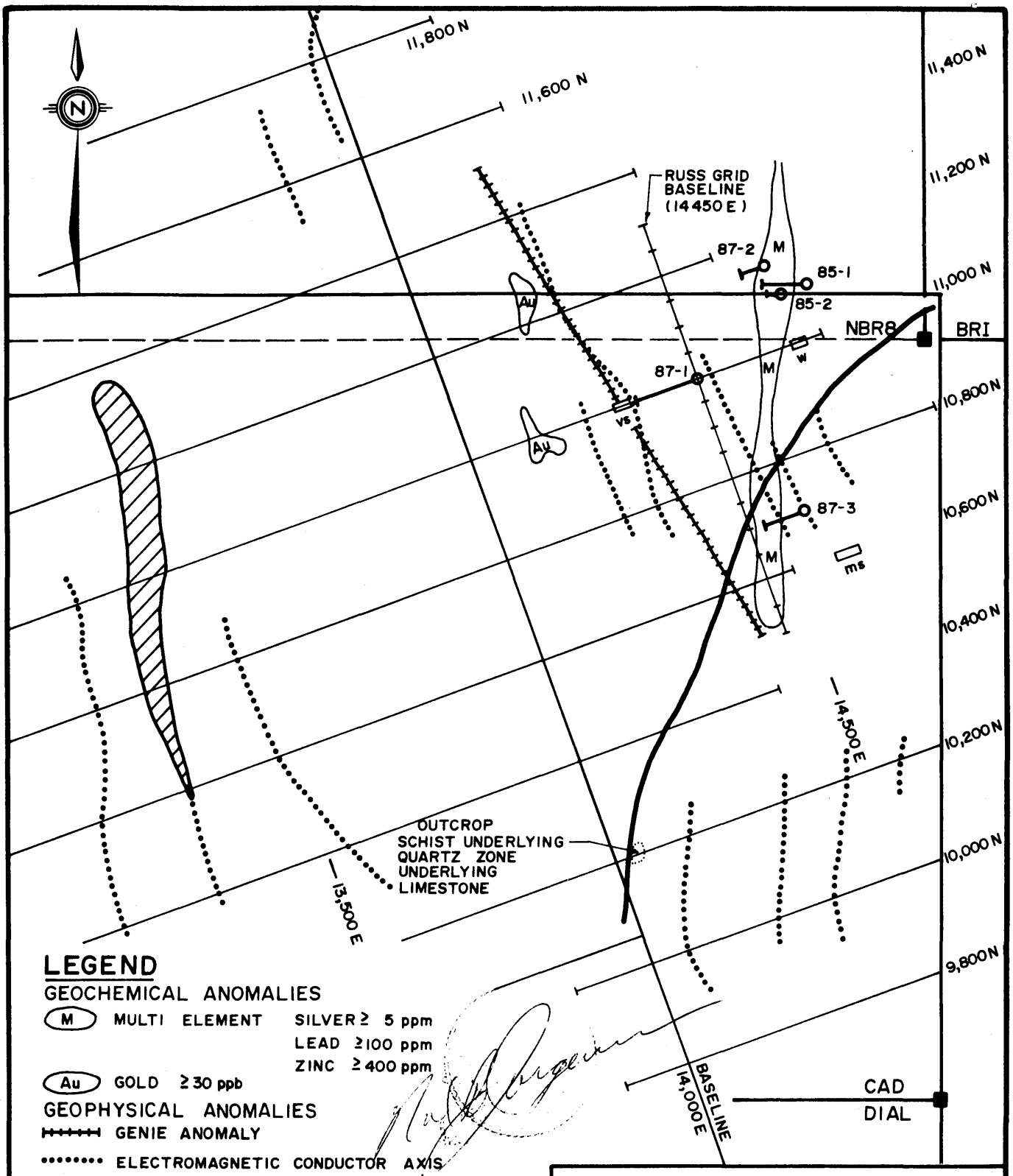
SECTION 3.0 - LOCAL GEOLOGY

Since only one outcrop has been located on the claims and diamond drilling has taken place only in the Russ Grid area, little is known about the property geology. Schiarizza and Preto (1984) show that the claims are underlain by a unit of the Eagle Bay formation composed of Devonian and/or Older calcareous chlorite schist and fragmental schist derived from mafic to intermediate volcanic and volcaniclastic rocks with lesser amounts of limestone, dolomite, chlorite and sericite phyllite. This is the same sequence of rocks which hosts the Rea Gold deposit.

The outcrop occurs along the main access road in the southern part of Cad claim. This exposure consists of a lower chloritic and somewhat talcy schist overlain by a silicified or cherty horizon which grades into massive limonitic quartz. Above the quartz is limonitic gray limestone which grades into gray thin layered unmineralized limestone over a couple of metres. The writer believes that this outcrop represents a volcanic sedimentary stratigraphic contact zone marked by a cherty quartz exhalative layer. The outcrop is shown on the compilation Map, Figure 4.

According to Shevchenko (1986) the Noranda diamond drill holes cut easterly dipping quartz dacitic volcaniclastics above siltstones and quartz arenites. Blanchflower (1987) reports that Merritech's holes in the same area intersected gently dipping fine grained sandstone, siltstone, argillite, graphitic, argillite and waterlain tuff.

A brief examination of the 1987 core by the author revealed that much of it consists of green to white chloritized and sericitized tuff with pyrite and pyrrhotite blebs along layering, and black argillites and graphitic argillites. Some of the graphitic layers contain medium to coarse grained pyrite. In addition to the predominant rock types, the writer observed a few sections of crystal tuff and fine grained possible intrusive rocks.



LEGEND

GEOCHEMICAL ANOMALIES

- (M) MULTI ELEMENT — SILVER ≥ 5 ppm; LEAD ≥ 100 ppm; ZINC ≥ 400 ppm
- (Au) GOLD ≥ 30 ppb

GEOPHYSICAL ANOMALIES

- GENIE ANOMALY
- ELECTROMAGNETIC CONDUCTOR AXIS
- WIDE ELECTROMAGNETIC CONDUCTOR
- INDUCED POLARIZATION ANOMALY. w WEAK ms MODERATELY STRONG, vs VERY STRONG
- 87-1 DIAMOND DRILL HOLE: 87 - 1987, 85 - 1985
- APPROXIMATE LOCATION OF ROAD
- LEGAL CORNER POST
- CLAIM LINE
- GRID LINE

inches 0 1

0 1 2 centimetres

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.

MERRITECH DEVELOPMENT CORP.

CAD PROPERTY COMPILATION MAP

SCALE 1 : 10,000

200 100 0 200 400 m

N. JORGENSEN, JULY, 1987 | FIGURE 4

AFTER BLANCHFLOWER, 1987

The rock in the lower parts of DDH 87-2 is strongly sericitized or silicified and has pyrite stringers along the foliations. Much of the original texture has been obliterated by the alteration.

SECTION 4.0 - GEOCHEMISTRY

Noranda carried out reconnaissance sampling over the entire property followed by detailed sampling in the Russ Grid area, north-eastern Cad claim. The author has examined the Noranda Geochemistry Maps for the Russ Grid area. The following discussion is based on this examination.

The detailed sampling outlined a 900 m long, 20-70 m wide north trending zone which is composed of coincident silver and lead anomalies which overlap a number of smaller zinc anomalies. The zone is very consistent throughout its length and metal values are quite high. Silver ranges from 5-23 PPM, lead from 100-630 PPM and zinc from 400 - 750 PPM. There is no noticeable roll off of values at either end of the zone.

It should be noted that carbonaceous sediments (graphitic argillites) commonly are anomalous in base and precious metals and may cause soil geochemistry anomalies. However, samples from the argillites cut by the 1987 drilling have uniformly low gold, silver and lead contents. Copper and zinc values are slightly higher but only a few sections had more than 100 PPM Cu or Zn. Since the major elements in the Russ Grid anomalous zone are lead and silver, it seems unlikely that the feature is caused by metal values in the carbonaceous sediments. Details of the sampling are on the drill logs, Appendix I.

The anomaly is shown on Figure 4.

SECTION 5.0 - GEOPHYSICS

Noranda did horizontal loop electromagnetic and magnetometer surveys across the claim block and detailed HLEM and induced polarization surveys on the Russ Grid. The work outlined numerous north to north-east striking EM conductors as well as 3 IP anomalies in the Russ Grid area. Two of the latter features are in the vicinity of the geochemical anomaly and one, the strongest, is about 300 m to the south-west on line 11,000 N.

The IP survey consisted of two test lines. It was carried out using a frequency domain system and a dipole-dipole array. The author has seen one of the pseudosection plots. On this line the anomalies consist of percent frequency effect highs and apparent resistivity lows. The other pseudosection is not available at this time.

Before the start of the 1987 drilling program Esso Minerals Canada carried out a Geometry Normalized In Phase Electromagnetic (Genie) survey over the Russ Grid for Merritech Resources. The survey outlined a prominent anomaly with a north north-westerly striking principal axis which extends for 1,000 m in length. This feature corresponds well with an EM conductor and the strong IP anomaly found by Noranda.

The Genie system was developed by Scintrex and Esso Minerals Canada. The system consists of a large fixed rectangular loop connected to a multi-frequency sinusoidal wave transmitter, and a mobile horizontal loop receiver. The long edge of the transmitter is oriented parallel to the geological strike. Readings are made along grid lines perpendicular to the strike and outside of the long edge of the loop.

Readings are made at nine possible frequency pairs, measuring the amplitude of the electromagnetic fields at two relative frequencies. One frequency is the reference which is relatively unaffected by ground conductivity. The ratio (R) can be expressed as follows:

$$R = \frac{IPs}{P} \times 100 \text{ percent}$$

Where IPs = the in-phase component of the secondary field
P = the primary field,

which is simply the in-phase secondary field at the signal frequency normalized by the primary field at the receiver.

The author has examined maps showing the results of the survey.

The anomalies are shown on Figure 4.

SECTION 6.0 - DIAMOND DRILLING

Noranda drilled two short holes in 1986 to test part of the geochemical anomaly and one of the IP zones. The drilling did not reveal any source for the features.

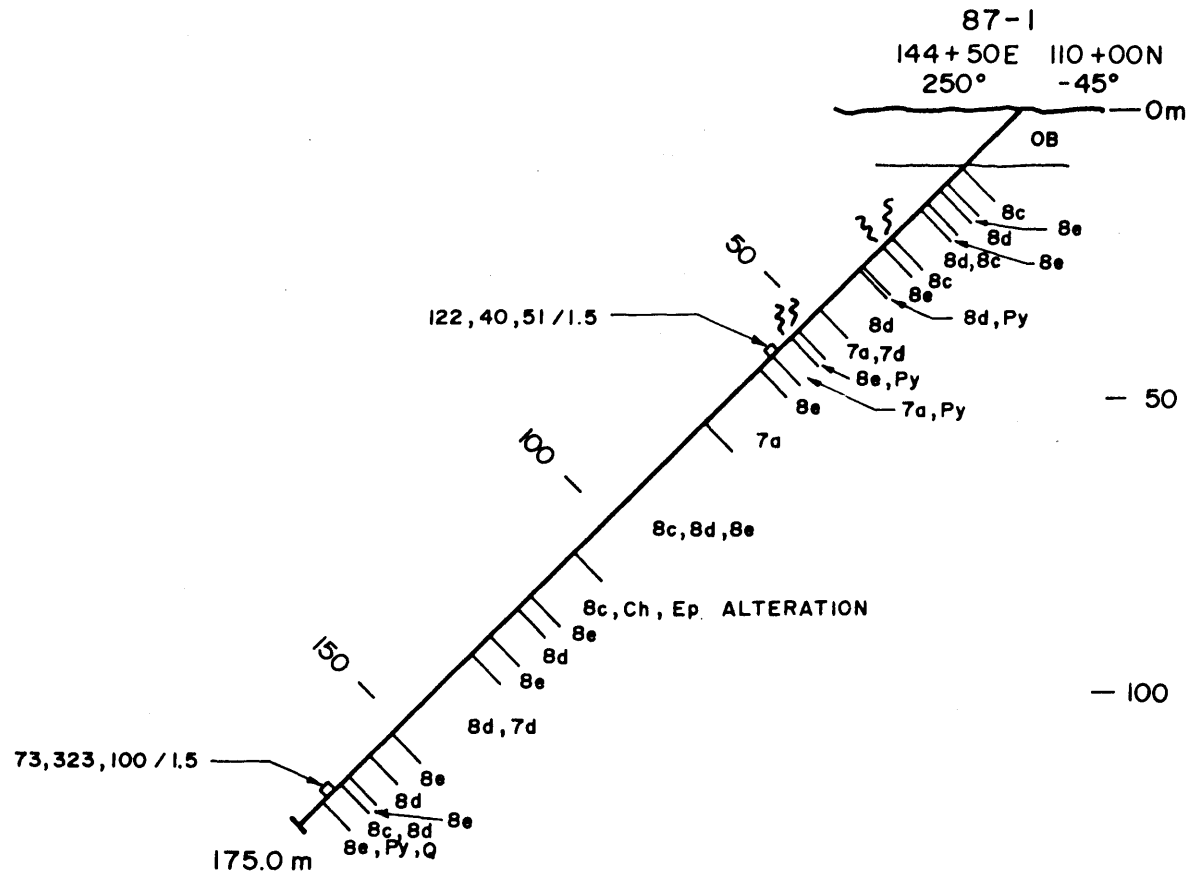
In early 1987 Merritech completed 3 holes totalling 394.11 m in the Russ Grid area. Two of the holes were designed to test the geochemical anomaly and the third, the strong IP and coincident Genie anomalies to the south-west. The drilling did not uncover any mineralization capable of producing the geochemical anomaly. However, geophysical features probably are caused by graphitic and pyritic layers in the argillites.

Drill hole locations are shown on Figure 4. Figures 5 to 7 are cross-sections through DDH 87-1, 87-2 and 87-3. Samples with values greater than or equal to 100 PPM copper, lead or zinc are plotted on the cross-sections. Blanchflower's (1987) geological logs are presented in Appendix I.

SW

NE

SECTION AZIMUTH 070°



LEGEND

OB OVERBURDEN

EAGLE BAY FORMATION

8c QUARTZ WACKE ; MINOR ARGILLITE

8d SILTSTONE , ARGILLITE

8e ARGILLITE , COMMONLY GRAPHITIC

7a INTERBEDDED ARGILLITE AND INTERMEDIATE LAPILLI TUFF

7d INTRAVOLCANIC CHERT

Py PYRITE

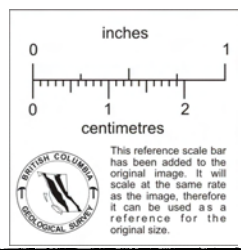
Ch CHLORITE

Ep EPIDOTE

Q QUARTZ VEINING

SHEAR ZONE

SAMPLE — ppm Cu , ppm Pb , ppm Zn / WIDTH IN METRE



MERRITECH DEVELOPMENT CORP.

CAD PROPERTY

CROSS SECTION THROUGH DDH 87-1

SCALE 1 : 1,250 V & H

25 10 0 25 50 m

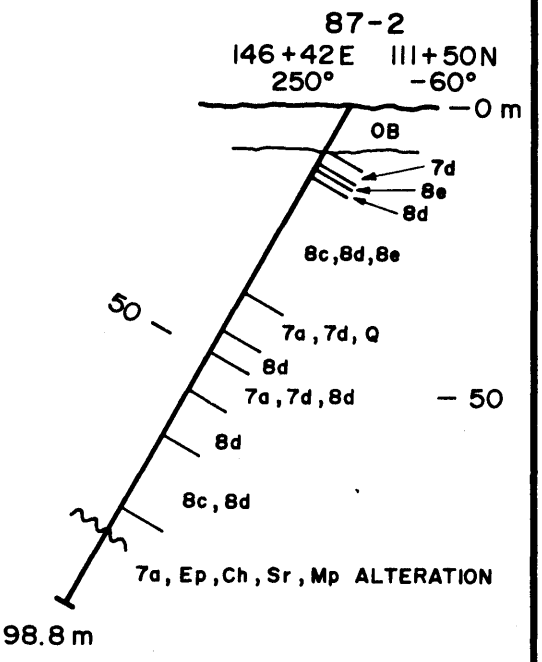
N. JORGENSEN , JULY, 1987 | FIGURE 5

AFTER BLANCHFLOWER 1987

SW

SECTION AZIMUTH 070°

NE



LEGEND

OB — OVERBURDEN

EAGLE BAY FORMATION

8c — QUARTZ WACKE; MINOR ARGILLITE

8d — SILTSTONE, ARGILLITE

8e — ARGILLITE, COMMONLY GRAPHITIC

7a — INTERBEDDED ARGILLITE AND INTERMEDIATE LAPILLI TUFF

7d — INTRAVOLCANIC CHERT

Py — PYRITE

Ep — EPIDOTE

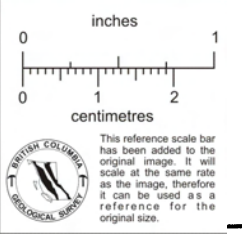
Ch — CHLORITE

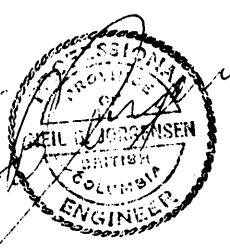
Sr — SERICITE

Mp — MARIPOSITE

Q — QUARTZ VEINS

~~~ — SHEAR ZONE





MERRITECH DEVELOPMENT CORP.

CAD PROPERTY
CROSS SECTION THROUGH
DDH 87-2

SCALE 1 : 1,250 V & H

25 10 0 25 50 m

N. JORGENSEN, JULY, 1987 | FIGURE 6

AFTER BLANCHFLOWER 1987
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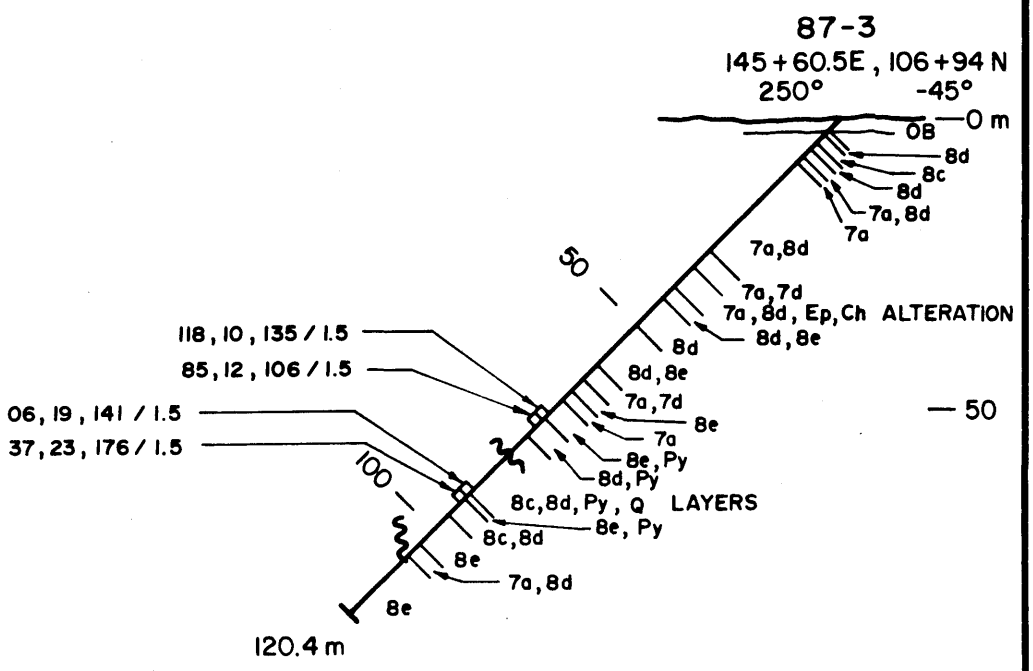
SW

SECTION AZIMUTH 070°

NE



LEGEND

OB — OVERBURDEN

EAGLE BAY FORMATION

8c — QUARTZ WACKE ; MINOR ARGILLITE

8d — SILTSTONE , ARGILLITE

8e — ARGILLITE, COMMONLY GRAPHITIC

7a — INTERBEDDED ARGILLITE AND INTERMEDIATE LAPILLI TUFF

7d — INTRAVOLCANIC CHERT

Py — PYRITE

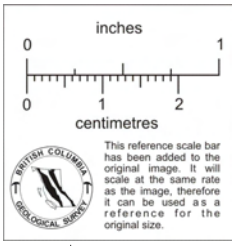
Q — QUARTZ

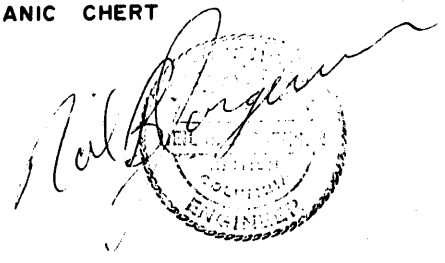
Ep — EPIDOTE

Ch — CHLORITE

SHEAR ZONE

SAMPLE – ppm Cu , ppm Pb , ppm Zn / WIDTH IN METRE





MERRITECH DEVELOPMENT CORP.

CAD PROPERTY

CROSS SECTION THROUGH DDH 87-3

SCALE 1 : 1,250 V & H

25 10 0 25 50 m

N. JORGENSEN , JULY, 1987 | FIGURE 7

AFTER BLANCHFLOWER 1987

SECTION 7.0 - DISCUSSION

The target on the Cad property is a massive sulphide deposit similar to the Homestake and Rea Gold. Hoy and Goutier (1986) describe the Rea Gold discovery zone as follows:

> Two massive sulphide lenses occur at the stratigraphic top of a thin felsic tuff and exhalative chert sequence that lies above a thicker sequence of mafic ash, crystal and lapilli tuffs. Both lenses are underlain by a footwall feeder and alteration zone, characterized by intense silicification, pervasive pyrite and sericite development, indicative of Si, Fe and K metasomatism. The southern lense is 'capped' by a layer of massive barite. Both lenses are stratigraphically overlain by a thin sequence of mafic tuff which grades up into argillites, wackes and grits. Deposition of sulphides and barite occurred near the end of a cycle of explosive volcanism. Intense regional deformation and greenschist facies regional metamorphism have altered the host rocks to produce a succession of sheared chlorite phyllites, quartz sericite schists and chert.

They also describe the Homestake Mine:

> Sulphide-barite lenses at Homestake occur near the top of a thick sequence of pyritic quartz-sericite phyllites within a predominantly mafic to intermediate tuff succession. The quartz-sericite phyllites include both felsic tuffs and metasomatically altered footwall rocks in which potassium, silica and iron have been introduced. Although macroscopic folds are not recognized within the footwall phyllites, their presence is inferred due primarily to recognition of folds in overlying units where bedding is more visible and to the presence of rootless minor folds within the phyllites.

The authors go on to state:

> Rea Gold and Homestake have many similarities. They are sulphide ± barite lenses within or near the top of a felsic (?) pyroclastic unit within a thicker pile of more mafic tuffs and minor mafic flows. Both have extensive footwall alteration zones characterized by silicification, sericitization and pyrite development and both are overlain by a mixed mafic pyroclastic and clastic sedimentary sequence. These deposits, as well as a number of other somewhat similar deposits in Eagle Bay formation rocks such as Beca and Birk Creek (Goutier, et.al., 1985) are similar in many respects to the volcanogenic 'polymetallic' or Kuroko class of deposits.

According to Boldy (1981) Pre-Cambrian massive sulphide deposits in Canada occur at time stratigraphic breaks at the top of (generally felsic) volcanic sequences. These breaks commonly are marked by cherty tuff or chert layers which carry layered and disseminated pyrite. A sharp increase in metal content occurs within 30 m of a sulphide lens. In the bulk of the deposits rocks in the stratigraphic footwall, contains disseminated and stringer sulphides and are altered to chlorite and sericite.

Boyle (1982) states that typical massive sulphide deposits have extensive wall rock alteration envelopes which generally contain chlorite, sericite, quartz, pyrite, chert and in some cases, carbonate. In most cases, proximity to ore is indicated by an increase in the potassium to sodium ratio. Furthermore, most deposits have complex and irregular trace element halos involving mainly chalcophile elements such as Cu, Ag, Au, Zn, Pb, Sb, As and others. The halos and envelopes are detectable over a wide range of distances from the sulphide lenses, in some cases for as much as several hundred metres.

The geological setting of the Cad property is favourable for the discovery of massive sulphide deposits since it is the same as at Rea Gold. There are some geological indications that such a deposit may exist on the claims. The strong alteration in DDH 87-2 is similar to that described in the footwalls at Rea Gold and Homestake and fits in well with Boyles alteration envelopes. In addition, the outcrop exposes a time stratigraphic break on the Cad claim. The importance of the former feature could be tested by analysing the 1987 core for major elements to check for chemical changes associated with proximity to sulphide lenses.

The most striking indication of mineralization on the property is the large soil geochemistry anomaly. The author believes that such a strong and persistant feature probably reflects a multi-metal deposit. Since the diamond drilling did not intersect any mineralization capable of producing such an anomaly, it appears that the zone has been transported. Locating its source will have to be done by overburden drilling and till sampling in the up ice direction to trace the geochemical dispersion train. Taking bedrock cores from the holes would provide valuable geological information which would not otherwise be available.

Those parts of the property beyond the Russ Grid should not be discounted solely because they lack geochemical anomalies. Heavy overburden could have masked response from mineralization. Also, the fact that the geophysical conductors in the grid area are caused by graphite, does not mean that all the others on the property are. One or more, may reflect sulphides.

Sangster (1980) has studied the characteristics of massive sulphide districts in Canada and Japan. He reports that the average district has a diameter of 32 km and hosts 12 deposits. Since only two or three deposits have been defined in the Adams Lake - Barriere Lakes District to date, one must expect that several more will be discovered. Therefore, any areas underlain

by favourable geology warrant thorough exploration, particularly if they have known EM anomalies.

As in the case of the grid area, further exploration on the bulk of the claim block will have to be done by overburden drilling and basal till sampling. Thompson (1979) describes a program which tested airborne EM anomalies in drift covered area of favourable geology in Ontario. In this case initial overburden drilling with holes 150-450 m apart on lines 400-800 m apart in the direction of ice movement led to the discovery of a copper deposit. Harron et.al. (1987) reports the use of holes at 245-365 m spacings perpendicular to the ice direction to locate gold mineralization. Thus it seems that drilling a series of holes at similar spacings would adequately test the Cad property.

SECTION 8.0 - CONCLUSIONS AND RECOMMENDATIONS

The Cad property is situated in a geological environment which is known to host massive sulphide deposits. There is strong geochemical evidence to suggest that such a deposit may exist in the vicinity of the Russ Grid. Statistical considerations suggest that the rest of the claim block also warrants further exploration. Therefore, a two stage program is recommended to test the properties potential.

8.1 STAGE 1a

The first phase of the program consists of determining the direction of ice movement in the area followed by detailed overburden drilling to locate the source of the anomaly and reconnaissance drilling to explore the bulk of the property. A series of holes should be drilled at 50 m spacings on lines 100 m apart for 500 m in the up ice direction from the anomaly. A geologist should be on site to log the till and check the indications of mineralization. If the source is not found by this drilling, it should be searched for in other directions by drilling on a series of lines at 200 m spacings along the length of the anomaly. The lines should extend for 200 m to either side of the zone.

Standard geochemistry samples should be taken at 1.5 m intervals along the holes. Larger samples should be taken of the basal till and separated into a geochemistry sample and a pan concentrate. Short cores of the bedrock also should be taken from each hole.

All basal till geochemistry samples should be analysed using multi-element ICP methods. A heavy mineral, separate, should be prepared from the pan concentrates and it should also be analysed by ICP. The cores from the overburden drilling and the core from the 1987 diamond drilling should be

split and analysed by quantitative ICP methods to check for major element zoning. The diamond drill core should be sampled in 1.5 m sections.

If no indications of the source of the anomaly are discovered by this work the rest of the samples collected from the deailed drilling holes should be analysed in an effort to determine the direction of transport.

At the completion of the field work all available data should be compiled and interpreted and a report written with recommendations for further exploration.

Estimated cost of the program is $102,800.00.

8.2 STAGE 1b

The bulk of the property should be tested at some time by a series of holes at 150 m spacings along lines spaced 500-800 m apart in the direction of ice movement. Basal till and bedrock samples should be taken and analysed as described previously. At the completion of the work a report should be prepared with recommendations for further exploration.

Estimated cost of the program is $55,000.00.

8.3 STAGE 2

Depending on the results of the first program the second stage will consist of diamond drilling, additional overburden drilling, or both. For the purpose of this report it is assumed that Stage 2 will consist of 1,200 m of diamond drilling at a cost of $170,200.00.

Neil B. Jorgensen, P.Eng.
July 22, 1987
Revised July 30, 1987

SECTION 9.0 - COST ESTIMATES

9.1 STAGE 1a

PERSONNEL COST:		
Geologist and Assistant - 30 days at $400/day	$	12,000.00
Room and board - 30 days at $120/day	$	3,600.00
	$	15,600.00
TRUCK RENTAL:		
1 month at $4,000/month including fuel	$	4,000.00
OVERBURDEN DRILLING:		
*1020 m at $34/m all inclusive	$	34,700.00
Drill pad and access preparation	$	14,000.00
	$	48,700.00
GEOCHEMICAL AND ASSAY COSTS:		
*68 basal samples for $7.75 for ICP	$	500.00
*69 heavy mineral separates at $21.75 for preparation and ICP	$	1,500.00
*325 core samples at $15.50 for Quantitative ICP	$	5,050.00
550 contingent till samples at $7.75 for ICP	$	4,250.00
	$	11,300.00
FIELD SUPPLIES:	$	2,000.00
COMMUNICATIONS:	$	400.00

PREPARATION AND SUPERVISION:	$	6,000.00
REPORT PREPARATION:	$	5,500.00
SUB-TOTAL	$	93,500.00
CONTINGENCIES AT 10 PERCENT	$	9,300.00
TOTAL	$	102,800.00

* Includes 300 m, 20 cores, 20 basal till, 20 heavy minerals, 20 core ICP, contingent on not finding indications of anomaly's source in first pass drilling.

9.2 STAGE 1b

PERSONNEL COST:		
Geologist and Assistant - 15 days at $400/day	$	6,000.00
Room and board - 15 days at $120/day	$	1,800.00
	$	7,800.00
TRUCK RENTAL:		
0.5 month at $4,000/month including fuel	$	2,000.00
OVERBURDEN DRILLING:		
*525 m at $35/m all inclusive	$	18,400.00
Drill pad and access preparation	$	8,000.00
	$	26,400.00
GEOCHEMICAL AND ASSAY COSTS:		
*35 basal samples for $7.75 for ICP	$	300.00
*35 heavy mineral separates at $21.75 for preparation and ICP	$	750.00
*35 core samples at $15.50 for Quantitative ICP	$	550.00
	$	1,600.00

FIELD SUPPLIES:		$ 1,500.00
COMMUNICATIONS:		$ 200.00
PREPARATION AND SUPERVISION:		$ 5,000.00
REPORT PREPARATION:		$ 5,500.00
	SUB-TOTAL	$ 50,000.00
CONTINGENCIES AT 10 PERCENT		$ 5,000.00
	TOTAL	$ 55,000.00

9.3 STAGE 2

PERSONNEL COSTS:		
Geologist - 30 days at $250/day		$ 7,500.00
Room and board - 30 days at $70/day		$ 2,100.00
		$ 9,600.00
TRUCK RENTAL:		
1 month at $4,000/month including fuel		$ 4,000.00
DIAMOND DRILLING:		
1,200 m at $90/m all inclusive		$ 108,000.00
Drill pad and access preparation		$ 10,000.00
Core Splitting		$ 1,100.00
		$ 119,100.00

GEOCHEMICAL AND ASSAY COSTS:			
ICP of all core, 480 samples at $15.50/sample		$	7,450.00
Assays, 30 samples at $35 for Au, Ag, Pb, Zn and Cu		$	1,050.00
		$	8,500.00
FIELD SUPPLIES:		$	2,000.00
COMMUNICATIONS:		$	500.00
PREPARATION AND SUPERVISION:		$	4,500.00
REPORT PREPARATION:		$	6,500.00
	SUB-TOTAL	$	154,700.00
Contingencies at 10 percent		$	15,500.00
	TOTAL	$	170,200.00

SECTION 10.0 - STATEMENT OF QUALIFICATIONS

I, Neil B. Jorgensen do hereby certify that:

1. I am a resident of British Columbia and have been since 1964.

2. I graduated from the University of British Columbia in 1972 with a degree of Bachelor of Applied Science in Geological Engineering.

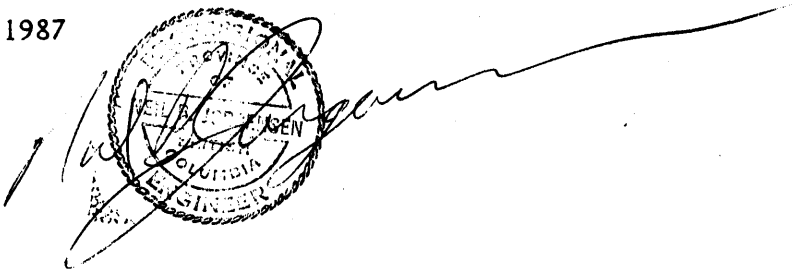
3. I am a member in good standing of the Association of Professional Engineers of British Columbia and the Canadian Institute of Mining and Metallurgy.

4. I have practiced my profession in mineral exploration since graduation.

5. I have no direct or indirect interest in either the Cad property or Merritech Development Corporation, nor do I expect to receive any.

6. I consent to the use of this Report on the Cad property in a prospectus or statement of material facts so long as it is not condensed or excerpted in any way such as to portray a meaning different from that of the whole.

Neil B. Jorgensen, P.Eng.
July 22, 1987
Revised July 30, 1987



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APPENDIX I

1987 DIAMOND DRILL LOGS

RUSSEL CREEK (CAD) PROPERTY — MINOREX CONSULTING LTD. — Hole No. CAD 87 - 1

Merritech Developaent Corporation
Suite 808 - 475 Howe Street — DRILL LOG — Page 1 of 3
Vancouver, B.C. V6C 2B3

Date Started: February 2, 1987
Date Completed: February 4, 1987
Collar Elevation: N/S — Depth — Dip Angle — Azimuth
Northing: 110+00
Easting: 144+50 — Collar — - 45o — 250o
Azimuth: 250 degrees
Depth: 175.0 metres (574 feet)
Core Size: NQ

Project: RUSSEL CREEK (CAD)
N.T.S. 82 M / 5 W
Location: 51o 18' N. 119o 52' W.
Drilling Co. J.T. Thomas Diamond Drilling Ltd.
Hole Type: D.D.H.
Date Logged: J.D. Blanchflower
Logged By: February 9, 1987

From feet	From metre	To feet	To metre	Rcry %	Description	Sample No.	Width feet	Au ppb	Ag ppm	Cu ppm	Pb ppm	Zn ppm
0.0	0.0	44.0	13.4	90	Overburden							
44.0	13.4	55.0	16.8	95	Dark grey to black, argillaceous sandstone. Finely-bedded with laminae 35 degrees to core axis. Pyrite diss'ns. < 1%.							
55.0	16.8	60.0	18.3	95	Black graphitic argillite. Finely-bedded and very graphitic with < 1% pyrite diss'ns.							
60.0	18.3	71.0	21.6	95	Dark grey to black, argillaceous sandstone. Finely-bedded with laminae 35 degrees to core axis. Pyrite diss'ns. < 1%.							
71.0	21.6	75.5	23.0	95	Black graphitic argillite. Finely-bedded and very graphitic with < 1% diagenetic pyrite diss'ns.							
75.5	23.0	99.0	30.2	90	Interbedded graphitic argillite and argillaceous sandstone. Shearing is subparallel to the 35 to 40 degree bedding.	90-99	9	<5	0.0	89	2	129
99.0	30.2	106.0	32.3	>95	Medium brown, massive sandstone with < 1% pyrite diss'ns. and 40 degree to core axis bedding.							
106.0	32.3			<40	20 degree to core axis shear contact.							
106.0	32.3	124.0	37.8	90	Black graphitic argillite with tuffaceous and grit laminae Coarse-grained (1 cm.) diagenetic pyrite diss'ns. in the argillaceous sections. Schistosity is 25o to 30o to c.a.							
124.0	37.8	125.0	38.1	95	Dark grey siltstone with 3 % f.g. pyrite diss'ns.							
125.0	38.1	157.5	48.0	95	Black graphitic argillite with tuffaceous and grit laminae Coarse-grained (1 cm.) diagenetic pyrite diss'ns. in the argillaceous sections. Schistosity is 25o to 30o to c.a.							
157.5	48.0	174.5	53.2	95	Medium grey/black cherty tuff with 1 cm.diagenetic pyrite disseminations. Distinct 35 degree to c.a. bedding.	160-170	10	<5	0.0	87	1	37
174.5	53.2	179.0	54.6	90	Black graphitic argillite shear zone, 45 degrees to c.a. with 1 to 2 % pyrite disseminations.							

RUSSEL CREEK (CAD) PROPERTY — MINOREX CONSULTING LTD. — Hole No. CAD 87 - 1

Merritech Development Corporation

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From feet	From metre	To feet	To metre	Rcry %	Description	Sample No.	Width feet	Au ppb	Ag ppm	Cu ppm	Pb ppm	Zn ppm
179.0	54.6	180.5	55.0	90	Black graphitic argillite grading downward to tuffaceous-rich sections. Bedding is 30o to core axis.							
180.5	55.0	195.5	59.6	95	Medium brown, mafic waterlain tuff with 1 to 5 % (locally) pyrite diss'ns. Good waterlain sedimentary depositional features - ripple marks and flame structures.	190-195	5	5	0.2	122	40	51
195.5	59.6	205.5	62.6	80	Black graphitic argillite with 0.5 cm. diagenetic pyrite disseminations. Very schistose 40o to core axis.							
205.5	62.6	249.0	75.9	95	Medium brown, mafic waterlain tuff with 1 to 5 % py diss'ns.							
249.0	75.9	353.5	107.7	>90	Medium grey to green, interbedded sandstone, siltstone, graphitic argillite and tuffaceous laminae. Graded bedding is common. Fine-grained pyrite diss'ns. << 1 to 1 %. White quartz veining @ 100.9 to 101.0 m. 30 degrees to c.a. Increased Py diss'ns. from 103.6 to 106.1 m.	340-350	10	<5	0.1	55	10	64
353.5	107.7	389.0	118.6	95	Medium green, poorly bedded sandstone with pervasive epidote and chlorite alteration.							
389.0	118.6	398.0	121.3	90	Black, finely-bedded graphitic argillite with thin siltstone laminae. Diagenetic pyrite diss'ns. < 1% (< 1 cm.).							
398.0	121.3	421.0	128.3	95	Medium grey to green, finely-laminated cherty siltstone with tuffaceous component. Fine-grained pyrite diss'ns. (< 1%) throughout section.							
421.0	128.3	434.0	132.3	95	Black, graphitic argillite with distinct 55o bedding. Local white quartz fracture fillings parallel to schistosity.							
434.0	132.3	499.0	152.1	95	Medium grey to green siltstone with 60o to 65o to core axis schistosity.							
499.0	152.1				Indistinct stratigraphic contact.							
499.0	152.1	516.0	157.3	95	Black, graphitic argillite with distinct 55o bedding. Local white quartz fracture fillings parallel to schistosity.	500-505	5	<5	0.2	61	26	58
516.0	157.3				55 degree to core axis stratigraphic contact.							
516.0	157.3	533.0	162.5	95	Medium grey to green siltstone with 60o to 65o to core axis schistosity.							
533.0	162.5				Sharp 60o to core axis stratigraphic contact.							

RUSSEL CREEK (CAD) PROPERTY | MINOREX CONSULTING LTD. | Hole No. CAD 87 - 1

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From feet	From metre	To feet	To metre	Rcry %	Description	Sample No.	Width feet	Au ppb	Ag ppm	Cu ppm	Pb ppm	Zn ppm
533.0	162.5	539.5	164.4	90	Black graphitic argillite with thin siltstone laminae at distinct 55o schistosity. Local, white, quartz fracture fillings parallel to schistosity. Local diagenetic pyrite disseminations (< 1%).							
539.5	164.4	553.0	168.6	95	Medium grey to green siltstone with 60o to 65o schistosity. Local 1 - 4 % pyrite diss'ns. with minor associated chalcopyrite and galena (545' to 550').	545-550	5	30	1.0	73	323	100
						550-555	5	<5	0.6	35	165	97
						555-560	5	5	0.2	38	38	90
553.0	168.6	574.0	175.0	90	Black graphitic argillite with siltstone laminae. Schistocity is 55o to core axis, and there is 1-3 % pyrite diss'n.							
574.0	175.0				END OF HOLE (No dip survey)							

RUSSEL CREEK (CAD) PROPERTY — MINOREX CONSULTING LTD. — Hole No. CAD 87 - 2

Merritech Development Corporation
Suite 808 - 475 Howe Street — DRILL LOG — Page 1 of 2
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Date Started:	February 4, 1987				Project:	RUSSEL CREEK (CAD)
Date Completed:	February 5, 1987				N.T.S.	82 M / 5 W
Collar Elevation:	N/S	Depth	Dip Angle	Azimuth	Location:	51o 18' N. 119o 52' W.
Northing:	111+50				Drilling Co.	J.T. Thomas Diamond
Easting:	146+42	Collar	- 60o	250o		Drilling Ltd.
Azimuth:	250 degrees				Hole Type:	D.D.H.
Depth:	98.8 metres (324 feet)				Date Logged:	J.D. Blanchflower
Core Size:	NQ				Logged By:	February 10, 1987

From feet	From metre	To feet	To metre	Rcry %	Description	Sample No.	Width feet	Au ppb	Ag ppm	Cu ppm	Pb ppm	Zn ppm
0.0	0.0	30.0	9.1		Overburden							
30.0	9.1	38.0	11.6	95	Medium grey chert breccia with siltstone and tuffaceous laminae. Quite siliceous. Trace to < 1 % pyrite diss'ns.							
38.0	11.6	41.0	12.5	90	Black graphitic argillite with 0.5 cm. diagenetic pyrite disseminations. Schistosity is 65 degrees to core axis.							
41.0	12.5	45.5	13.9	95	Interbedded sandstone and siltstone with argillaceous partings. Minor pyrite disseminations. 65o schistosity.							
45.5	13.9	122.0	37.2	90	Interbedded sandstone, siltstone and graphitic argillite. Finely-laminated to thickly-bedded metasedimentary section, rather well sorted. Local < 1 cm. pyrite diss'ns. Shearing parallel to 55o to 60o schistosity.	100-110	10	<5	0.0	29	14	76
122.0	37.2	146.0	44.5	95	Medium brown cherty tuff with white quartz fracture filling veins @ 134' to 138' and 144.5' to 146'. Silicified but not pyritized.	135-146	11	<5	0.1	13	15	75
146.0	44.5	159.0	48.5	90	Interbedded black graphitic argillite and finely-laminated siltstone. Local diagenetic pyrite disseminations (< 1%).							
159.0	48.5	185.0	56.4	95	Black to dark grey, interbedded cherty tuff, siltstone and argillite. Silicified and fractured parallel to 50o to 60o schistosity.							
185.0	56.4	214.0	65.2	90	Interbedded black graphitic argillite and finely-laminated siltstone. Local diagenetic pyrite disseminations (< 1%).							
214.0	65.2				Sharp 55 degrees to core axis stratigraphic contact.							
214.0	65.2	259.5	79.1	90	Black to dark grey, interbedded cherty tuff, siltstone and argillite. Silicified and fractured parallel to 50o to 60o schistosity.							

RUSSEL CREEK (CAD) PROPERTY — MINOREX CONSULTING LTD. — Hole No. CAD 87 - 2

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From feet	From metre	To feet	To metre	Rcry %	Description	Sample No.	Width feet	Au ppb	Ag ppm	Cu ppm	Pb ppm	Zn ppm
259.5	79.1	324.0	98.8	95	Medium grey to green siliceous interbedded cherty tuff with siltstone and argillite laminae. Mariposite, sericite, epidote and chlorite alteration 262'-264'. Locally pyritic 280'-290'(<= 1 %). Schistosity is 45o to 50o to core axis.	280-290	10	<5	0.0	30	2	25
324	98.8				END OF HOLE (No dip survey)							

RUSSEL CREEK (CAD) PROPERTY — MINOREX CONSULTING LTD. — Hole No. CAD 87 - 3

Merritech Development Corporation
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Date Started:	February 5, 1987				Project: RUSSEL CREEK (CAD)
Date Completed:	February 7, 1987				N.T.S. 82 M / 5 W
Collar Elevation:	N/S	Depth	Dip Angle	Azimuth	Location: 51o 18' N. 119o 52' W.
Northing:	106+94				Drilling Co. J.T. Thomas Diamond
Easting:	145+60.5	Collar	- 45o	250o	Drilling Ltd.
Azimuth:	250 degrees				Hole Type: D.D.H.
Depth:	120.4 metres (395 feet)				Date Logged: J.D. Blanchflower
Core Size:	NQ				Logged By: February 11, 1987

From feet	From metre	To feet	To metre	Rcry %	Description	Sample No.	Width feet	Au ppb	Ag ppm	Cu ppm	Pb ppm	Zn ppm
0.0	0.0	10.0	3.0		Overburden							
10.0	3.0	11.0	3.4	90	Light to medium brown, finely-laminated waterlain tuff and siltstone. Schistosity is 50o to core axis.	10-20	10	<5	0.1	46	4	79
11.0	3.4	18.5	5.6	90	Orange, well-sorted sandstone with < 1 cm. white quartz veins approximately 0.3 m. apart. 50o schistosity.							
18.5	5.6	19.5	5.9	90	Orange siltstone/sandstone with 2 to 3 mm. pyrite diss'ns. and 45o bedding.							
19.5	5.9	22.0	6.7	95	Orange, well-sorted sandstone with < 1 cm. white quartz veins approximately 0.3 m. apart. 50o schistosity.							
22.0	6.7	30.0	9.1	95	Medium grey to green siltstone/waterlain mafic tuff with pervasive epidote and chlorite alteration, and trace pyrite disseminations.							
30.0	9.1	33.0	10.1	95	Light green, mafic waterlain tuff. More siliceous than above with distinct 45o to 50o schistosity. Trace pyrite disseminations.							
33.0	10.1	104.0	31.7	90	Light to medium green, interbedded waterlain ash tuff and siltstone with local diagenetic pyrite diss'ns. Schistosity and bedding attitudes are 40o to 50o to core axis. Pervasive epidote and chlorite alteration (lower greenschist).							
104.0	31.7	116.0	35.4	95	Medium grey, cherty tuff with no pyrite diss'ns. Sharp hanging wall and foot wall contacts.	100-110	10	<5	0.0	39	15	68
116.0	35.4	134.0	40.8	95	Light to medium green, interbedded waterlain ash tuff and siltstone with local diagenetic pyrite diss'ns. Schistosity and bedding attitudes are 40o to 50o to core axis. Pervasive epidote and chlorite alteration (lower greenschist).							
134.0	40.8	144.0	43.9	90	Dark grey to black, interbedded waterlain ash tuff, siltstone, chert and graphitic argillite with 35o - 45o bedding. Local diagenetic pyrite disseminations (< 1%).							

RUSSEL CREEK (CAD) PROPERTY — MINOREX CONSULTING LTD. — Hole No. CAD 87 - 3

Merritech Development Corporation
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From feet	From metre	To feet	To metre	Rcry %	Description	Sample No.	Width feet	Au ppb	Ag ppm	Cu ppm	Pb ppm	Zn ppm
144.0	43.9	163.5	49.8	90	Dark grey to black, interbedded siltstone and graphitic argillite.	160-170	10	<5	0.0	15	18	82
163.5	49.8	195.0	59.4	90	Black graphitic argillite with siltstone partings. Shearing is parallel to 25o schistosity. More siliceous or cherty at 185' - 196'.							
195.0	59.4	205.0	62.5	95	Medium grey, cherty waterlain ash tuff/siltstone with 45o shearing and white quartz fracture fillings (202' - 205').							
205.0	62.5	215.0	65.5	20	Black graphitic argillite with cherty siltstone partings. Poor recovery (20 %). Local diagenetic pyrite diss'ns.(<1%).							
215.0	65.5	219.0	66.8	50	Medium grey, waterlain ash tuff with local pyrite diss'ns. and 35o bedding.							
219.0	66.8	239.0	72.8	90	Black graphitic argillite with siltstone partings and distinct 25o to 30o schistosity and bedding. Becomes more siliceous and pyritic (1 to 3 %) with depth.	235-240	5	<5	0.0	118	10	135
239.0	72.8	249.0	75.9	90	Black, siliceous and argillaceous siltstone with thin pyritic (+/- cp ?) bands @ 239.5'. White quartz fracture filling veinlets @ 246' to 249', parallel to 30o to 40o schistosity.	240-245	5	<5	0.1	85	12	106
249.0	75.9	298.0	90.8	90	Black graphitic argillite with thin siltstone and sandstone partings. Local < 1 cm. diagenetic pyrite diss'ns. Bedding and schistosity are 40o to 45o to core axis.	295-300	5	<5	0.2	06	19	141
298.0	90.8	301.0	91.7	90	Dark grey to black, interbedded siltstone and graphitic argillite.	300-305	5	<5	0.2	37	23	176
301.0	91.7	314.5	95.9	95	Medium grey, interbedded siltstone and well-sorted sandstone with thin argillite partings. Pyrite diss'ns. decrease 305' to 314'.							
314.5	95.9				Sharp 30o stratigraphic contact.							
314.5	95.9	337.5	102.9	90	Black, graphitic argillite with siltstone partings. Quite pyritic, locally parallel to 25o to 30o schistosity.	325-330 330-335	5 5	<5 <5	0.1 0.2	40 92	22 18	57 81
337.5	102.9				Sharp 35o stratigraphic contact.							
337.5	102.9	346.0	105.5	95	Medium grey to green, well sorted, massive sandstone with a tuffaceous component. Trace pyrite disseminations and 45o schistosity.							

RUSSEL CREEK (CAD) PROPERTY | MINOREX CONSULTING LTD. | Hole No. CAD 87 - 3

Merritech Development Corporation
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From feet	From metre	To feet	To metre	Rcry %	Description	Sample No.	Width feet	Au ppb	Ag ppm	Cu ppm	Pb ppm	Zn ppm
346.0	105.5				Sharp 45o shear contact.							
346.0	105.5	395.0	120.4	90	Black, graphitic argillite with siltstone laminae and partings. Well fractured parallel to 30o to 45o schistosity. Local diagenetic pyrite diss'ns. in the more argillaceous sections.	380-385	5	<5	0.2	60	15	52
395.0	120.4				END OF HOLE (No dip survey and no final block marker).							

CERTIFICATE OF THE ISSUER

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

Dated: September 15 , 1987

FEREYDOUN HADAD
Chief Executive Officer

ROBERT A. BIAGIONI
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

MANSOUR MOTAMEDI
Director

BRIAN W. CAMERON
Director

ON BEHALF OF THE PROMOTERS

MANSOUR MOTAMEDI
Promoter

BRIAN W. CAMERON
Promoter

3114 INVESTMENTS LTD.
Promoter

Per:
KENNETH D. REEVES

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 Prospectus as required by the Securities Act and its regulations.

Dated: September 15, 1987.

YORKTON SECURITIES INC.

Per: