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FILE UNDER

- 6 -

The lower or second vein structure at the Northern Belle lies parallel to and 30 m northwest of the main vein. An adit was opened on this vein and a sample of broken, heavily oxidized material contained 1.19 oz Ag/ton, 0.29% Pb, 1.04% Zn, and 0.008 oz Au/ton. The adit was found to be only slightly longer than 5 m. An inclined shaft is located 27.0 m northeast of the lower adit. The vein at this point was found to contain up to 13.36 oz Ag/ton, 13.90% Pb, 0.40% Zn, and 0.020 oz Au/ton across 0.6 m.

Soil sampling in the new access road has revealed anomalous concentrations of lead, zinc and silver. Residual soil development over sulphide mineralization is suggested.

There are no known ore reserves on the property and the proposed program is an exploratory search for one.

There is no surface plant or equipment on the property.

Recommendations

Diamond drilling of both veins is recommended as the next phase of exploration on the Northern Belle property at a cost of approximately \$70,200.

Approximately 200 m of drill access road plus drill site levelling will require a small bulldozer.

The underground program as contemplated in the second Phase II contingent on the results of the first phase and is estimated to cost \$200,000.

PUNCH BOWL PROPERTY

By an Agreement dated as of August 11, 1987 between the Issuer and Richard Rabbitt, a director of the Issuer, the Issuer acquired a 100% interest in the Punch Bowl Claims for the sum of \$36,000, which represents the value of work done on the property by Richard Rabbitt prior to the sale of the property to the Issuer. The Punch Bowl Claims are subject to a 1% net profits interest in favour of Richard Rabbitt.

Location and Access

The property is located 30 km east-southeast of Hope, British Columbia and is presently accessible only by helicopter, some 15-20 minutes ferry time from Hope. Hope is a two hour drive from Vancouver, on the 4-lane Trans Canada Highway. The Punch Bowl Claim Group consists of 80 contiguous units which cover some 2000 hectares of ground.

Punch Bowl Claim Group:

<u>Claim Name</u>	<u>No. of Units</u>	<u>Record No.</u>	<u>Anniversary Date</u>
K.C.M. East	20	2205	August 7, 1988
K.C.M. West	20	2206	August 7, 1988
Punch East	20	2207	August 7, 1989
Punch West	20	2208	August 7, 1989

History

Historically, the claims have no record of any past mining although the area has experienced limited exploration. In the late 1800's placer miners explored the upper reaches of the Tulameen River including small tributaries such as the Punch Bowl Creek which flows through the claims. In the 1960's some pits were trenched along a section of the creek to test a copper-zinc occurrence. In the late spring of 1984, father and son, the late Mr. Daniel Rabbitt and Mr. Richard A. Rabbitt respectively, staked claims in the Punch Bowl Lake area to cover favourable geology. In September of 1986 reconnaissance work completed on the part of the property has returned encouraging results, outlining anomalous gold-silver bearing sandstones.

Geology

The regional geology is made up of two major rock types: the sandstone, conglomerate and argillite formations of the Dewdney Creek Group and the volcanic, tuff formation of the Pasayten Group. The age of these formations are dated as Upper Jurassic (?) and Lower Cretaceous respectively. The geology underlying the claims consists mainly of coarse grain sandstone, siltstone and argillite. These rocks have subsequently been subjected to intense folding and faulting. The final tectonic event introduced cross-cutting, east-west fault shears which appear to be the host to the mineralization.

Mineralization

Preliminary surveys on the property outlined at least two mineralized structures hosting sulfides and anomalous amounts of gold, silver, zinc and copper. One important structure, a shear zone, cuts a thick sequence of bedded sandstones. The sandstone beds in places are mineralized with disseminated pyrite, arsenopyrite, zinc, silver and anomalous gold. The soil geochemical values include up to 1,120ppb Au., 19,995ppm As, 39.8ppm Ag and 252ppm Zn. The brief survey indicates the sandstones to host possible auriferous horizons and that the silver and gold values appear to get stronger westward along strike of the shear zone.

The proposed exploration program is an exploratory search for ore.

There is no known body of ore on the property and there is no surface plant or equipment on the property.

THE PUNCH BOWL PROPERTY IS LOCATED IN A RECREATION AREA WHICH REQUIRES THE ISSUER TO OBTAIN A RESOURCE USE PERMIT UNDER THE PARK ACT EACH YEAR TO CARRY OUT EXPLORATION WORK ON THE PROPERTY. IN ACCORDANCE WITH THE PROVISIONS CONTAINED IN THE PARK ACT, THE RIGHT TO DEVELOP THE PROPERTY CAN BE RESTRICTED AND THERE EXISTS A POTENTIAL RIGHT TO EXPROPRIATE THE CLAIMS AND PROVIDE COMPENSATION THEREFOR.

Recommendations

It is recommended that a first phase program consisting of geological, geochemical and geophysical surveys be carried out on the property and, that the company allocate \$30,090 to complete the first phase. Should the first phase prove encouraging, then a recommended second phase should be carried out.

RISK FACTORS

Because of the stage of development of the Issuer and its properties and the proposed use of the net proceeds derived from this Offering, this Offering must be considered speculative.

The mineral property upon which part of the proceeds of this offering will be spent is without a known body of commercial ore and the proposed work programs are in each case exploratory search for ore.

No survey has been made of any of the mineral properties in which the Issuer has an interest save and except for a portion of the Northern Belle Property and therefore their existence and area could be in doubt.

THE PUNCH BOWL PROPERTY IS LOCATED IN A RECREATION AREA WHICH REQUIRES THE ISSUER TO OBTAIN A RESOURCE USE PERMIT UNDER THE PARK ACT EACH YEAR TO CARRY OUT EXPLORATION WORK ON THE PROPERTY. IN ACCORDANCE WITH THE PROVISIONS CONTAINED IN THE PARK ACT, THE RIGHT TO DEVELOP THE PROPERTY CAN BE RESTRICTED AND THERE EXISTS A POTENTIAL RIGHT TO EXPROPRIATE THE CLAIMS AND PROVIDE COMPENSATION THEREFOR.

Reference is made to the section captioned "Directors and Officers" with respect to conflict of interest.

INCORPORATION WITHIN ONE YEAR - PRELIMINARY EXPENSES

To March 31, 1988 the Issuer has spent \$15,608 on administrative expenses and \$21,899 on development expenses. During the period ended September 30, 1988, the Issuer estimates that it will spend approximately \$20,000 on administrative expenses and \$100,290 on development and exploration expenses.

PRELIMINARY GEOLOGICAL EVALUATION REPORT

on the

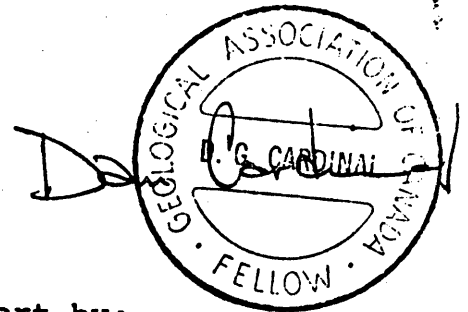
PUNCH BOWL CLAIM GROUP

Similkameen Mining Division

**Lat. 49°16.5'N., Long. 120°59.5'W
N.T.S. 92H/6 & 7**

for

**MERRITT MINERALS INC.
2105 - 9380 Cardston Court
Burnaby, B. C.**



Report by:

**Mr. D. G. Cardinal, P. Geol.
Cardinal Geoconsulting Ltd.
Hope, B. C.
April 11, 1987.**

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A. INTRODUCTION

The writer, D. G. Cardinal was retained by Mr. R. A. Rabbitt to evaluate and ascertain the mineral potential of the Punch Bowl Claim Group. The claims were first examined by the writer in the fall of 1984 and due to the encouraging results were re-examined again during September of 1986.

The information contained in this report is based on field evaluation conducted during the last week of September, 1986. Reconnaissance geological and geochemical surveys were carried out over areas previously identified as potential gold/silver bearing zones. From the preliminary surveys, an east-west shear structure hosting anomalous amounts of gold, silver and zinc was outlined.

The Punch Bowl Group is situated along the eastern flank of the northern Cascade Mountains near a tributary which forms the source of the Tulameen River, and is currently accessible only by helicopter. A logging access road is presently being constructed along the headwaters of the Tulameen and passes approximately 2 km north of the property.

B. SUMMARY AND CONCLUSION

- B 1. The Punch Bowl Claim Group consists of 80 contiguous units which cover some 2000 hectares of ground. The property is currently held by MERRITT MINERALS INC. of Burnaby, B. C.
- B 2. The property is located 30 km east-southeast of Hope, B. C., and is presently accessible only by helicopter, some 15-20 minutes ferry time from Hope. Hope in turn is a two hour drive from Vancouver, on the 4-lane Trans Canada Highway.
- B 3. Historically, the claims have no record of any past mining although the area has experienced limited exploration. In the late 1800's placer miners explored the upper reaches of the Tulameen River including small tributaries such as the Punch Bowl Creek which flows through the claims. In the 1960's some pits were trenched along a section of the creek to test a copper-zinc occurrence. In the late spring of 1984, father and son, the late Mr. Dan Rabbitt and Mr. R. A. Rabbitt respectively, staked claims in the Punch Bowl Lake area to cover favourable geology. Recent (September, 1986) reconnaissance work completed on the part of the property by the writer has returned encouraging results, outlining anomalous gold-silver bearing sandstones.
- B 4. The regional geology is made up of two major rock types: the sandstone, conglomerate and argillite formations

B4 Continued

of the Dewdney Creek Group and volcanic, tuff formation of the Pasayten Group. The age to these formations are dated as Upper Jurassic (?) and Lower Cretaceous respectively. The geology underlying the claims consists mainly of coarse-grain sandstone, siltstone and argillite. These rocks have subsequently been subjected to intense folding and faulting. The final tectonic event introduced cross-cutting, east-west fault shears which appear to be the host to the mineralization.

B5. Preliminary surveys on the property outlined at least two mineralized structures hosting sulfides and anomalous amounts of gold, silver, zinc and copper. One important structure, a shear zone, cuts a thick sequence of bedded sandstones. The sandstone beds in places, are mineralized with disseminated pyrite, arsenopyrite, zinc, silver and anomalous gold. The soil geochemical values include upto: 1,120ppb Au, 19,995ppm As, 39.8ppm Ag and 252ppm Zn. The brief survey indicates the sandstones to host possible auriferous horizons and that the silver and gold values appear to get stronger westward along strike of the shear zone.

B6. Characteristically, sandstones are excellent host rocks for replacement type mineralization and are known to carry large tonnages of economic gold and silver; such as the Asamera-Breakwater Resources, Cannon Mine in Wenatchee, Wash., U.S. The gold - silver

B6 Continued:

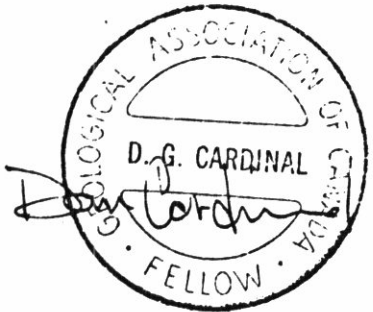
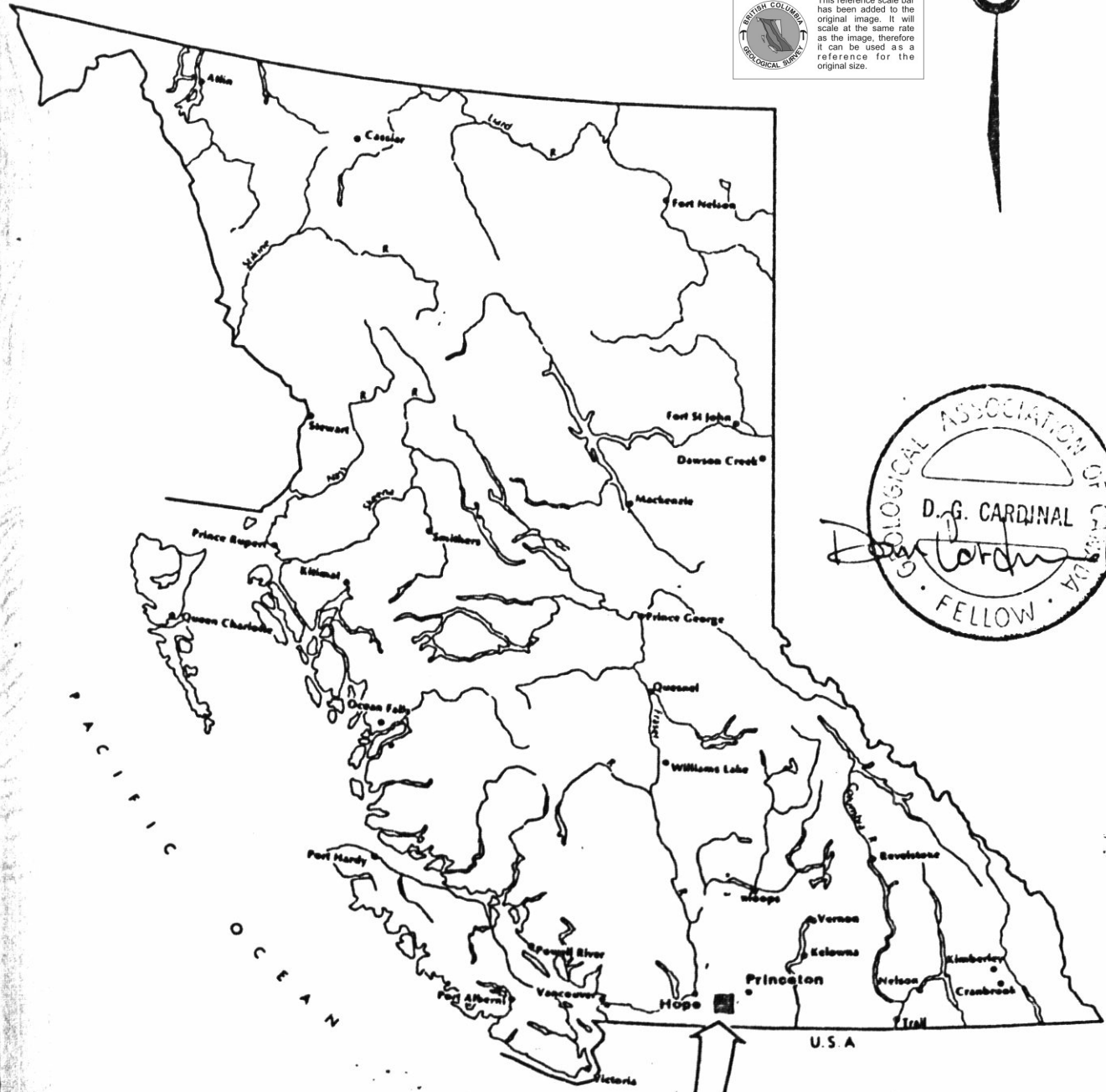
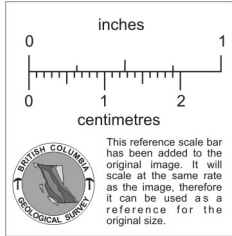
anomalous sandstones found on the Punch Bowl claims should not be ignored and that additional surveys are warranted.

B 7. It is recommended that Merritt Minerals Inc. initially carry out a Phase I program on the property consisting of geological, geochemical and geophysical surveys and, that the company allocate \$30,090.00 to complete the first phase. Should Phase I prove encouraging, then a recommended Phase II should be carried out.

C. CLAIM RECORDS AND OWNERSHIPPunch Bowl Claim Group:

Claim Name	No. of Units	Record No.	Anniversary Date
K.C.M. East	20	2205	August 7, 1987
K.C.M. West	20	2206	August 7, 1987
Punch East	20	2207	August 7, 1987
Punch West	20	2208	August 7, 1987

The above claims were initially staked by Mr. R.A. Rabbitt and subsequently transferred to Merritt Minerals Inc. The Punch Bowl Group consists of 80 contiguous claim units and cover some 2,000 hectares of ground. The ownership and claim records can be examined at the Princeton, B.C., Mine Recording Office, or at the Vancouver Sub-Recorder's Office. In the field, the legal corner posts, staking and ownership of claims were examined and varified by the writer.

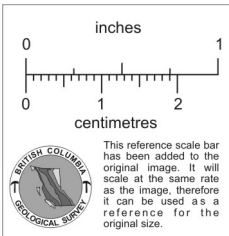
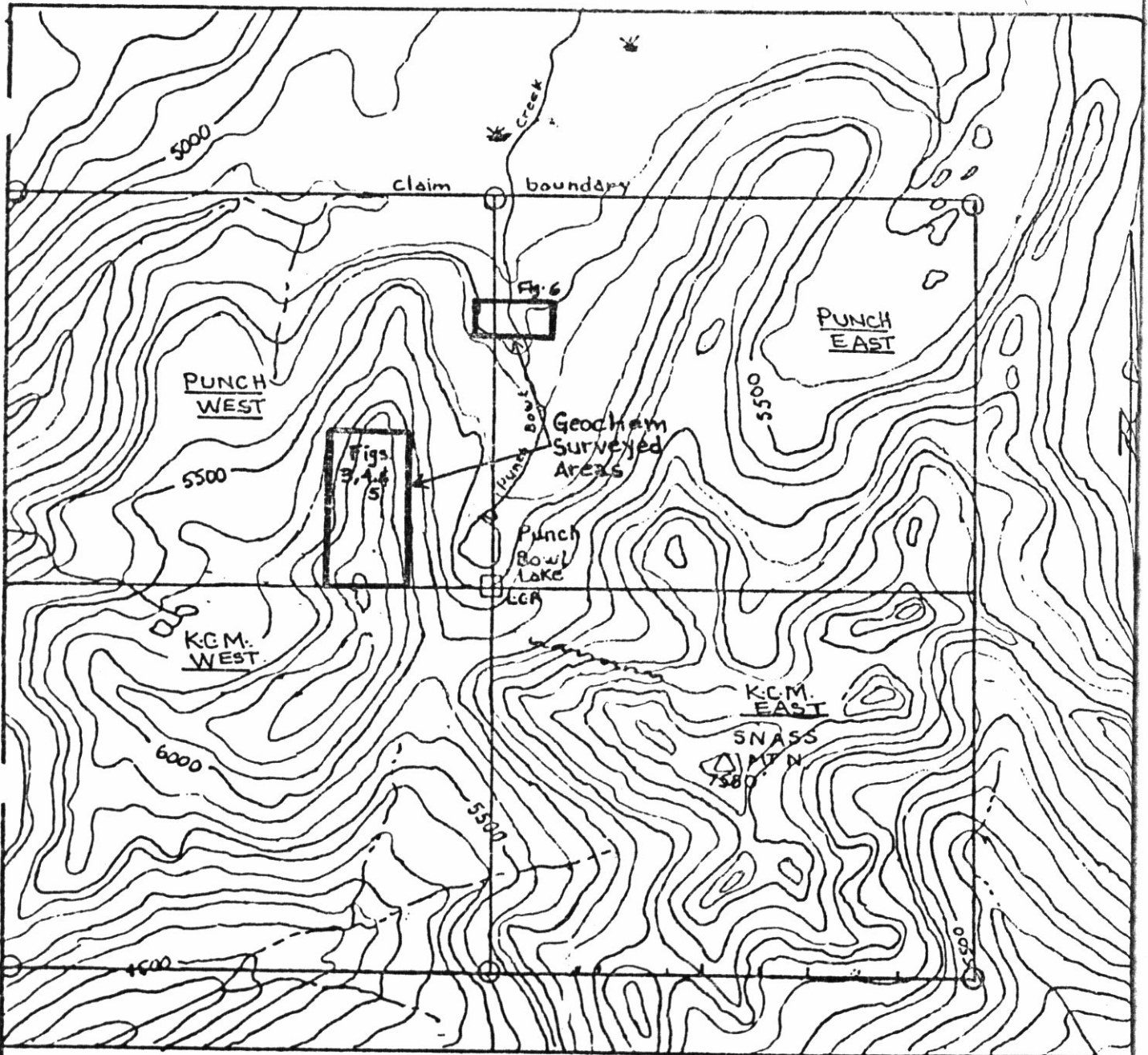


MERRITT MINERALS INC.

Property
PUNCH BOWL CLAIMS

Figure 1

- Location map

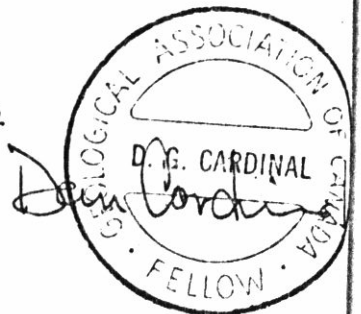


MERRITT MINERALS INC.

Claims Map
 Similkameen Mining Division
 N.T.S. 92H/6E7
 Scale 1:25,000

PUNCH BOWL CLAIM GROUP

Fig. 2



D. PROPERTY INFORMATION

The property is located some 30 km east-southeast of the town of Hope, B.C. along the eastern flank of the Northern Cascade Mountains. Highway No. 3 (Hope-Princeton Highway) passes approximately 7 km south of the property. From the highway, a well-used hiking and horse pack trail leads up the Snass Creek Valley and crosses the claims at Punch Bowl Lake. A logging access road was recently constructed about 2 km north of the property. Presently, the most efficient mode of transportation to the claims is by helicopter some 15 to 20 minute ferry time from Hope.

The town of Hope has a tourist based industry but historically has been a mining community servicing to several former nickel, copper and gold producers. It has all the required amenities and a skilled labour force.

D 2. Topography and Climate

The claims are situated along the western boundary of the Cascade Mountains in the Hozameen Range. The elevation on the property ranges from 2,311 M on the summit of Snass Mountain to 1,463 M along the valley. Physiography changes from alpine type vegetation at higher elevations to meadow and park-like pine forest along low-lying areas. Climatic conditions are generally moderate to dry, influenced more by the dry weather from the interior

Topography and Climate Continued

than by the coastal climate. The property is normally free of snow from about mid-June to late September and as a result, is conducive to surface exploration for about four months of the year.

D 4. History

During the mid-1800's a pass or divide was discovered at the summit of Punch Bowl Lake which for a time became a trading route establishing an alternate trade corridor between the interior and the coast. For a brief moment in history, the Punch Bowl Lake became a brief stopover for the trader, trapper and early prospector.

Following the gold and platinum placer discoveries along the Tulameen River, gold seekers migrated up to the headwaters of the river and the writer was informed that some fine placer gold was found on Punch Bowl Creek. The claims are not known to have any mining history, although some old workings were found along Punch Bowl Creek in which the writer noted minor chalcopyrite, sphalerite and disseminated arsenopyrite hosted in sheared argillites.

In the late spring of 1984, based on the knowledge of the late Dan Rabbitt (a well-respected prospector) and who recognized the potential of this area, Mr. R. A. Rabbitt staked the Punch Bowl Claim Group. In the autumn

History Continued

of 1984 the writer was first requested to briefly examine the ground. The mineralized argillites on Punch Bowl Creek mentioned above were examined but a more interesting showing was discovered by the writer during this visit. A highly altered and mineralized sandstone talus boulder initially found by R. A. Rabbitt during the staking along Punch Bowl Lake led to the source of the mineralized showing. A second visit was made to the property by the writer between September 25th to 30th, 1986 to further ascertain the potentials of this newly discovered zone. This report outlines the preliminary investigations including the geological and geochemical reconnaissance surveys of this second examination.

Over the years a number of mineral occurrences have been discovered in adjacent areas. Approximately 13 km north of Punch Bowl claims, near Podunk Creek, copper, gold and zinc mineralization was discovered in the 1940's. Immediately to the east, are numerous copper, lead, silver and gold showings located along the headwaters of Whipsaw and Copper creeks.

F. GEOLOGY

F 1. Regional Setting

The regional setting is composed of two major northwest-southeast trending lithological formations which are in fault contact with one another. The fault is referred to as the Pasayten Fault, a major northwest striking fault system. On the southwest side of the fault is a thick sequence of undifferentiated sediments consisting of conglomerate, sandstone, argillite, grit, volcanic breccia, and tuff. This sedimentary package is referred to as the Dewdney Creek Group of Upper Jurassic (?) and Lower Cretaceous age. Along the northeast side of Pasayten Fault is the Pasayten Group of rocks consisting mainly of purple lava, tuff, and breccia, Lower Cretaceous in age.

F 2. Local and Economic Geology

The rock types underlying the claim group predominantly consist of sandstone, shale, and argillite which were folded and subsequently faulted. At least two generations of fault structures were mapped on the property, an older generation of fault systems trending north and northwest that are probably related to the Pasayten Fault noted above; and younger east-west fault-shears. Mineralization encountered during the preliminary investigation occurred on one of these east-west shear zones.

Local and Economic Geology Continued

During the reconnaissance surveys two anomalous areas were immediately identified and targeted as priority 1 and 2 anomalies. Priority 1 anomaly occurs on a north-south trending ridge just west of Punch Bowl Lake. An east-west shear zone cuts a thick sequence of coarse grain sandstone and shale which dip 65° - 70° west. Approximately 200 to 300 vertical metres of bedded sandstone and shale are exposed along this shear zone. Several of the sandstone beds are altered and silicified, hosting mariposite, disseminated arsenopyrite, minor chalcopyrite, sphalerite (Zn), and anomalous amounts of gold and silver.

Other east-west shears cutting the ridge were noted during the brief examination of the property, but not examined because of the limited time available. Iron oxidized horizons were also observed from a distance along these structures which may represent mineralized bearing sandstone beds possibly carrying anomalous gold and silver.

Sandstone, by nature is an excellent reservoir rock because of its porosity in allowing for migration of hydrothermal fluids such as gold/silver bearing solutions. The anomalous amounts of gold, silver, and arsenopyrite found in the sandstones in this area may lead to a reservoir discovery of economic auriferous

Local and Economic Geology Continued

bearing sandstone horizon(s). Good potential exists for extending the priority 1 anomaly and also outlining other potential anomalous zones along other shear structures.

The priority 2 anomaly located approximately 1.5 km north of Punch Bowl Lake, although limited sampling showed lower gold and silver values, merits additional work. The zone is exposed along a portion of Punch Bowl Creek which consists of steeply dipping and intensely sheared argillites hosting minor sphalerite and chalcopyrite along fracture and cleavage planes. The argillite in places is silicified carrying fine disseminated arsenopyrite with detectable but low gold values. The mineralized shear zone exposed in the creek is 10 to 15 metres wide and further surveys along strike may delineate stronger gold and silver values.

G. EXPLORATION AND RESULTS TÔDATE

During the last week of September, 1986, a small crew under the supervision of the writer conducted a brief reconnaissance program to examine mineralization discovered immediately west of Punch Bowl Lake and along a section of Punch Bowl Creek.

In attempt to delineate the mineralized zone west of the lake a short grid was established and, soil geochem and bedrock geology surveys carried out. A total of 67 soils were collected over the grid (Figs 3&4). The soils were shipped to ACME Analytical Laboratories Ltd. and geochemically analysed for elements Zn, As, Ag and Au. A pronounced geochemical anomaly was defined trending westward along L 3+50S (Figs 3&4) which is coincidental with a strong east-west shear zone outlined from the mapping survey. A number of the geochemical values are highly anomalous including 1,120ppb (parts per billion) Au, 39.8ppm (parts per million) Ag, 252ppm Zn and 19,995ppm As.

The shear zone is well exposed in a steep gully, located 50m to 70m east-southeast of L 3+50S-0+80E (Fig. 5) The shear, in part is intensely brecciated and silicified and carries disseminated iron sulphides. Several rock samples were obtained from the mineralized shear zone between elevations 6,100ft and 6,200ft, some 50 - 70m east-southeast of the above noted grid station. The rock samples collected were geochemically analysed. A 10ft (3m) continuous chip sample (sample# R2 6150) taken across a bedded-sheared sandstone

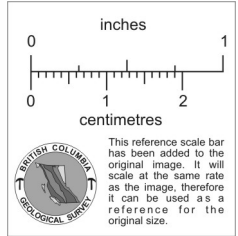
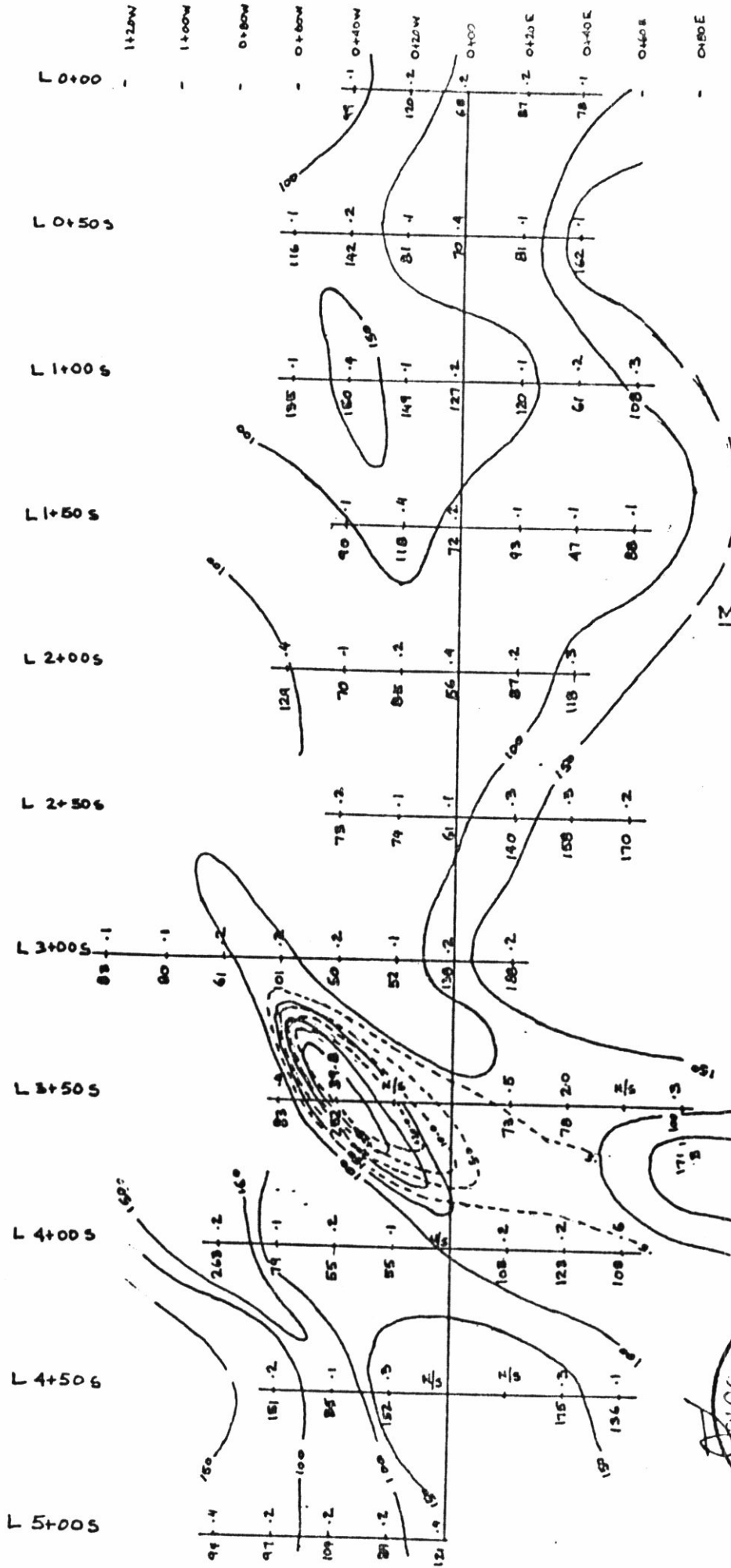
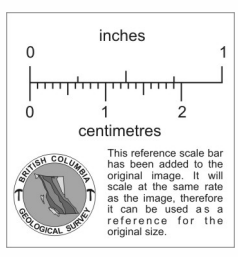
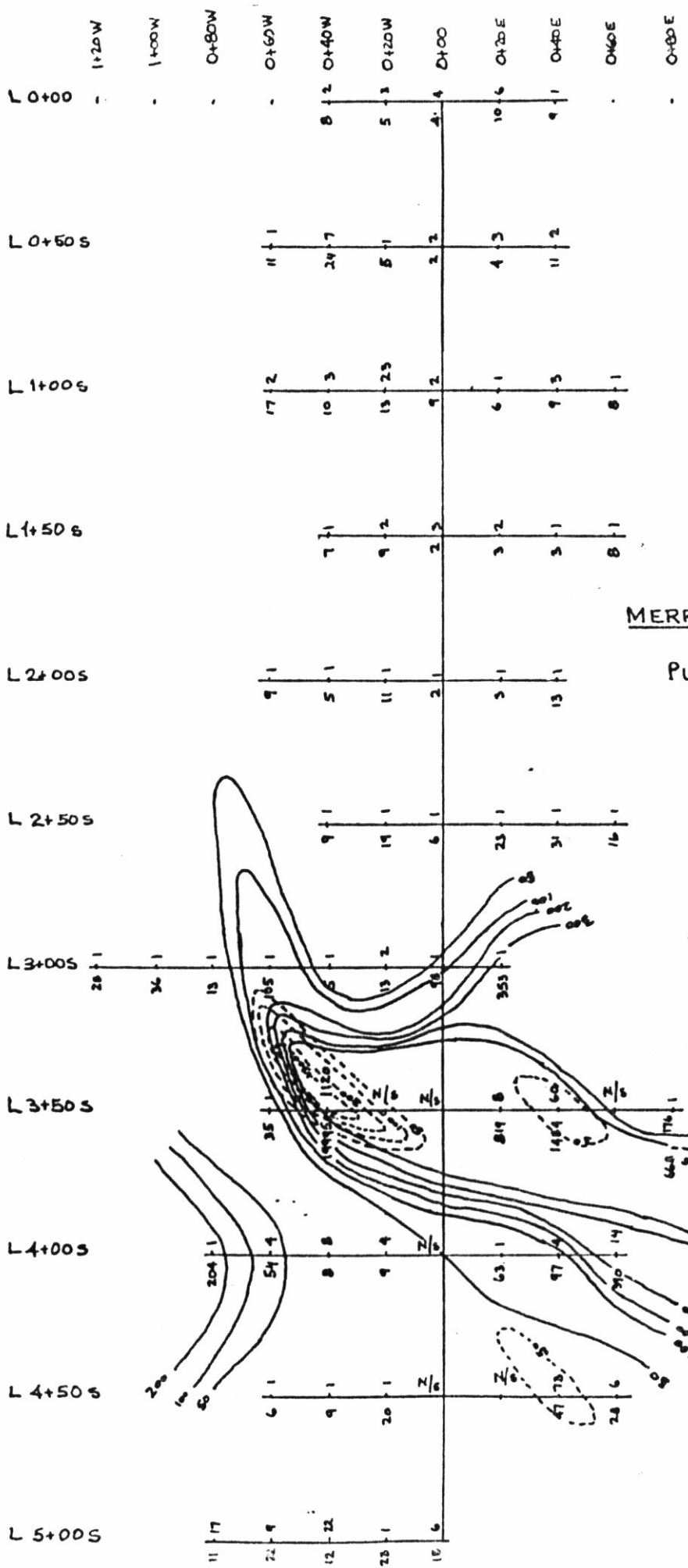
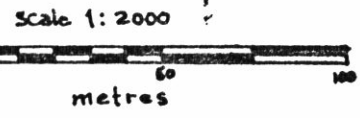
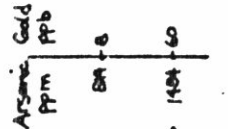


Fig. 3



MERRITT MINERALS INC.

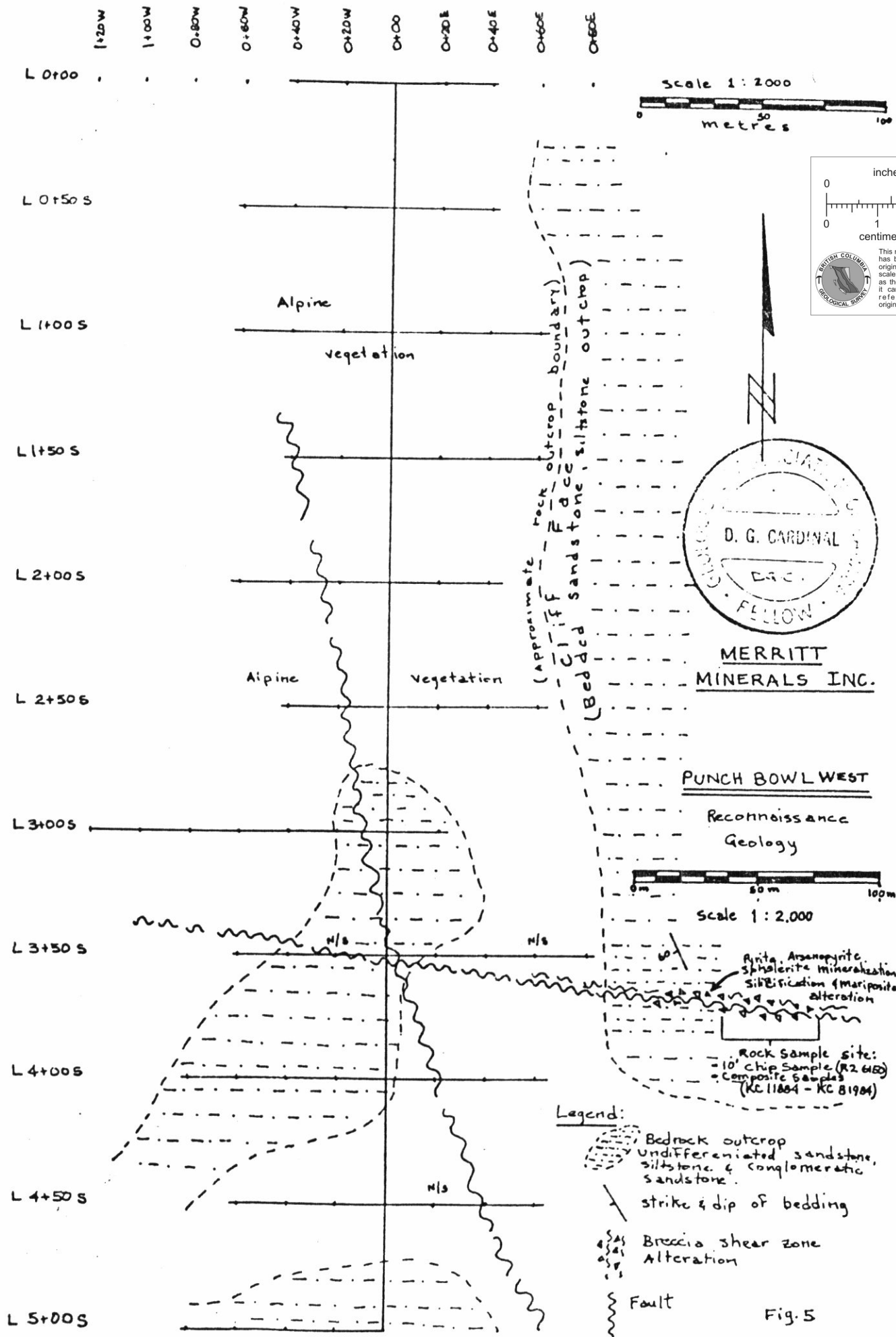
PUNCH BOWL WEST
Reconnaissance
Arsenic - Gold Geochem



N/S - No Sample (Talus)

Fig. 4





E+20W | E+10W | E+00W | E-00 | E-10E | E-20E | E-30E | E-40E | E-50E

L 0+00
 L 0+50 S
 L 1+00 S
 L 1+50 S
 L 2+00 S
 L 2+50 S
 L 3+00 S
 L 3+50 S
 L 4+00 S
 L 4+50 S
 L 5+00 S

Scale 1 : 2000
 0 50 100
 metres

inches
 0 1
 centimetres
 0 1 2

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

D. G. CARDINAL
 F.R.C.S.
 FELLOW

**MERRITT
 MINERALS INC.**

PUNCH BOWL WEST
 Reconnaissance
 Geology

Scale 1 : 2,000
 0m 50m 100m

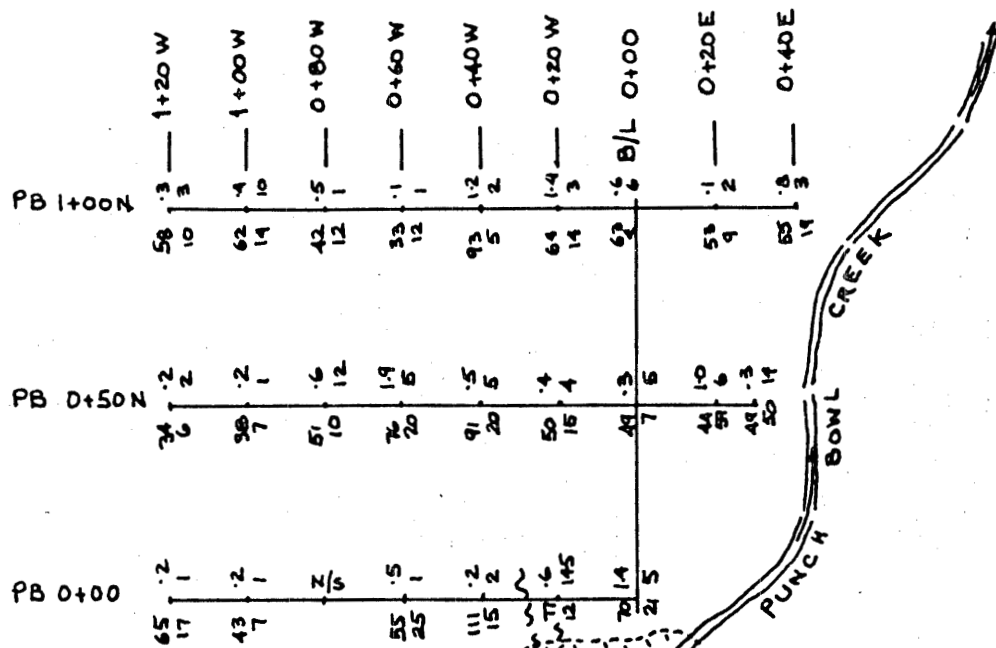
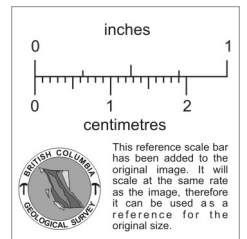
Pyrite, Arsenopyrite,
 Sphalerite Mineralization
 Sulfidation & mariposite
 alteration

Rock sample site:
 - 10' chip sample (R2 6182)
 - Composite 5 samples
 (KC 11884 - KC 81984)

Legend:

- Bedrock outcrop
- Undifferentiated sandstone, siltstone, & conglomeratic sandstone.
- strike & dip of bedding
- Breccia shear zone
- Alteration
- Fault

Fig. 5



Sphalerite (Zinc), Pyrite & Arsenopyrite Mineralization
 565 ppm Cu
 3,300 ppm Zn
 Random Composite Samples - KC 91984 to KC 171984

MERRITT MINERALS INC.

PUNCH BOWL EAST
 Reconnaissance Geochem
 Zinc - Silver - Arsenic - Gold

ppm	Zn	Ag	AS	Au
65	17	2	1	1
43	7	2	1	1
55	25	5	1	1



TO PUNCH BOWL LAKE

Bedrock Exposure
 Black cherty Argillite & grey chert

Shear Zone

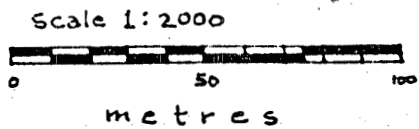


Fig. 6

returned 1,120ppm Zn, greater than 1,000ppm As, 28.0ppm Ag and 180 ppb Au. Nine (9) random composite rock samples each weighing about 5lbs (2kg) were also collected from the same area. Eight (8) were geochemically anomalous in gold including a sample (sample# KC 51884) which returned 300ppb Au and 6.0ppm Ag.

The samples consist of highly altered, brecciated sandstone and siltstone. The altered minerals include light-green malachite, siderite (iron carbonate), quartz and associated iron sulphides. The sulphides consist of disseminated pyrite, arsenopyrite, sphalerite and minor chalcopyrite. Some of the samples carry fine veinlets of arsenopyrite and what appears to be argentite (?).

All of the rock samples were geochemically analysed by Bondar-Clegg & Company Ltd. of Vancouver, B.C.. The methods used in the analysis included Atomic Absorption (AA) for the base metals (Cu, Pb, Zn) including Ag; Colourimetric for As and Fire Assay-AA for Au.

The Punch Bowl Creek section (Fig. 6) was also briefly surveyed and three short geochem soil-lines were established to test the mineralized shear found in the creek. The soil samples returned values slightly above background in Zn, Ag, As and Au. Several random rock samples collected from the creek section which exposes oxidized and pyritiferous argillite were also geochemically analysed. Some of the samples were anomalous in copper and zinc including 565ppm Cu and 3,300ppm Zn. The argillite is highly sheared and hosts minor small lenses of sphalerite mineralization along cleavage planes.

H. RECOMMENDATIONS AND ESTIMATED COST

The Punch Bowl Claim Group is underlain by sandstone and argillite that are, in places, mineralized hosting anomalous amounts of gold and silver. At least two areas have been outlined from the preliminary surveys referred to as priority 1 and 2 anomalies. It is therefore recommended that an exploration program be conducted to define the gold and silver anomalies.

The program should initially consist of reconnaissance geological, geochemical, and geophysical surveys. MERRITT MINERALS INC. should allocate \$30,090.00 to complete the first phase of a two phase recommended exploration program.

Phase II should only be followed up based and contingent upon encouraging or favourable results of Phase I.


<u>Phase I Reconnaissance Program</u>	<u>Estimated Cost</u>
Geological Surveys	\$ 4,000.00
Geochemical Surveys (Au, Ag, Zn, As)	6,000.00
Geophysical Surveys (VLF-EM)	3,000.00
Prospecting and Sampling	2,500.00
Field Related Expenses: (Helicopter, camp, etc.)	6,000.00
Supervision and Reports	4,000.00
Contingencies (18%)	<u>4,590.00</u>
Subtotal	\$ 30,090.00

Continued

Estimated Cost Continued

<u>Phase II Detail Follow Up</u>	<u>Estimated Cost</u>
Trenching and Sampling	\$ 3,000.00
Exploratory Drilling (B.Q. drill core, 1,500 ft. @ \$25/ft.)	37,500.00
Logging, Assays and Geology	7,000.00
Field Related Expenses: (Mobilization, helicopter, camp, etc.)	8,000.00
Supervision and Reports	5,000.00
Contingencies: (18%)	<u>10,890.00</u>
Subtotal	\$ 71,390.00
Phases I and II TOTAL	<u>\$101,480.00</u>

Respectfully submitted,



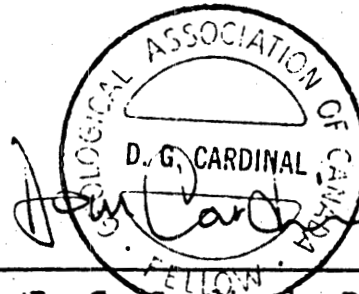

Mr. D. G. Cardinal, P. Geol., F.G.A.C.
Consulting Geologist.

APPENDIX I

Professional Certificate:

I, Daniel G. Cardinal of the Municipality of Hope,
British Columbia, do hereby certify that:

1. I am a professional geologist residing in Hope, B. C.,
Mailing address: P.O. Box 594, Hope, B.C. V0X 1L0
2. I am a graduate of the University of Alberta (1975)
and hold a B. Sc. degree in Geology.
3. I am registered as a Fellow of the Geological
Association of Canada (F.G.A.C.), and a member in
good standing with the Association of Professional
Engineers, Geologists and Geophysicists of Alberta
(P. Geol.), and with the Professional Yukon Geoscient-
ist Society.
4. I have been practising my profession for the past
eleven years.
5. The findings in this report are from data ac-
knowledged and from a personal property examination
of the Punch Bowl Claim Group during September, 1984,
and September 25th-30th, 1986.
6. I have no direct or indirect interest in the prop-
erty described herein or in the securities of
MERRITT MINERALS INC., nor do I expect to receive any.
7. This report may be utilized by MERRITT MINERALS INC.
for inclusion in a Prospectus or Statement of Mat-
erial Facts for financing purposes.



Mr. D. G. Cardinal, P. Geol. F.G.A.C.
Consulting Geologist

APPENDIX II

References:

Rice, H. M. A.
1960

Geology and Mineral Deposits of the
Princeton Map-Area, B. C. Memoir
243; G. S. C.

Monger, J. W. H.
1969

Hope Map-Area. West Half (92H W $\frac{1}{2}$),
B. C. Paper 69-47; G.S.C.

Monger, J. W. H.

Personal Communication

**Ministry of Energy, Mines
and Petroleum Resources**

National Geochemical, Reconnaissance
Regional Geochemical Survey - 1981.

AC
85
PH

APPENDIX III
CERTIFICATE OF RESULTS

ACME ANALYTICAL LABORATORIES LTD.
852 E. HASTINGS ST. VANCOUVER B.C. V6A 1R6
PHONE 253-3158 DATA LINE 251-1011

DATE RECEIVED: OCT 14 1986

DATE REPORT MAILED: *Oct. 18/86*

GEOCHEMICAL ICP ANALYSIS

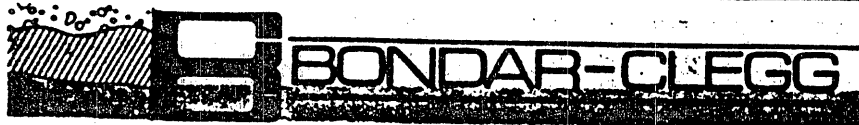
.500 GRAM SAMPLE IS DIGESTED WITH 3ML 3-1-2 HCL-HNO3-H2O AT 95 DEG. C FOR ONE HOUR AND IS DILUTED TO 10 ML WITH WATER.
THIS LEACH IS PARTIAL FOR MN.FE.CA.P.CR.MG.BA.TI.B.AL.NA.K.W.SI.ZR.CE.SN.Y.NB AND TA. AU DETECTION LIMIT BY ICP IS 3 PPM.
- SAMPLE TYPE: SOILS -BONESH AU ANALYSIS BY AA FROM 10 GRAM SAMPLE.

ASSAYER: *D. J. Dean* DEAN TOYE. CERTIFIED B.C. ASSAYER.

FILE # 86-3174

PAGE
Soil Geochem
Grid Survey
West of Punch
Bowl Lake

SAMPLE#	Zn PPM	Ag PPM	As PPM	Au* PPB
L0+00 0+40W	99	.1	8	2
L0+00 0+20W	120	.2	5	3
L0+00 0+00W	68	.5	4	4
L0+00 0+20E	87	.2	10	6
L0+00 0+40E	78	.1	9	1
L0+50S 0+60W	116	.1	11	1
L0+50S 0+40W	142	.2	24	7
L0+50S 0+20W	81	.1	5	1
L0+50S 0+00W	70	.4	2	2
L0+50S 0+20E	81	.1	4	3
L0+50S 0+40E	162	.1	11	2
L1+00S 0+60W	135	.1	17	2
L1+00S 0+40W	150	.4	10	3
L1+00S 0+20W	149	.1	13	23
L1+00S 0+00W	127	.2	9	2
L1+00S 0+20E	120	.1	6	1
L1+00S 0+40E	61	.2	9	3
L1+00S 0+60E	108	.3	8	1
L1+50S 0+40W	90	.1	7	1
L1+50S 0+20W	118	.4	9	2
L1+50S 0+00W	72	.2	2	3
L1+50S 0+20E	93	.1	3	2
L1+50S 0+40E	47	.1	3	1
L1+50S 0+60E	88	.1	8	1
L2+00S 0+60W	129	.4	9	1
L2+00S 0+40W	70	.1	5	1
L2+00S 0+20W	85	.2	11	1
L2+00S 0+00W	56	.4	2	1
L2+00S 0+20E	87	.2	3	1
L2+00S 0+40E	118	.3	13	1
L2+50S 0+40W	73	.2	9	1
L2+50S 0+20W	74	.1	19	1
L2+50S 0+00W	61	.1	6	1
L2+50S 0+20E	140	.3	23	1
L2+50S 0+40E	158	.3	31	1
L2+50S 0+60E	170	.2	16	1
STD C/AU-S	133	7.0	36	54



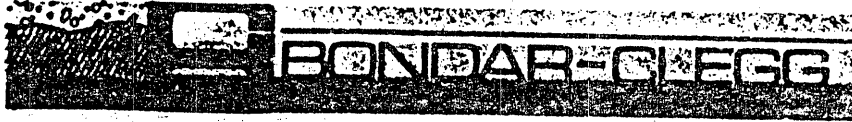
REPORT: 124-3203

PROJECT: PUNCH BOWL

PAGE 1

SAMPLE NUMBER	ELEMENT UNITS	Cu PPM	Zn PPM	Ag PPM	Au PPB	wt/Au gm	NOTES
KC-S1				<0.2	5		
KC-S2				<0.2	<5	16.00	
KC-S3				59	240		
KC-S4				0.7	<5		
KC-S5				20	170	15.00	
KC-S6				0.4	5		
KC-S7				0.2	45		
KC-SS1				<0.2	<5	14.00	
KC-SS2				<0.2	<5	16.00	
KC-SS3				0.2	<5	15.00	
KC-SS4				<0.2	15	17.00	
KC-11884				0.8	50		Random Composite rock samples Rock Geochem - samples From Shear-Breccia Zone west of Punch Bowl Lake
KC-21884				1.2	90		
KC-31884				20	240		
KC-41884				1.5	110		
KC-51884				6.0	300		
KC-61884				3.0	170		
KC-71984				0.2	40		
KC-81984				0.2	20		
KC-91984				0.8	<5		
KC-101984	565	48		0.8	10		Rock Geochem - Random Composite rock samples From Punch Bowl Creek Section - Argillite-Pyrite Mineralization
KC-111984	335	48		0.3	40		
KC-121984	15	49	<0.2		10		
KC-131984	116	284	0.8		<5		
KC-141984	74	75	0.2		5		
KC-151984	37	184	0.6		5		
KC-161984	52	2750	1.5		25		
KC-171984	39	185	0.5		10		
KC-182084	144	3300	2.8		20		
KC-192084			<0.2		<5		
KC-71			0.3		10		

Bondar-Clegg & Company Ltd.
 130 Pemberton Ave.
 North Vancouver, B.C.
 Canada V7P 2R3
 Phone: (604) 985-0681
 Telex: 04-352667



Geochemical
 Lab Report

REPORT: 127-1370

PROJECT: PUNCH

PAGE 1

SAMPLE NUMBER	ELEMENT UNITS	Cu PPM	Pb PPM	Zn PPM	Ag PPM	As PPM	Au PPB	
R2 6150 - 10' continuous chip sample		146	40	1120	28.0	>1000	180	Rock Samples - Shear zone Punch Bowl west of Lake area
R2 6100A		15	7	30	2.4	>1000	160	
R2 PB4900		27	14	38	0.4	450	<5	

Soil Geochem - Punch Bowl
Creek Section

FILE # B6-3174

PAGE 4

SAMPLE#	Zn PPM	Ag PPM	As PPM	Au# PPB
PB 1+00N 1+20W	58	.3	10	3
PB 1+00N 1+00W	62	.4	14	10
PB 1+00N 0+80W	42	.5	12	1
PB 1+00N 0+60W	33	.1	12	1
PB 1+00N 0+40W	93	1.2	5	2
PB 1+00N 0+20W	64	1.4	14	3
PB 1+00N 0+00W	63	.6	4	6
PB 1+00N 0+20E	53	.1	9	2
PB 1+00N 0+40E	55	.8	19	3
PB 0+50N 1+20W	34	.2	6	2
PB 0+50N 1+00W	38	.2	7	1
PB 0+50N 0+80W	51	.6	10	12
PB 0+50N 0+60W	76	1.9	20	5
PB 0+50N 0+40W	91	.5	20	5
PB 0+50N 0+20W	50	.4	15	4
PB 0+50N 0+00W	49	.3	7	6
PB 0+50N 0+20E	44	1.0	59	6
PB 0+50N 0+30E	49	.3	50	14
PB 0+00 1+20W	65	.2	17	1
PB 0+00 1+00W	43	.2	7	1
PB 0+00 0+60W	55	.5	25	1
PB 0+00 0+40W	111	.2	15	2
PB 0+00 0+20W	77	.6	12	<u>145</u>
PB 0+00 0+00W	70	1.4	21	5
S-5060	144	.2	35	3
S-5160	116	.1	24	4
S-5360	135	.3	26	6
S-5500	124	.2	29	1
STD C/AU-S	134	7.1	37	51

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

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

PROSPECTUS

JUNE 16, 1988

LOCKE RICH MINERALS LTD.

Suite 2390 - 1055 West Hastings Street
Vancouver, British Columbia
V6E 2E9

400,000 Common Shares

Price to Public	Agent's Commission	Proceeds to Issuer (1) (2)
\$0.40	\$0.04	\$0.36
\$160,000.00	\$16,000.00	\$144,000.00

in of the costs of the issue estimated to be \$20,000.

granted to the Agent a Greenshoe Option as described under the heading "Plan of Distribution".

SECURITIES OFFERED HEREBY WAS DETERMINED BY NEGOTIATION BETWEEN THE ISSUER AND THE AGENT. A SECURITIES OFFERED BY THIS PROSPECTUS MUST BE CONSIDERED AS SPECULATIVE. THERE IS NO MARKET ESE SECURITIES MAY BE SOLD.

E OF EACH COMMON SHARE OFFERED HEREBY EXCEEDS THE NET TANGIBLE BOOK VALUE THEREOF AT MARCH 0% AFTER GIVING EFFECT TO THIS ISSUE ON A FULLY DILUTED BASIS, INCLUDING THE ISSUANCE OF AN AGGRE- RES AFTER SEPTEMBER 30, 1987 AND ASSUMING THE ISSUANCE OF ALL SHARES SUBJECT TO DIRECTORS' AND S AND THE AGENT'S WARRANT.

xchange has conditionally listed the securities being offered pursuant to this Prospectus. Listing is subject to the Company requirements of the Vancouver Stock Exchange on or before December 28, 1988, including prescribed distribution and

All of the properties in which the Issuer has an interest are in the exploration and development stage only and are without a known body of commercial ore. No survey of any of the properties of the Issuer save and except for a portion of the Northern Belle Property has been made and therefore in accordance with the laws of the jurisdiction in which the properties are situate, their existence and area could be in doubt. See also heading "Risk Factors".

Upon completion of this offering (excluding the exercise of the Agent's Warrants and Greenshoe Option) this issue will represent 24.2% of the shares then outstanding as compared to 70.3% that will then be owned by the controlling persons, promoters, directors and senior officers of the Issuer and associates of the agent. Refer to the heading "Principal Holders of Securities" herein for details of shares held by directors, promoters and controlling persons and associates of the foregoing.

Certain employees of the agent, as defined in Local Policy 3-30 of the Superintendent of Brokers, and their associates have purchased shares of the Issuer at the non-reporting stage. Reference is made to the section captioned "Principal Holders of Securities".

One or more of the directors of the Issuer may in the future have an interest, direct or indirect, in other natural resource companies. Reference should be made to the heading "Directors & Officers" herein for a comment as to the resolution of possible conflicts of interest.

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.

This Prospectus also qualifies the granting of the Warrant and Greenshoe Option to the Agent and the sale to the public, at the market price for the shares of the Issuer at the time of sale, any shares of the Issuer which the Agent may acquire pursuant to the Agent's Warrant. Reference should be made to the heading "Plan of Distribution".

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 "Plan of Distribution" of this Prospectus and subject to the approval of certain legal matters on behalf of the Issuer by Lawrence & Shaw, Vancouver, British Columbia.

AGENT

CANARIM INVESTMENT CORPORATION LTD.
Stock Exchange Tower
P.O. Box 10337
2200 - 609 Granville Street
Vancouver, B.C.
V7Y 1G5

EFFECTIVE DATE: June 27, 1988

R.M.
A.L.
PROPERTY FILE
Punch Bowl 92H/6E,7W
Northern Belle 82KSW015