

SUPERINTENDENT OF BROKERS
AND
VANCOUVER STOCK EXCHANGE

D.L.
PROPERTY FILE

STATEMENT OF MATERIAL FACTS (#94/87)

EFFECTIVE DATE: JULY 8, 1987



SILVERADO MINES LTD.

2580 - 1066 West Hastings Street, Vancouver, B.C. V6E 3X2 689-1535
NAME OF ISSUER, ADDRESS OF HEAD OFFICE AND TELEPHONE NUMBER

2800 - 666 Burrard Street, Vancouver, B.C. V6C 2Z7
ADDRESS OF REGISTERED AND RECORDS OFFICES OF ISSUER

GUARANTY TRUST COMPANY OF CANADA

200 - 800 West Pender Street, Vancouver, B.C. V6C 2V7
NAME AND ADDRESS OF REGISTRAR AND TRANSFER AGENT FOR ISSUER'S SECURITIES IN BRITISH COLUMBIA

OFFERING: 800,000 Units, each Unit consisting of one share and two Series "A" Warrants

	Estimated Price to Public	Estimated Brokers' Commission	Estimated Net Proceeds to Issuer
Per Unit:	\$1.50	\$0.1125	\$1.3875
Total.....	\$1,200,000	\$90,000	\$1,110,000

The price of the Units will be determined in accordance with the rules and policies of the Vancouver Stock Exchange at a premium over the average trading price of the Issuer's shares.

ADDITIONAL OFFERING:

The Agents will receive Agents Warrants entitling them to purchase a total of 400,000 shares in consideration for guaranteeing the sale of Units offered hereby. The Agents have also been granted a Greenshoe Option entitling them to purchase additional shares of the Issuer. Any shares acquired by the Agents are hereby qualified for resale. See "Plan of Distribution" for further information concerning the resale of shares by the Agents.

The outstanding shares of the Issuer are listed on the Vancouver Stock Exchange in Canada and quoted on the National Association of Security Dealers Automated Quotation System (NASDAQ) in the United States.

The Vancouver Stock Exchange has conditionally listed the shares and warrants comprising the Units offered by this Statement of Material Facts. The shares will be listed and quoted separately from the other common shares of the Issuer already listed on the Vancouver Stock Exchange.

The Units offered by this Statement of Material Facts have not been registered or qualified under the United States Securities Act of 1933, as amended, or under the securities laws of any state of the United States and are not being offered and may not be offered or sold directly or indirectly in the United States, its territories or possessions or to or for the benefit of any U.S. Person. See "Not a U.S. Offering". Certificates representing the shares and warrants comprising the Units will bear a legend to such effect. Warrants may not be exercised by any U.S. Person and shares may be sold by holders only in accordance with the provisions set forth herein. For details concerning the legend, procedures necessary for exchange of legended shares for unlegended shares, definitions of U.S. Person and United States and a discussion of the separate trading provisions for the legended shares and warrants comprising the Units, see "Plan of Distribution."

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

Agents

Merit Investment Corporation
1500 - 625 Howe Street
Vancouver, B.C. V6C 2T6

Canarim Investment Corporation Ltd.
2200 - 609 Granville Street
Vancouver, B.C. V7Y 1H2

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

1. PLAN OF DISTRIBUTION

Offering

The Issuer by its Agents hereby offers (the "Offering") to the public through the facilities of the Vancouver Stock Exchange (the "Exchange") 800,000 units (the "Units"), each Unit consisting of one share and two share purchase warrants (the "Series "A" Warrants"). The Offering will take place and be completed on a day (the "Offering Day" or the "Distribution Date") not more than thirty (30) business days after the date (the "Effective Date") this Statement of Material Facts (the "Statement") is accepted for filing by the Exchange and the Superintendent of Brokers for British Columbia (the "Superintendent").

The price of the Units (the "Offering Price") will be determined by the Issuer and the Agents in accordance with the rules and policies of the Exchange, at a premium over the average trading price ("Average Trading Price") of the Issuer's shares as traded on the Exchange and as determined by the Exchange.

The purchaser of any Units will be required to pay regular commission rates as specified in the rules and by-laws of the Exchange.

Appointment of Agents

The Issuer, by an agreement (the "Agency Agreement") dated May 25, 1987, appointed the following as its agents (the "Agents") to offer the Units to the public as follows:

<u>Name of Agents</u>	<u>Participation</u>
Merit Investment Corporation	400,000 Units
Canarim Investment Corporation Ltd.	400,000 Units

The Issuer will pay the Agents a commission of 7.5% of the Offering Price.

The Agents have agreed to purchase from their respective portions of the Offering any Units which remain unsubscribed for at the conclusion of the Offering and, in consideration therefor, the Issuer has agreed to issue to the Agents, immediately following the Offering Day in proportion to their participation in the Offering, non-transferable share purchase warrants ("Agents Warrants") entitling the Agents to purchase up to a total of the 400,000 shares of the Issuer. The Agents may exercise the Agents Warrants at any time and from time to time within one hundred and eighty (180) days after the Offering Day at a price which is at a premium over the Average Trading Price, as determined in accordance with the rules and policies of the Exchange.

GEOLOGIC REPORT

on

THE ESTER DOME PROJECT

(including Grant Mine Property, Dobbs Option,
Range Minerals Options, and St. Paul-Barelka Option)

Fairbanks Mining District, Alaska

Centered at $64^{\circ} 53'$ N. $148^{\circ} 05'$ W.

for

SILVERADO MINES LTD.

April 9, 1987

by

J.W. Murton, P. Eng.

J.W. Murton & Associates

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INTRODUCTION

During the period 1978 to 1986, Silverado Mines (U.S.), Inc., a wholly owned subsidiary of Silverado Mines Ltd., acquired and explored several mineral properties located on Ester Dome, a few miles WNW of Fairbanks, Alaska. The programs culminated in the formation of a Joint Venture with Aurex, Inc. to place the Grant Mine into production. A mill was constructed and the mine was in production for two and one half months until early January, 1986, when Aurex's withdrawal from the project caused a suspension of operations.

All of Silverado's work on Ester Dome was carried out by its operators, Tri-Con Mining Ltd., and Tri-Con Mining, Inc. This writer was employed by Tri-Con Mining from 1979 until mid-1986 and was involved in, or supervised most of this work.

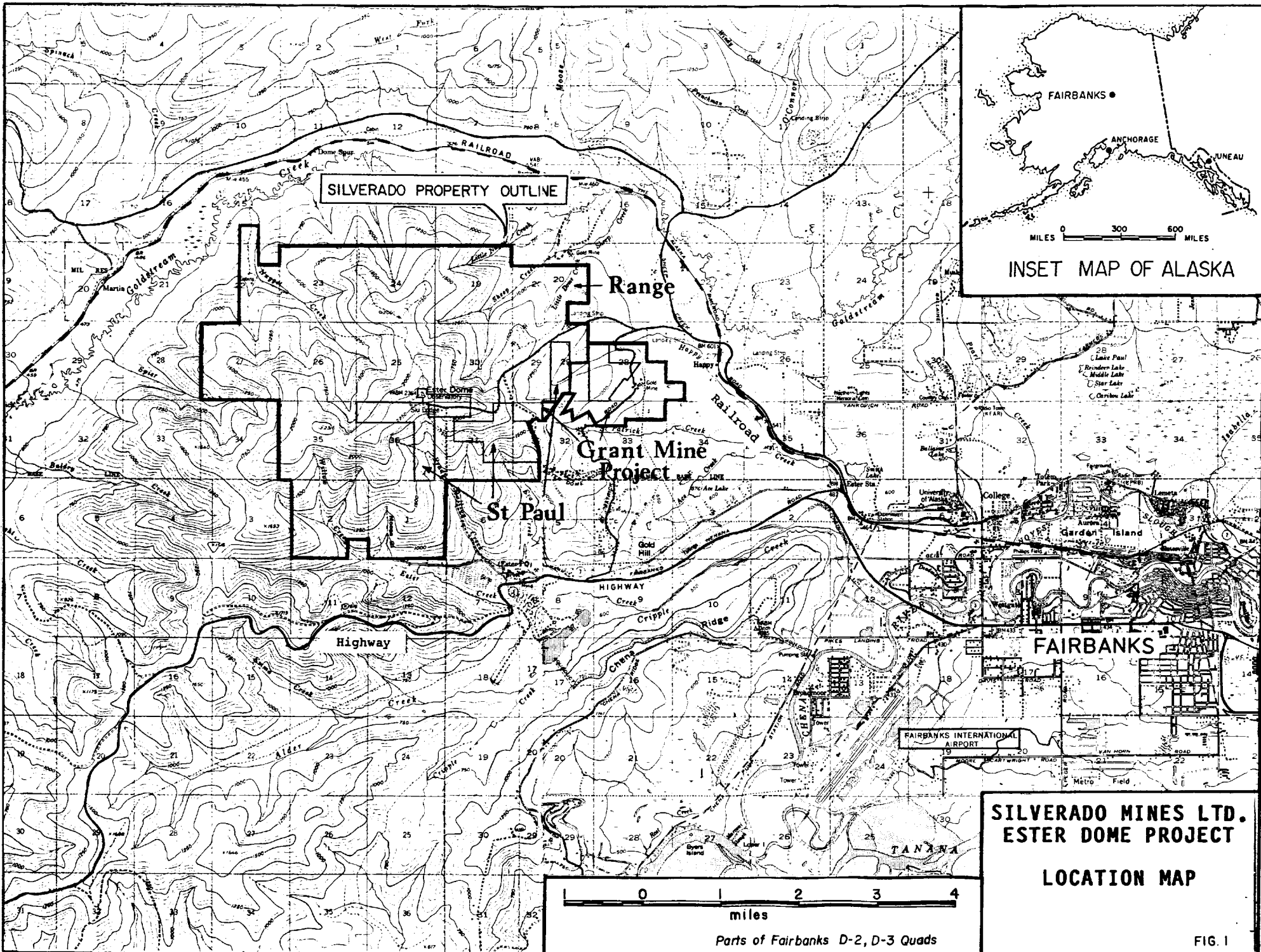
At Silverado's request, J.W. Murton and Associates have been commissioned to prepare a report outlining the potential for developing lower cost, (versus underground mining), surface-mineable ore reserves on Silverado's Grant Mine and surrounding Ester Dome properties with the ultimate goal of recommencing production through the existing milling facility.

Silverado has received a number of reports over the years, from W.G. Stevenson and Associates Ltd., recommending work on the individual properties. Much of this work has been completed and the writer has drawn on the balance of these recommendations in preparing his report.

The co-operation of A.M. Homenuke, P. Eng., Senior Vice President of Tri-Con Mining Ltd., in preparing this report, is gratefully acknowledged.

SUMMARY

Silverado Mines holds approximately 14 square miles of mineral claims on Ester Dome, near Fairbanks, Alaska, and has built a mill and achieved temporary gold and silver production from underground reserves on the Grant Mine portion of its properties. While there are existing reserves at the Grant Mine and potential for developing more at depth, recent work by La Teko Resources on the neighboring Ryan Lode Property has pointed to the possibility of production by surface mining on wider sections of gold-bearing shear zones. On Silverado's properties there are a number of possibilities, especially in the O'Dea Vein System, for developing surface-mineable ore reserves. As this would be the lowest cost and fastest route to recommencing production, J.W. Murton and Associates have recommended a two-phase program for Silverado's Ester Dome Project. Phase I, consisting of drilling and trenching to develop surface-mineable reserves is estimated to cost \$260,000 (Cdn.). Phase II, contingent upon the success of Phase I, and consisting of commencing production, is estimated to cost \$275,000 (Cdn.).



SILVERADO PROPERTY OUTLINE

Range

Grant Mine Project

St. Paul

Highway

FAIRBANKS

FAIRBANKS INTERNATIONAL AIRPORT

SILVERADO MINES LTD.
ESTER DOME PROJECT

LOCATION MAP



Parts of Fairbanks D-2, D-3 Quads

FIG. 1

PROPERTY AND TITLE

Silverado holds mineral title, by option to purchase, on approximately 14 square miles of contiguous claims on Ester Dome in the Fairbanks Mining District, Alaska.

More precisely, these claims cover parts or all of Sections 1 and 2, T1S/R3W, Sections 19, 20, 27, 28, 29, 30, 31, 32 and 33, T1N/R2W, Section 22, 23, 24, 25, 26, 27, 35 and 36, T1N/R3W, Fairbanks Meridian, and are centered at 64° 53' N. Lat., 148° 05' W. Long.

Silverado's holdings on Ester Dome may be summarized as follows:

- A. Grant Mine Project - 6 Federal and 24 State mineral claims which were the subject of a recent Joint Venture Agreement. One additional state claim has since been located.
- B. Dobb's Property - 3 Federal claims which are physically within the Grant Mine Project but are not part of the Joint Venture.
- C. St. Paul/Barelka Property - 21 State claims.
- D. Range Minerals Property - 246 State claims (including 6 state claims assigned to the Grant Mine Project. Item A. above.)

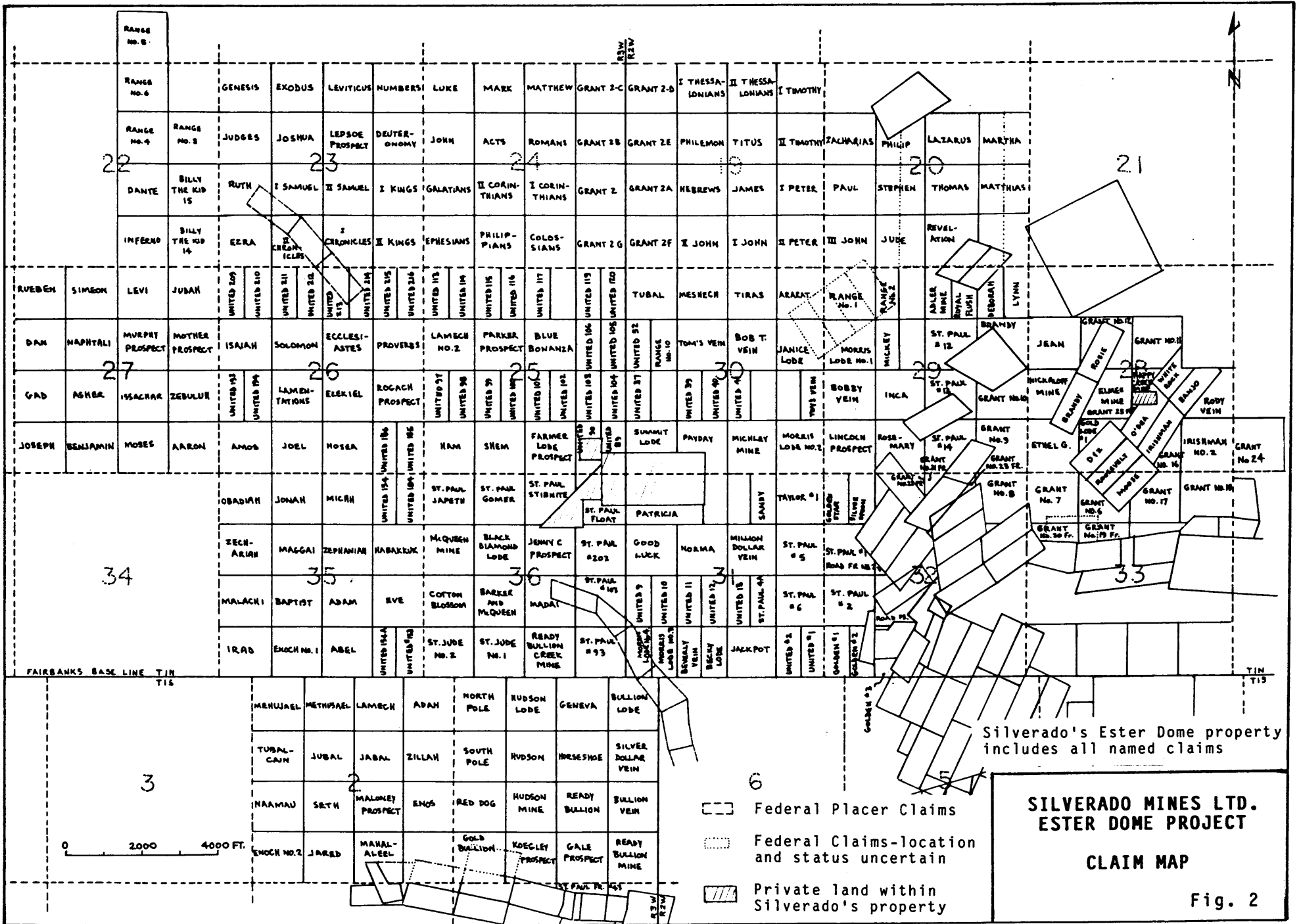
TOTAL - 9 Federal claims, 286 State claims.

The claims covered by the Joint Venture Agreement have since been returned to Silverado via a Settlement Agreement.

The claims are shown on Fig. 2 and are tabulated in Appendix I.

LOCATION AND ACCESS

Ester Dome is centered 7 miles WNW of Fairbanks (Fig. 1). Paved roads flank the Dome on the south and east sides and State maintained gravel roads provide year round access to the southeast quadrant of the property. Further access to much of the property is provided by four-wheel drive roads and cat trails. The Alaska Railway follows the base of the Dome on the north and east sides.



Silverado's Ester Dome property includes all named claims

- Federal Placer Claims
- Federal Claims-location and status uncertain
- Private land within Silverado's property

SILVERADO MINES LTD.
ESTER DOME PROJECT
CLAIM MAP

Fig. 2

PHYSIOGRAPHY

Ester Dome is a roughly circular feature, 5 miles in diameter, ranging from 500 to 2400 feet in elevation and cut by numerous small streams in a radial pattern. Permafrost is patchy and may be identified by associated stands of black spruce. The balance of the area is forested by a mixed coniferous-deciduous growth.

Mean annual precipitation is about 12 inches, with over 60% occurring between May and September. Average annual snowfall is about 2 feet and generally lasts from October to May. From late spring to early autumn, weather conditions are moderate with long daylight hours. During the balance of the year temperatures are generally below freezing but rarely reach to -50°F . The usual range is from -20°F to $+20^{\circ}\text{F}$. On the Dome the temperature is commonly 10°F higher than in Fairbanks due to inversion. The company has encountered no major obstacles in operating the mine in winter.

INFRASTRUCTURE

The Grant Mine is supplied with a domestic powerline, telephone, and telex facilities. Operating power is generated onsite. There is a well in place which supplies process water.

Most labor is available locally and key personnel can be recruited in the Western States.

Fairbanks, which serves 60,000 people, has a good industrial service base built up during pipeline construction. Earthmoving contractors are readily available locally. Parts and supplies not available locally can be brought in quickly, as Fairbanks is serviced through a major international airport, by a railway and by highways.

HISTORY

The discovery of placer gold in the Klondike area of the Yukon Territory in 1896 stimulated prospecting which extended into Alaska. In about 1902, placer gold was discovered in Alaska on Pedro Dome and in the creeks draining Ester Dome, approximately 250 miles west of the Klondike. A trading post, established on the Chena River midway between Pedro and Ester Domes, was named Fairbanks.

In 1903 the first lode gold claim was staked in the Fairbanks District. Over the next several years many gold bearing quartz veins were recognized in the hills tributary to the placer streams. At Ester Dome, approximately 10 miles west of Fairbanks, 50 or more veins were discovered and by 1912, four stamp mills had been installed which processed ore from many of these veins.

Approximately 250,000 ounces of gold have been produced from lode deposits in the Fairbanks District and over 4 million ounces of gold have been reported from placer mining, of which over 3 million ounces were from the streams draining Ester Dome.

On the Grant Mine Project area, where Silverado has concentrated most of its efforts, the Irishman Vein was located in the 1920's by Mr. O.M. Grant, who initiated production from two shafts that were put down to depths of about 150 feet. There is no record of past production, but it is estimated that several thousand tons of ore were produced during the period 1928 to 1950.

At the time of Grant's death in about 1954, title to the claims over the Grant property transferred to his niece, Mrs. Delia McDonald. In 1973, Mr. R. Burggraf purchased the property from Mrs. McDonald, extended the shaft from 150 ft. down to the 200 ft. level, and drove drifts on the Irishman and the newly discovered O'Dea Vein on this level. Mr. Burggraf also conducted a rotary drilling program from the surface at this time, which was the first exploration conducted on the ground in over 25 years.

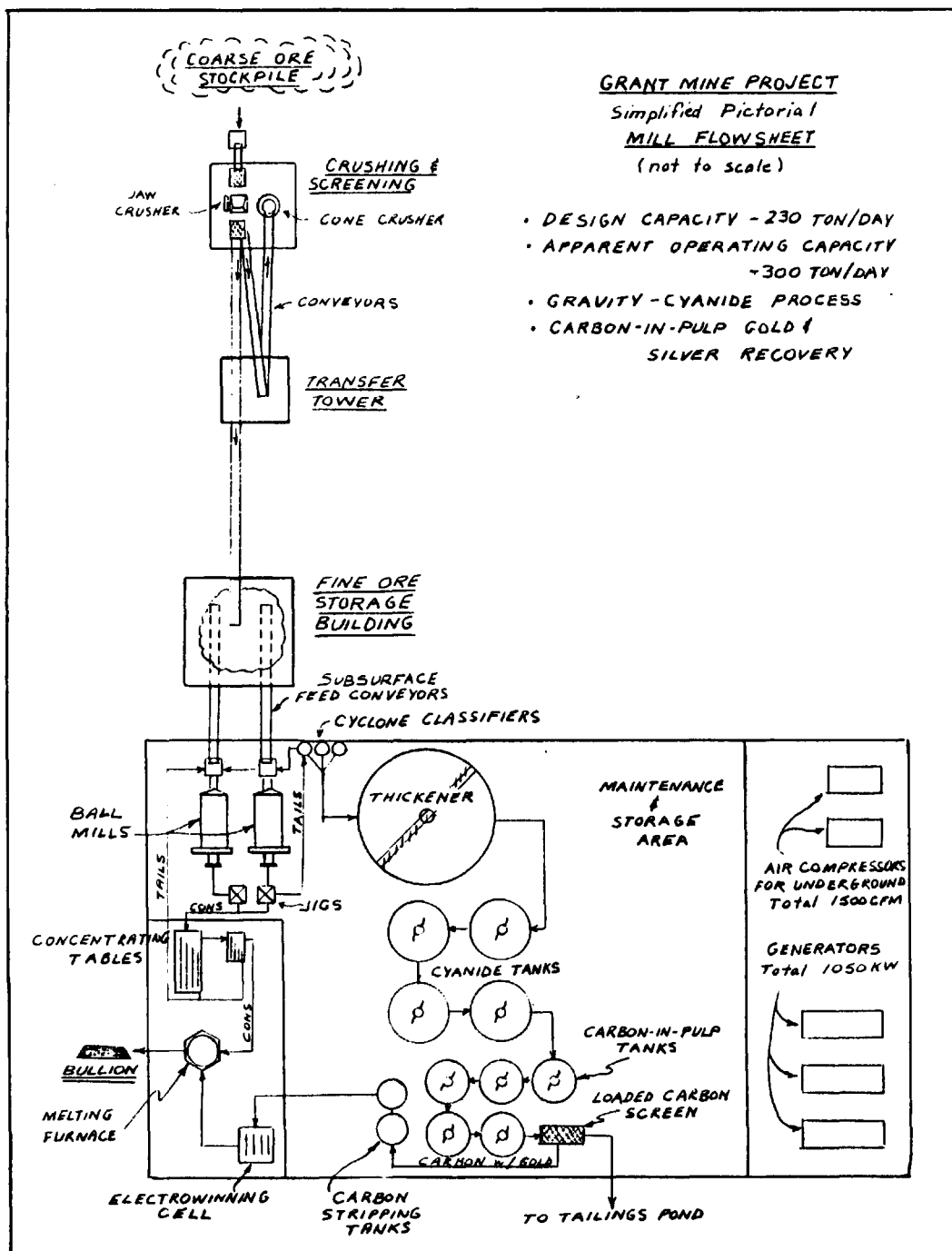
During September 1978, Mr. Burggraf entered into a lease option agreement on the Grant property with Silverado Mines Ltd.

Silverado's work on the Grant Mine Property during the period 1978-1986 is summarized below.

	<u>1978</u> <u>& before</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u> <u>(Jan)</u>	<u>Total</u>
Trenching-feet			2700			2655	350			5,705
E.M. Survey-line miles		4.2	15.0				34.5			53.7
Drilling-overburden-feet							11,758			11,758
Drilling-Rotary-feet	1,516		220	6,986		2126	17,738			28,586
Drilling-Diamond Surface-feet							14,844			14,844
Drilling-Diamond Underground-feet		1,065		940						2,005
Drilling-Longhole Underground-feet								1,735		1,735
Track Drift-feet		33	376	1,355			496	842		3,102
Raising-feet		34	200	830			116	1,111		2,291
Subdrift-feet		20		820				1,329		2,169
Dry Tons Ore Milled			756	3,414				6,697	399	11,266
Oz. Gold Recovered			212	970	33	209		442	930	2,796
Oz. Silver Recovered			61	237	8	85		120	1,505	2,016

During 1980-1982, Silverado intermittently operated a small gravity test mill on development muck. In 1984, the Grant Mine Project Joint Venture was established to further explore, develop and place the property into production.

A gravity-cyanide mill was constructed for the Grant Mine Project by Tri-Con Mining, Inc. in 1985. Design and engineering were provided by Melis Consulting Engineers Ltd. The mill had a designed capacity of 230 tons per day and was completed in 6 months at an approximate cost of \$3,000,000 (U.S.), including power plant and tailings pond. The following is a simplified flowsheet of the milling operation on an approximate pictorial layout of the actual plant.



From late October, 1985 to early January 1986, 7100 tons of ore were run at a nominal rate of 100 tons per day using only one of the two grinding circuits. This was primarily a tune-up period for the mill and a training period for most of the mill hands. The mill ran essentially as designed by Melis Consulting Engineers Ltd. with minor shut downs related to power plant adjustments and normal tune-up problems. The feed rate was as high as 150 tons per day without reaching the limit of the single ball mill, indicating that the mill probably has an actual capacity of about 300 tons per day.

Available tons and grade were lower than projected and mining costs higher, due to unforeseen structural complexities in the initial mining area. Because of these factors and other internal reasons, Aurex withdrew from the project, causing a suspension of operations.

Elsewhere on Ester Dome, during 1979-1986, Silverado's work consisted of locating and examining many of the historic prospects and conducting geophysical and geochemical surveys and trenching on selected areas of the total property. (See Fig. 3). Several of these old prospects achieved production in the early 1900's ranging from a few tons to a few thousand tons (Hill, 1933). Reconnaissance geological mapping of Ester Dome was done in the 1985 field season to identify possible regional trends for follow-up work.

GEOLGY

Earlier mappers included the rocks in the Fairbanks District in the Birch Creek Schist portion of the Yukon-Tanana Metamorphic Complex. More recently (Forbes et al, 1982) the rocks in the district have been divided into terranes based on metamorphic grades that are apparently separated by low-angle (thrust?) faults. These include greenschist, amphibolite and eclogite terranes. At various locations in the district, plutons, ranging from felsic to intermediate composition, were intruded into the metamorphic host rocks during Cretaceous time. Age dating indicates that the parental sedimentary rocks were of Precambrian and/or early Paleozoic age, and that the earliest metamorphic event occurred in late Precambrian to early Paleozoic time. A second thermal pulse seems to have occurred in Jurassic time, followed by a pervasive Cretaceous thermal disturbance accompanying the emplacement of plutons in the district. Gold and related mineralization was emplaced along selected shears, faults and fractures and is probably related to the emplacement of the plutons, at least as a heat source. The generally high gold/silver ratios, deposition temperatures, abundance of quartz, zoning features and vertical range of mineralization point to a mesothermal (or deep recirculating meteoric water) origin for the vein fluids. (Nesbitt et al, 1986). High grade ore shoots (as at Bralorne, B.C.) in this type of deposit can persist to several thousand feet of depth.

Ester Dome is underlain by the greenschist facies terrane locally termed "Fairbanks Schist." Reconnaissance mapping of the Dome was undertaken by Silverado in 1985 (Swainbank, 1985). This work combined with petrographic studies on drill core from the Grant Mine Project shows a complex assemblage of metapelites and metapsammites including quartzites, micaceous quartzites, quartz-mica schists, mica schists and minor graphitic schist, amphibolite schist and marble.

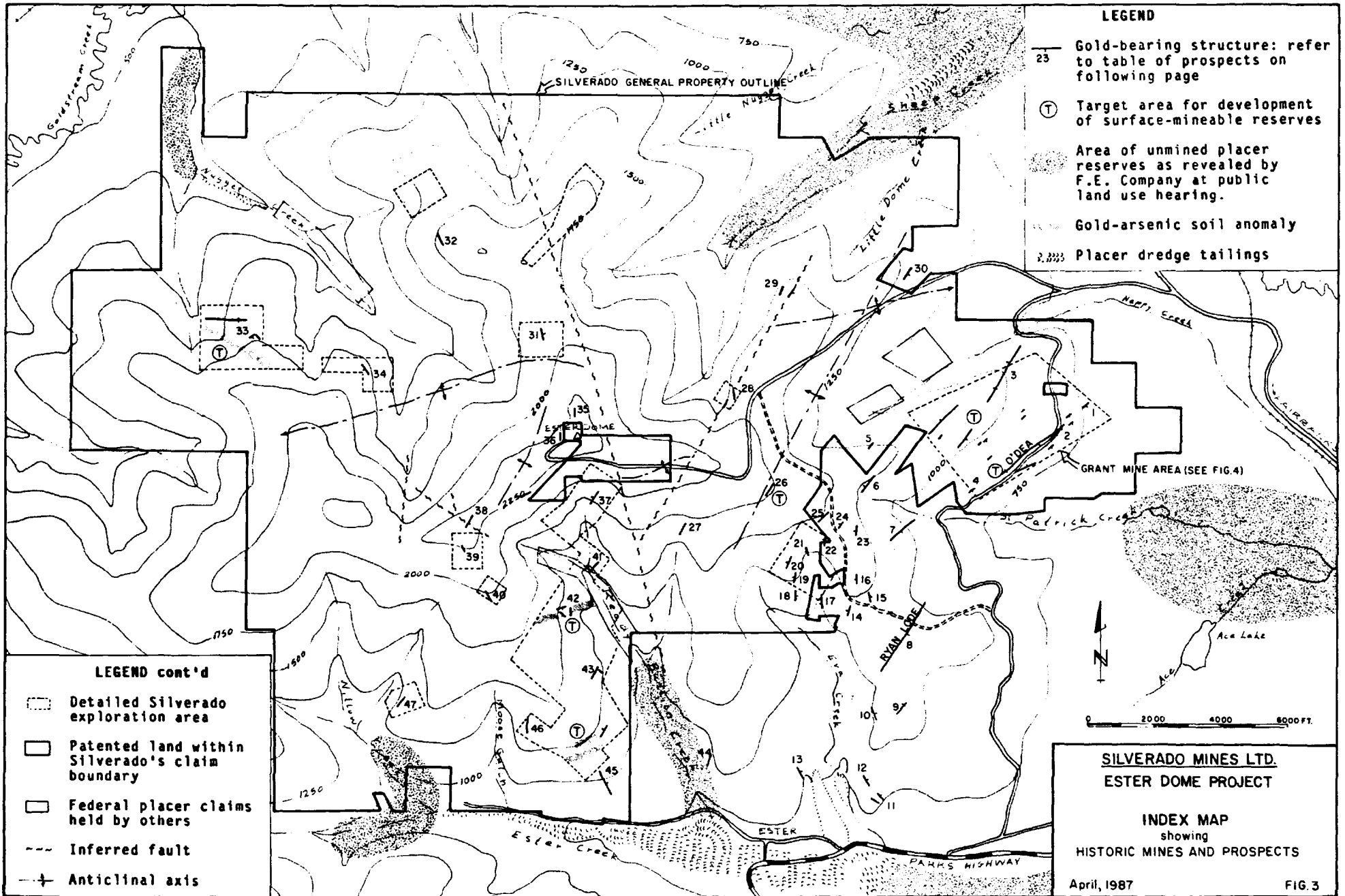
The generally "domal" structure is the result of warping of earlier folds with east-west axial trends about northeasterly trending axes. Dominant joint trends and the trends of some major shear zones, such as the O'Dea and Ryan Lode, are also northeasterly.

Quartz monzonite intrusions have been reported at a depth of 900 feet below the Ryan Lode and under the overburden to the southwest of the Ryan Lode. Numerous northerly trending tension fracture gold-quartz veins near the Ryan Lode and elsewhere may be related to uplift caused by the emplacement of these and other plutons. Mapping by Swainbank indicated considerable fine grained intrusive (dyke) rubble on the northwest quadrant of the dome. This material is highly altered but unfoliated, is usually accompanied by abundant bull quartz float, and may indicate a larger intrusive at depth in this area.

MINERALIZATION

Gold mineralization on Ester Dome occurs in large shear zones, breccias, quartz veins and, at lower grades, as disseminations into fractured wallrocks. The dominant structural trend is northeasterly with subordinate north and northwesterly trends. At the Grant Mine, where the bulk of Silverado's work on Ester Dome has been done, gold mineralization, as encountered in drill holes, occurs over widths up to 40 feet. This is on the O'Dea shear zone which has been developed by underground workings and drilling for a strike length of 2500 feet. Fig. 5 shows the general layout of the workings and possible ore zones, as indicated by drilling, on the O'Dea Vein System.

In the early 1980's, St. Joe American Corp. carried out an extensive exploration program on the Ryan Lode and Mohawk properties, which adjoin the Grant Mine Property on the southwest. The Ryan Lode has since been acquired by La Teko Resources Ltd. and their news release in the February 5, 1987 issue of "Vancouver Stockwatch" reports that they achieved a 73.5% gold recovery in 1986 from a test heap leach of 3,567 tons grading 0.115 ounces gold per ton. Indicated reserves of 1,900,000 tons averaging 0.132 ounces gold per ton, including 70,200 tons of 0.208 oz./ton to a depth of 30 feet, were also reported. The average width was reported to be 61 feet.



**ESTER DOME AREA
HISTORIC MINES AND PROSPECTS**
(shown on Fig. 3)

- compiled from Hill (1933), Chapman and Foster (1969) and Silverado Mines Ltd. files
- (P) indicates some gold production
- (T) indicates part of target area for surface mining exploration

No. on Fig. 3	Name	No. on Fig. 3	Name
(P) 1	Old Irishman	25	Prometheus
(P,T) 2	Grant Mine (O'Dea & Irishman veins)	(T) 26	Big Blue
(P) 3	Elmes (Old Mill)	27	unnamed
(P,T) 4	McComb	(P) 28	Michley
5	Dorothy and Dorice	(P) 29	Sanford
(P) 6	Bondholder	30	Adler
(P) 7	Mohawk (Old Mill)	(P) 31	Blue Bonanza (also Grant No. 2)
(P) 8	Ryan Lode (Old Mill)	32	Lepsoe
9	McDonald	(P,T) 33	Mother (Murphy)
10	Combination	(T) 39	Rogach
(P) 11	Eva No. 2	35	Flagler
12	Blue Bird	36	Farmer Lode
13	Little Eva	(P) 37	Farmer Mine
(P) 14	Fairchance	38	McQueen
(P) 15	Billy Sunday	39	Barker-McQueen
(P) 16	Wandering Jew	40	St. Jude
(P) 17	Clipper	41	Vuyovich
18	Little Flower	(T) 42	Ready Bullion Creek
19	Camp Bird	(P) 43	Silver Dollar
(P) 20	St. Paul	44	Vuyovich No. 2
21	Stibnite Lode	(P) 45	Ready Bullion Mine
22	Killarney	(P) 46	Hudson Mine (Old Mill)
(P) 23	First Chance	47	Maloney
24	Last Chance		

The O'Dea Vein System is more or less on trend with the Ryan Lode and approximately 1200 feet of possible strike length of the O'Dea on Silverado's property remain to be located. VLF-EM conductors, geochemical anomalies from overburden drilling and gold mineralization from trench sampling suggest that the O'Dea continuation is present within this 1200 feet.

The balance of the Grant Mine Property has been explored by VLF-EM surveys, soil geochemistry, geochemistry from overburden drilling, trenching, rotary drilling and diamond drilling. Gold mineralization has been encountered in the Irishman, Burggraf and Moose Veins southeast of the O'Dea Vein, below the 200-level and to the northeast and southwest of the workings on the O'Dea Vein, and on the Bonanza North and South areas, Ethel No. 1 and No. 2 Veins and the Ridgetop Vein to the northwest of the O'Dea Vein. The Elmes Vein on the Dobbs option was also explored during the course of Grant Mine Project activities. (See Fig. 4).

The Bonanza South, Ethel No. 1 and No. 2 and the Ridgetop areas are the most promising for developing surface-mineable reserves outside of the O'Dea Vein System.

Many of the other gold-bearing structures on Silverado's total Ester Dome holdings are of the shear zone type and also provide targets for developing surface-mineable reserves. Several of these line up on northeasterly trends parallel to the O'Dea-Ryan trend.

The lode deposits on Ester Dome are the probable source of the placer gold in the streams draining the dome. Over 3 million ounces of placer gold production has been reported and production is continuing at some locations. Considerable placer reserves reportedly still exist in deeper gravels on the north, east and south sides of the Dome.

PRODUCTION AND RESERVES

From 1980 to 1986, 11,266 tons of ore were milled at the Grant Mine, yielding 2,796 ounces of gold and 2,016 ounces of silver. The majority of the millfeed was from development work.

Following the suspension of operations in January, 1986, the mine staff prepared a reserve estimate for ore developed in the mine workings and to a depth 20 feet below the main haulage level (200-level). Using geological and development boundaries to define reserve blocks their estimate is summarized as follows:

CATEGORY	DEFINITION	TONS	GRADE
Proven	Opened on 4 sides, sampled at least 75% at 5-10 ft. intervals	1,426	0.31
Probable	Opened on 2-3 sides-sampled on at least 2 sides	4,171	1.00
Possible	Opened and sampled on 1 side	13,872	0.71

Silverado has also reported, using slightly different parameters and boundaries, combined proven and probable reserves of 10,100 tons grading 0.82 ounces gold per ton. Both of these estimates are undiluted geological reserves.

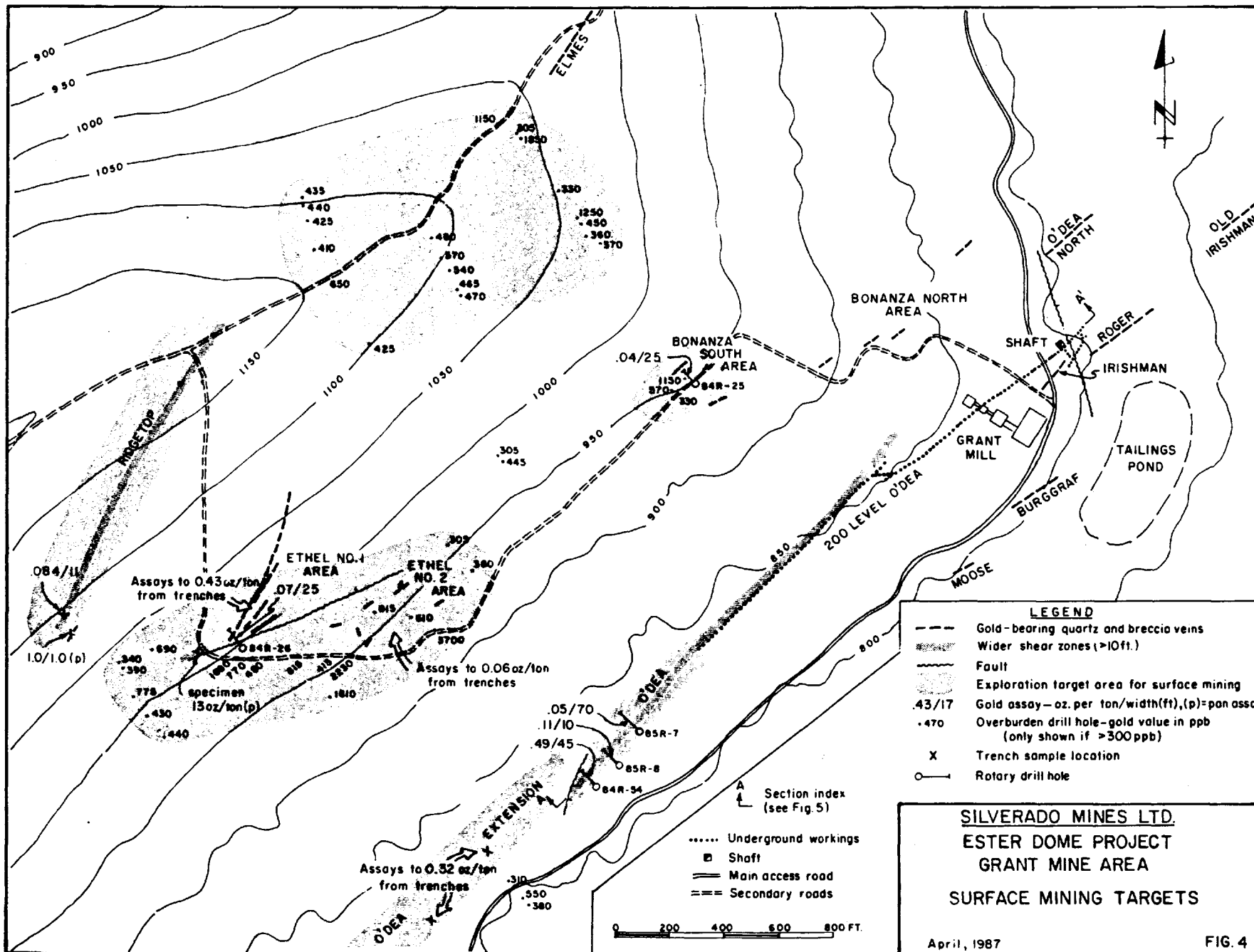
A series of five diamond drill holes in 1984 intersected an apparently consistent zone of gold mineralization below the O'Dea Vein underground workings from 400 to 1000 feet below surface. A.M. Homenuke, P. Eng., of Tri-Con Mining Ltd. has estimated, using geological constraints but without categorization, that the width-weighted arithmetic average of these holes indicate 140,000 tons at 0.48 oz. Au/ton surrounded by 223,000 tons at 0.14 oz. Au/ton.

While these reserves are not available to surface mining they provide information on the tenor of the ore and are valuable for consideration of underground mining at some future time.

Drilling, trenching and old underground workings have indicated the presence of many further gold bearing structures on the Grant Mine Property and elsewhere on Silverado's Ester Dome Properties, but these have yet to be developed into proven or probable reserves.

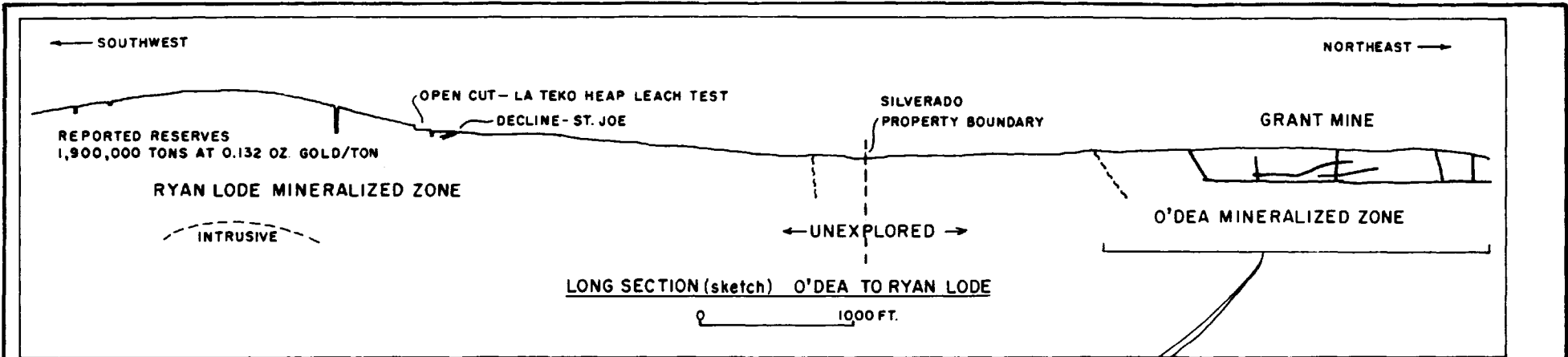
SURFACE MINING POTENTIAL

A number of targets with surface mining potential have been briefly mentioned. The most obvious area for initial consideration is the southwest end of the O'Dea Vein System, where a reverse circulation drill hole (84R-54) intersected 45 feet averaging 0.49 oz. Au/ton centered at a depth of 40 feet below bedrock surface (See Fig. 5). Overburden in this area consists of 20 feet of loess (wind blown silt). The true width of this zone is about 25 feet, which would allow open cut mining to a depth of 60 feet below bedrock surface, assuming the last 20 feet to be excavated, at a stripping ratio of 3 or 4 to one. From the limit of the underground workings to the southwest end of the O'Dea Vein System is a distance of 600 feet, where it is cut off by a fault. Only two other holes have intersected the zone along this strike length and within 60 feet of bedrock surface. These holes intersected 10 feet of 0.10 oz. Au/ton (85R-8) and 70 feet of 0.05 oz. Au/ton (85R-7). Further drilling is needed to delineate surface-mineable reserves along this portion of the O'Dea Vein System. A second target is the offset portion of the O'Dea Vein to the southwest. Other targets on the Grant Mine Property area (See Fig. 4) are provided by the Ethel No. 1 Vein where a drill hole intersected 50 feet of 0.026 oz., Au/ton and 25 feet of 0.07 oz. Au/ton (85R-26), the Bonanza South area with an intersection of 25 feet of 0.04 oz. Au/ton (85R-25) and the Ridgetop Area where sampling in a trench yielded 11 feet of 0.084 oz. Au/ton.

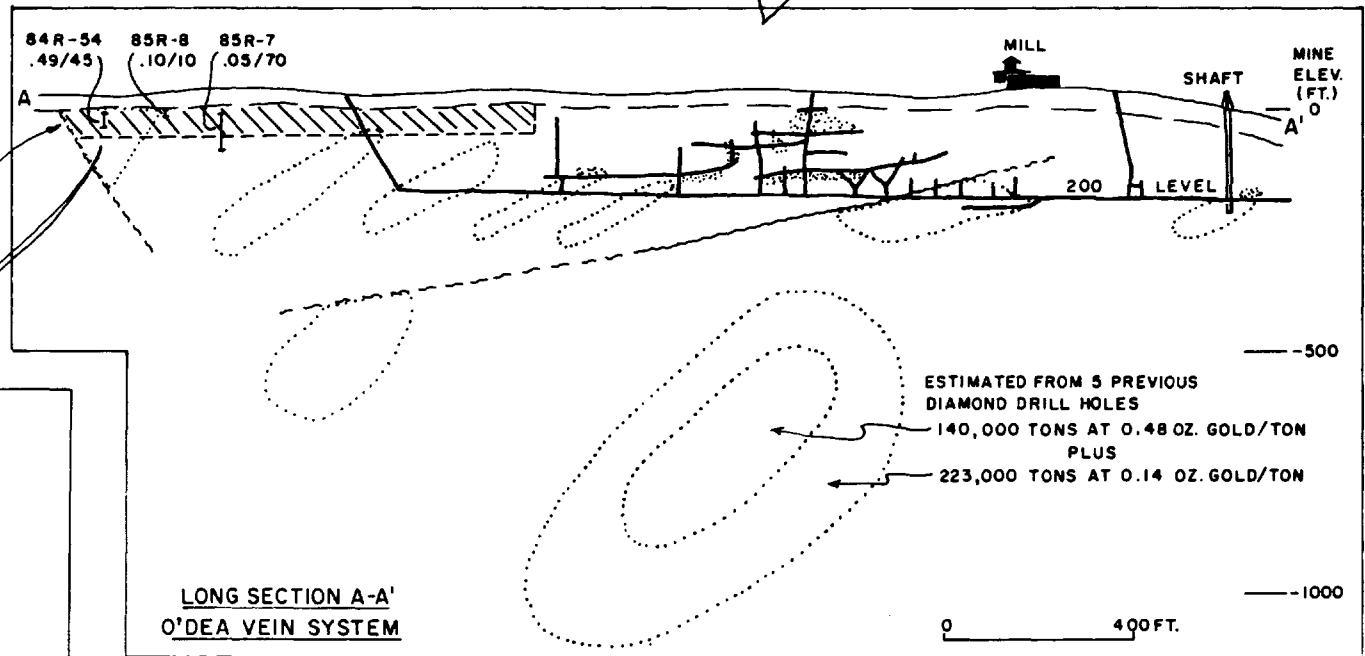
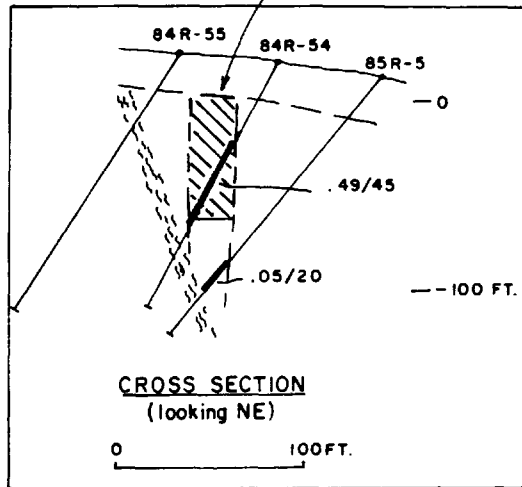


April, 1987

FIG. 4



INITIAL AREA OF PROPOSED DRILLING FOR DEVELOPMENT OF SURFACE MINEABLE RESERVES



LEGEND

- Rotary drill hole
- - - Fault
- .49/45 Gold assay - oz. per ton/width(ft.)
- ⋯ Outline of potential ore zone from previous drilling
- //// Wider section of O'Dea Vein - target for development of surface mining reserves
- ± Underground workings
- ⊘ Mined area

SILVERADO MINES LTD.
ESTER DOME PROJECT
GRANT MINE AREA
SECTIONS

On the balance of the property, preliminary drilling is needed to evaluate the gold-bearing shear zones exposed by trenching or mentioned by Hill (1933) as having wider zones of lower grade gold mineralization associated with high grade prospects. The most likely targets for surface mining outside of the Grant Mine Area are identified on Fig. 3.

CONCLUSIONS & RECOMMENDATIONS

There are a number of gold-bearing shear zones on Silverado's 14 square miles of mineral claims which have possibilities for the development of surface-mineable ore reserves. The prime target is the southwest end of the O'Dea Vein which has previous drill holes indicating the presence of gold mineralization over suitable widths for open cut mining. I recommend that a program of trenching and reverse circulation drilling be carried out on the O'Dea and other similar vein systems with the goal of developing surface-mineable reserves. This Phase I program is estimated to cost \$260,000 Cdn.

Assuming the Phase I program is successful in delineating adequate ore reserves, and given the presence of a proven mill at the Grant Minesite, a Phase II program consisting of placing the property back into production may be warranted. The estimated cost of start up until the mine would be operating from cash flow, given the assumptions stated in the Cost Estimate, is \$275,000 Cdn.

COST ESTIMATE

Phase I	Cdn.
Reverse Circulation Drilling 8,000 ft. @ \$20.00	\$160,000
Trenching 10 days	15,000
Geological Support Geologist, Room and Board, Transport, 3 months	15,000
Analysis 1400 samples @ \$15.00	21,000
Engineering and supervision	<u>15,000</u>
Contingency @ 15%	<u>226,000</u> 33,900
TOTAL PHASE I	<u>\$259,900</u>
SAY	<u>\$260,000</u> =====

Phase II

Contingent upon the results of Phase I and considering that the Grant Mill is available at a probable capacity of 300 tons per day, production may be warranted from surface-mineable portions of the O'Dea and other vein-shear systems. The cost of starting production through to operating from cash flow is estimated as follows:

	Cdn.
Permitting for open cut mining -allow	\$ 4,000
Initial Pit preparation by contractor -estimate	70,000
Mill start-up cost - estimate	25,000
Operating capital required until cash-flow*	<u>140,000</u>
Contingency @ 15%	<u>239,000</u> 35,850
TOTAL PHASE II	<u>\$274,850</u>
SAY	<u>\$275,000</u> =====

* Assumptions - Mining to start at SW end O'Dea Vein
Ave. Grade 0.2 oz. Au/ton, 90% recovery
Gold Price \$400 U.S.
Operating Cost \$25 U.S./ton

Respectfully Submitted,
J.W. Murton and Associates


J.W. Murton, P. Eng.



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Swainbank, R.C., 1985, Preliminary report of reconnaissance geologic mapping of Ester Dome, near Fairbanks, Alaska: Private report to Silverado Mines Ltd.

C E R T I F I C A T I O N

I, J.W. Murton, of West Vancouver, British Columbia, do hereby certify that:

- 1) I am a member of the Association of Professional Engineers of the Province of British Columbia, registered in 1972, No. 8324.
- 2) I am a graduate of the University of Manitoba with a B.Sc. in Geology.
- 3) I have been a practising Engineer and Geologist since 1960 in Manitoba, Saskatchewan, British Columbia, Southwestern U.S.A., and Alaska.
- 4) This report dated April 9, 1987, is based on information derived from work completed by myself or under my supervision on Silverado's Ester Dome Property during the period 1980 - 1986, and from files provided by Tri-Con Mining Ltd. and Silverado Mines Ltd.
- 5) I have no direct, indirect, or contingent interest in the mineral properties of Silverado Mines Ltd. or any of its securities, nor do I expect to receive any such interest.


J.W. Murton, P. Eng.



Vancouver, B.C.
April 9, 1987

APPENDIX
MINERAL CLAIMS

RANGE MINERALS CORPORATION, OPTIONER
SILVERADO MINES (U.S.), INC., OPTIONEE

Name of Claim	Location Book	Notice Recorded In Page	ADL Number
Grant 2 D	29	871	313704
I Thessalonians	29	998	313705
II Thessalonians	29	999	313706
I Timonthy	30	1	313707
II Timothy	30	2	313691
Titus	30	3	313690
Philomen	30	4	313689
Grant 2 E	29	870	313688
Grant 2 A	29	869	313672
Hebrews	30	5	313673
James	30	6	313674
I Peter	30	7	313675
II Peter	30	8	313660
I John	30	9	313659
II John	30	10	313658
Grant 2 F	29	868	313657
Martha	30	20	313695
Lazarus	30	21	313694
Philip	30	22	313693
Zacharias	30	23	313692
Paul	30	24	313676
Stephen	30	25	313677
Thomas	30	26	313678
Matthias	30	27	313679
Revelation	30	28	313663
amended location notice	344	198	
Juke	30	30	313662
III John	30	29	313661
Adler Mine	30	48	313645
amended location notice	344	196	
Royal Flush	30	49	313646
amended location notice	344	195	
Deborah	30	50	313647
amended location notice	344	197	
Lynn	30	51	313648
Brandy	30	52	313621
Michey	30	54	313620
Morris Lode No. 1	30	55	313619
Bobby Vein	30	56	313598
Inca	30	57	313599
Rosemary	30	58	313577
Licoln Prospect	29	860	313576
Ararat	29	888	313644
Tiras	29	889	313643
Meshech	29	890	313642
Tubal	29	891	313641
Janice Lode	29	892	313618
Bob' T. Vein	29	893	313617
Tom's Vein	29	894	313616
Toy's Vein	29	896	313597
Morris Lode No.2	29	897	313575
Michley Mine	29	898	313574
Payday	30	34	313573
Summit Lode	30	35	313572
Sandy	30	37	313555
Patricia	30	38	313554
Good Luck	30	39	313544
Morris Lode No. 4	30	43	313511
Morris Lode No. 3	30	44	313512

Name of Claim	Location Notice Recorded In Book	Page	ADL Number
Beverly Vein	30	45	313513
Becky Lode	30	46	313514
Jackpot	30	47	313515
Golden Star	29	861	313557
Silver Spoon	29	862	313558
Barbara	29	863	313559
Grant 2 G	29	864	313656
Colossians	29	899	313655
Phillippians	29	900	313654
Ephesians	29	901	313653
Galatians	29	902	313668
I Corinthians	29	904	313670
II Corinthinans	29	903	313669
Grant 2	29	865	313671
Grant 2 B	29	866	313687
Romans	29	905	313686
Acts	29	906	313685
John	29	907	313684
Luke	29	908	313700
Mark	29	909	313701
Matthew	29	910	313702
Grant 2 C	29	867	313703
Genesis	29	982	313696
Exodus	29	983	313697
Leviticus	29	984	313698
Numbers	29	985	313699
Deuteronomy	29	986	313683
Lepsoe Prospect	29	987	313682
Joshua	29	988	313681
Judges	29	989	313680
Ruth	29	990	313664
I Samuel	29	991	313665
II Samuel	29	992	313666
I Kings	29	993	313667
II Kings	29	994	313652
I Chronicles	29	995	313651
II Chronicles	29	996	313650
Ezra	29	997	313649
Lamech No. 2	29	911	313612
Parker Prospect	29	912	313613
Blue Bonanza	29	913	313614
Ham	29	914	313568
Shem	29	915	313569
Farmer Lode Prospect	29	916	313570
Hosea	29	972	313566
Joel	29	973	313565
Amos	29	974	313564
Lamentations	29	975	313586
Ezekiel	29	976	313587
Rogach Prospect	29	977	313588
Proverbs	29	978	313611
Ecclesiastes	29	979	313610
Solomon	29	980	313609
Isaiah	29	981	313608
Rueben	30	59	313623
Simeon	30	60	313624
Levi	30	61	313625
Judah	30	62	313626
Dan	30	63	313604
Naphtali	30	64	313605
Murphy Prospect	30	65	313606
Mother Prospect	30	66	313607
Gad	30	67	313581
Asher	30	68	313582
Issachar	30	70	313583

Name of Claim	Location Notice Recorded In Book	Page	ADL Number
Zebuluh	30	69	313584
Joseph	30	71	313560
Benjamin	30	72	313561
Moses	30	73	313562
Arron	30	74	313563
Obadiah	29	958	313550
Jonah	29	959	313551
Micah	29	960	313552
Habakkuk	29	961	313540
Zephaniah	29	962	313539
Haggai	29	963	313538
Zechariah	29	964	313537
Malachi	29	965	313521
Baptist	29	966	313522
Adam	29	967	313523
Eve	29	968	313524
Abel	29	969	313506
Enoch No. 1	29	970	313505
Irad	29	971	313504
Ready Bullion Creek Mine	29	917	313510
St. Jude No. 1	29	918	313509
St. Jude No. 2	29	919	313508
Cotton Blossom	29	920	313525
BArker & McQueen	29	921	313526
Madai	29	922	313527
Jenny C. Prospect	29	923	313543
Black Diamond Lode	29	924	313542
McQueen Mine	29	925	313541
Bullion Lode	29	926	313503
Geneva	29	927	313502
Hudson Lode	29	928	313501
North Pole	29	929	313500
South Pole	29	930	313492
Hudson	29	931	313493
Horseshoe	29	932	313494
Silver Dollar Vein	29	933	313495
Bullion Vein	29	934	313487
Ready Bullion	29	935	313486
Hudson Mine	29	936	313485
Red Dog	29	937	313484
Gold Bullion	29	938	313476
Koegley Prospect	29	939	313477
Gale Prospect	29	940	313478
Ready Bullion Mine	29	941	313479
Mahalaleel	29	943	313474
Jared	29	944	313473
Enoch No. 2	29	945	313472
Naamau	29	946	313480
Seth	29	947	313481
Maloney Prospect	29	948	313482
Enos	29	949	313483
Zillah	29	950	313491
Jabal	29	951	313490
Jubal	29	952	313489
Tubal-Cain	29	953	313488
Mehujael	29	954	313496
Methusael	29	955	313497
Lamech	29	956	313498
Adah	29	957	313499
Golden #1	27	572	313518
Golden #2	27	573	313519
Golden #3	30	31	313520

Name of Claim	Location Notice Recorded In Book	Page	ADL Number
United #1	27	576	313517
United #2	27	577	313516
United 9	27	809	313528
United 10	27	845	313529
United 11	27	846	313530
United 12	27	847	313531
United 13	27	848	313532
United #153	27	810	313507
United 184	27	849	313567
United 185	27	843	313553
United 193	27	844	313585
United 209	27	842	313627
United 210	27	841	313628
United 211	27	840	313629
United 212	27	839	313630
United 213	27	838	313631
United 214	27	837	313632
United 215	27	836	313633
United 216	27	808	313634
United 89	27	813	313571
United 97	27	823	313589
United 98	27	824	313590
United 99	27	825	313591
United 100	27	826	313592
United 101	27	827	313593
United 102	27	828	313594
United 103	27	829	313595
United 104	27	814	313596
United 105	27	815	313615
United 113	27	822	313635
United 114	27	821	313636
United 115	27	820	313637
United 116	27	819	313638
United 117	27	818	313639
United 119	27	816	313640
United 120	27	812	313712
United 37	27	800	313713
United 41	27	805	313715
United 52	183	288	338171
United 39	183	290	338170
amended location notice	277	222	
United 40	183	286	332483
amended location notice	277	223	
Billy the Kid #14	180	509	317459
Billy the Kid #15	180	510	317460
United 154	183	292	338172
United 194	183	291	338174
United 154A	211	324	340187
United 90	211	323	340185
United 106	211	322	340186
amended location notice	246	504	
United 186	183	287	338173
Dante	232	449	347941
Inferno	232	450	347942
Range No. 1	374	945	500146
Range No. 2	374	943	500144
amended location notice	445	044	
Range No. 3	477	180	
Range No. 4	477	182	
Range No. 6	477	186	
Range No. 8	477	190	

VENDORS: PAUL I. BARELKA & DONALD J. MAY

PURCHASER: SILVERADO MINES (U.S.), INC.

<u>Name of Claim</u>	<u>Book</u>	<u>Page</u>	<u>ADL Number</u>
St. Paul #1	I	312	303950
amended location notice	245	696	
amended location notice	248	182	
St. Paul #2	I	313	303947
amended location notice	245	697	
amended location notice	248	174	
Million Dollar Vein	30	41	313546
Norma	30	40	313545
St. Paul #5	III	200	303948
amended location notice	247	736	
St. Paul #6	III	201	304100
amended location notice	106	899	
amended location notice	247	737	
Taylor No. 1	30	36	313556
St. Paul #12	141	206	311045
amended location notice	151	126	
St. Paul #13	141	201	311046
amended location notice	151	127	
St. Paul #14	141	203	311047
amended location notice	151	128	
Road Fraction	245	963	342760
amended location notice	247	739	
St. Paul #93	104	775	303738
St. Paul #103	104	769	303742
St. Paul #203	104	770	303746
St. Paul Fraction #43	151	916	313029
St. Paul Float	180	835	324507
St. Paul Stibnite	180	836	324506
St. Paul Gomer	180	837	324505
St. Paul Japeth	180	838	324504
St. Paul 4A	245	961	342762
Road Fraction #2	245	962	342761
amended location notice	247	738	

VENDOR: ROGER C. BURGGRAF
PURCHASER: SILVERADO MINES, LTD.

Name of Claim	Book	Page	ADL Number
Grant No. 6	158	374	312532
Grant No. 7	158	375	312533
Grant No. 8	158	376	312534
Grant No. 9	158	534	312535
Grant No. 10	158	535	312536
Grant No. 11	167	467	315140
Grant No. 12	167	466	315141
Grant No. 16	171	200	315145
Grant No. 17	171	201	315146
Grant No. 18	176	760	318361
Grant No. 19	181	350	317464
Grant No. 20	181	351	317463
Grant No. 21 Fraction	224	181	336696
Grant No. 22	187	401	336697
Grant No. 23 Fraction	224	180	336698
Rody Vein	30	13	313603
Irishman No. 2	30	19	313580
Grant No. 24	366	192	500216
Grant No. 25 Fraction	481	873	

Federal Claims - Covered in MS - 2256	FF. Number
Irishman Lode No. 1	45490
Banjo	45491
Roosevelt	45492
White Rock	45493
D & Z	45494
O'Dea Lode Claim	45495

GILBERT A. DOBBS, LESSOR

SILVERADO MINES (U.S.), INC., LESSEE

Name of Claim	Book	Page	F.F. Number
Rosie Claim	27	422	61724
Brandy Claim	27	423	61725
Moose Claim	28	344	61722

BOB F. TAYLOR AND JANICE E. TAYLOR, OPTIONER

SILVERADO MINES (U.S.), INC., OPTIONEE

Name of Claim	Book	Page	ADL Number
Jean	30	12	313622
Nickeloff	30	16	313600
Happy Creek Mine	30	14	313602
Elmes Mine	30	15	313601
Gold Lode No. 1	30	18	313579
Ethel G	30	17	313578

**GEOLOGICAL REPORT
ON THE
EAGLE CREEK PROPERTY**

Fairbanks Mining District, Alaska
64° 58' N. Lat. 147° 46' W. Long.

for

SILVERADO MINES LTD.

April 9, 1987

by

J.W. Murton, P. Eng.

J.W. Murton & Associates

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INTRODUCTION

The Eagle Creek Property of Silverado Mines Ltd. has had a long history of development as an antimony producer. Recently it has been examined as a gold prospect, situated as it is in a 20 mile long belt of lode and placer gold deposits. This writer, during his tenure as an employee of Tri-Con Mining Ltd., Silverado's operator, was involved in much of the work on the Eagle Creek Property. J.W. Murton and Associates were commissioned by Silverado to comment on the recent gold related exploration and make recommendations for further work.

LOCATION AND ACCESS

The Eagle Creek Property is located 11 miles north of Fairbanks, Alaska (Fig. 1) and is accessible by the Steese and Elliot Highways and the old Murphy Dome Road (a distance of about 15 miles). The latter road runs along the top of an east-west trending ridge within the southern half of the property. Mine-access roads go to the main area of the workings on the north central part of the property. The geographic coordinates are $65^{\circ} 58' N$, $147^{\circ} 46' W$.

PHYSICAL FEATURES

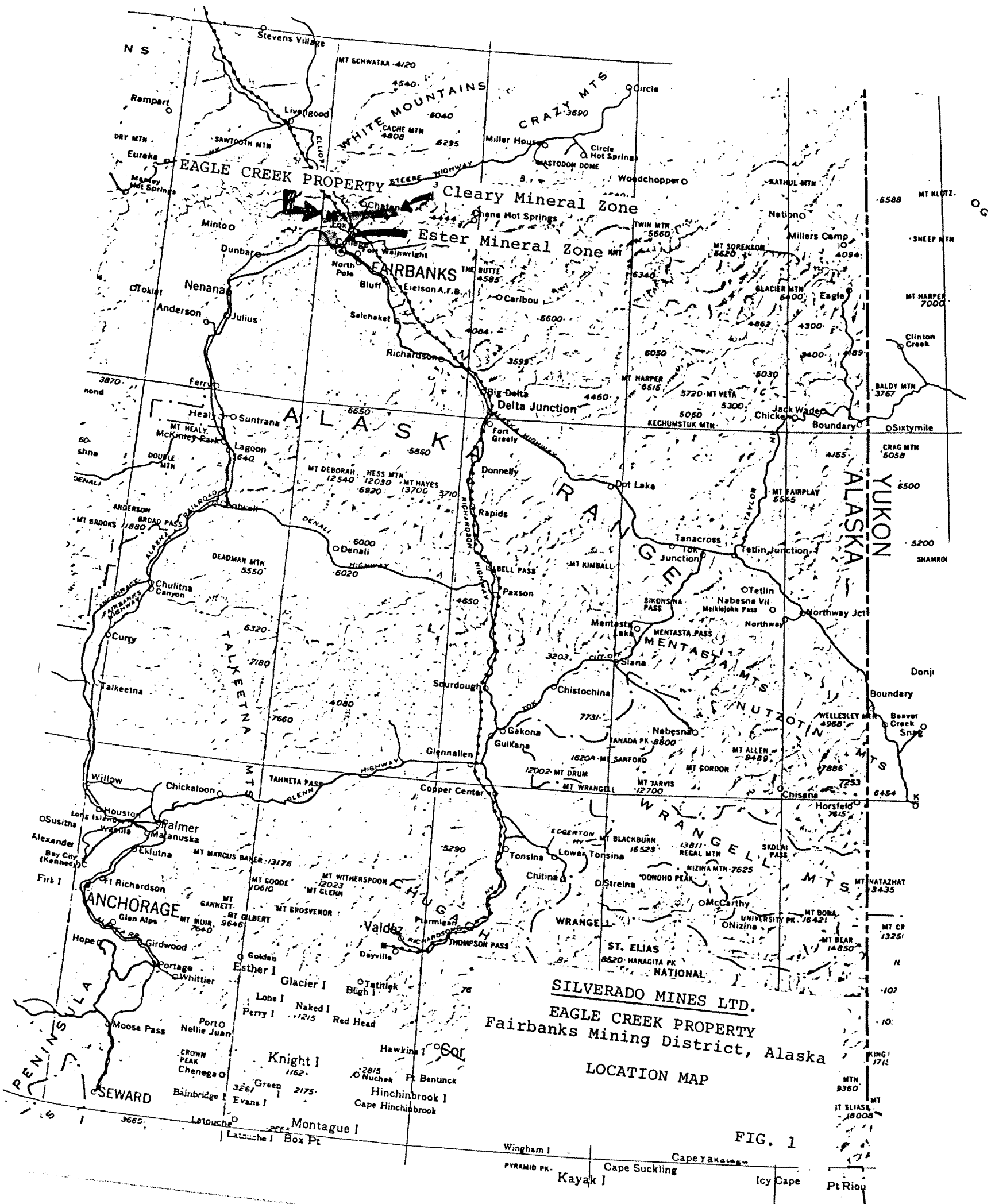
The property drapes over an east-west trending ridge with most of the claims on the north slope. The slopes are cut by several creek valleys creating many short north and southwest trending spur ridges. The creeks are intermittent and depend mainly on runoff and permafrost melt water.

Rock outcrops are scarce and a heavy moss cover on the north slope prevents most of the permafrost there from melting. Vegetation consists of subarctic scrub conifers, birch and willows.

Elevation ranges from 900 feet to 1840 feet. Relief is moderate to steep.

PROPERTY AND TITLE

The Eagle Creek Property consists of 77 claims (formerly 78, but one was closed to mineral entry) covering all or part of Sections 14, 15, 16, 17, 20, 21, 22, 23, Township 2 North, Range 1 West, Fairbanks Meridian. The total area covered is 3080 acres (4.8 sq. mi.). The claims are jointly owned by Kenneth O'Hara and Arley Taylor and are under option to Silverado Mines Ltd. through an intermediate agreement with Siak S. Tan. Table 1 appended lists the claims and their ADL numbers. The locations are shown on Fig. 2.



SILVERADO MINES LTD.
 EAGLE CREEK PROPERTY
 Fairbanks Mining District, Alaska
 LOCATION MAP

FIG. 1

HISTORY AND PRODUCTION

The history of the Eagle Creek Property (formerly Scrafford Antimony) is related primarily to the development and production of antimony. The following is a brief chronological summary of events:

- 1915-18** E.L. Scrafford leased claims from E. Quin and worked the No. 1 Vein area by open cut and a 75-foot adit. Some stoping was done and a 20-foot shaft sunk. 1428 tons of antimony lump ore were shipped.
- 1926** Hill (1933) estimated that 1500 tons of ore were shipped by R.C. Wood. Work included 300 feet of drifting.
- 1930's to 1963** 50 tons of ore were shipped by E.R. Pilgrim. Various minor leasing operations were carried out when justified by antimony price.
- 1965-66** The property was optioned to Silver Ridge Mining Co. of Nelson, B.C. They extended the No. 1 Vein to the west and discovered the No. 2 Vein. Minor underground work was done. Operations ceased when antimony price declined in 1966.
- 1969-70** The property was optioned by Cantu Minerals, who conducted further development work and considerable exploration under the management of L.J. Manning and Associates. 128 tons of antimony ore (of various grades) were shipped. All operations ceased due to financial difficulties in the Fall of 1970.
- 1976** The property was optioned by Aalenian Resources Ltd. (now Silverado Mines Ltd.) and a drilling program, recommended by M.K. Lorimer, P. Eng., was carried out under the direction of S.S. Tan, P. Eng. An extensive electromagnetic survey was also done.
- 1977-82** Silverado optioned the property to Mohawk Oil Co. Ltd. During 1977, a limited program of development and mining and a gravity milling operation were carried out and produced antimony concentrate. Approximately 40 tons of various grade concentrate were shipped. In 1981 and 1982, Mohawk carried out surface exploration, trenching and limited evaluation of targets with respect to gold. Due to commitments elsewhere, Mohawk returned the property to Silverado.
- 1982-86** Silverado further investigated the gold potential with geochemical surveys, including analyzing previously untested soils sample pulps for gold, trenching, mapping and sampling.

Total production of antimony is estimated from various sources to have been something in excess of 4,000,000 lbs. Much of this is poorly documented. There are no records of any gold production although some may have been contained in the antimony ore.

REGIONAL GEOLOGY

Until the mid-1970's, little had been done to provide insights on local geology within the Yukon-Tanana Metamorphic Complex, within which the Fairbanks Mining District is located. With the renewed interest in gold mining over the past decade, various agencies, including the State of Alaska and the University of Alaska, have been studying the area in some detail.

Originally termed Birch Creek Schist, the metamorphic rocks have most recently been subdivided into three mappable units on the basis of rock-type and metamorphic grade. As reported by Robinson and Bundtzen (1982) these are termed the Goldstream sequence, of amphibolite grade, the Fairbanks schist, of greenschist grade and the Chatanika terrane, which includes eclogites. These rocks are apparently in thrust contact. Forbes et al (1982) give a more complete description of the rocks and their physical and chemical characteristics, but suggest there are many unanswered questions to resolve before a final interpretation is made. The parental sedimentary rocks were probably of Precambrian and/or early Paleozoic age; the earliest metamorphic event occurred in late Precambrian to early Paleozoic time and a second thermal pulse appears to have occurred in Jurassic time, followed by a pervasive Cretaceous thermal disturbance accompanying the emplacement of granitic plutons in the district.

Gold and antimony vein lodes occur along the Cleary mineralized zone, an east-northeast trending belt some 20 miles long, and in the Ester mineralized zone, a domal area about 5 miles in diameter. (See Fig. 1).

The Eagle Creek property is located at the southwest end of the Cleary zone which is more or less centered by the Pedro Dome pluton, a quartz diorite-granodiorite body elongated on the trend of the mineral belt.

The mineralized zones appear to be the sources of extensive placer gold deposits in the many streams which drain the areas.

Smith et al (1981) summarize the structural geology of the Fairbanks region as follows ... "the regional structural evolution was dominated by two fold episodes. The first resulted in synmetamorphic, overturned to recumbent, subisoclinal, northeast verging folds with wave lengths to about 1000 feet and northwest-trending axes.

The second event folded the previously metamorphosed units into a series of broad northeast-trending open folds which control the distribution of rock types now exposed in the district.

Local structures include small scale folds, faults, joints, shears, and "crush zones". The latter typically cluster in north-south and east-west trending subparallel sets and are variable in length to 1 mile; both sets have a close spatial and genetic relationship to discordant gold, antimony and arsenic mineralization in the district."

Sandvik (1967) proposed the following sequence of mineralizing events (a refinement of Hill (1933)), each preceded by faulting:

Phase 1 - Quartz (barren of metallic minerals)

Phase 2 - Quartz, loellingite and arsenopyrite (arsenic minerals), pyrite and gold.

Phase 3 - ("Bonanza Phase") Quartz, pyrite, gold and various sulfides and sulfosalts including some stibnite.

Phase 4 - Quartz and stibnite.

This shows that stibnite (antimony) may be present without gold, but areas rich in arsenic, antimony and perhaps copper, lead and zinc, as indicated by soil anomalies, warrant investigation for gold.

PROPERTY GEOLOGY AND MINERALIZATION

The Eagle Creek Property has had a long history of development and exploration towards the production of antimony. Significant exploration has only been carried out since 1970, primarily by Siak Tan, P. Eng., initially with L.J. Manning and Associates Ltd., and later on his own. This work outlined reserves of antimony mineralization and determined the structural controls (Tan, 1973).

As outcrops are scarce, most of the geological information has been provided by cat trenches. Tan has divided the rocks into quartz-sericite schist, quartzite (somewhat micaceous), quartzitic schist, and graphitic, talc and sericite schist. Quartzite beds range from a few inches to tens of feet in thickness. One bed, in the vicinity of the No. 1 Vein, has been exposed for 150 feet in thickness, but the top and bottom have not yet been determined. Tan (1976) estimates that it may be as much as 450 feet thick.




Forbes and Weber (1982) show the rocks to be folded into a series of northeasterly trending anticlines and synclines with amplitudes of several thousand feet. Locally, folding occurs with amplitudes of a few tens of feet.

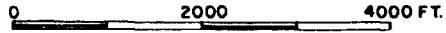
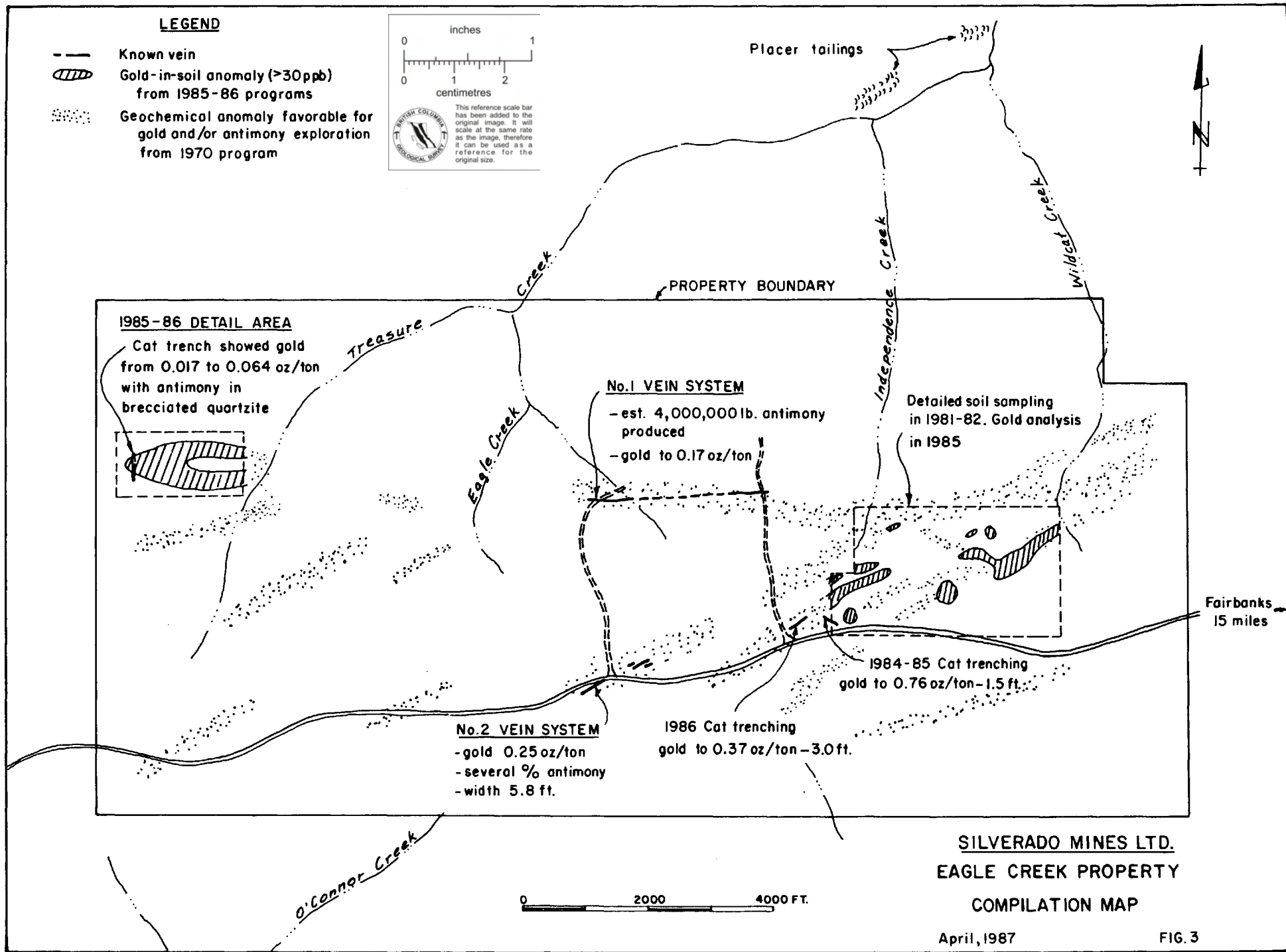
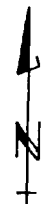
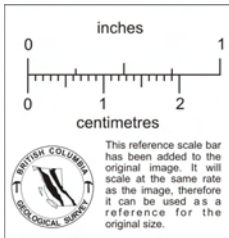
Antimony mineralization in the form of stibnite is contained in strong east-west and northeasterly striking gouge filled shear zones. There are many smaller parallel structures, bedding faults and tension fractures. Tan states ... "Where the shear zones intersect quartzite at an angle conducive to rupture, stibnite lodes are formed." Hall (Pers. comm.) suggests that these ruptures are sigmoidal tension features related to crustal folding or doming and that they may be vertically stacked, depending on lithology.

As this report is being prepared for exploration for gold mineralization, the following list of significant features and assays has been completed.

1. Most of the creeks draining the area of the property have been placer mined for gold.
2. Gold and antimony are part of the same paragenetic sequence in the Fairbanks Mining District, and often occur in the same veins.
3. Minor fine gold and galena were reported in the antimony deposit in 1915 (Brooks.).
4. Tan (1976) reported... "Three channel samples taken from the No. 2 and No. 4 Veins returned a weighted average of 0.26 oz. Au/ton across 5.8 feet while a grab composite sample returned 0.22 oz. Au/ton". A further sample by Tan, late in 1976, across 6.2 feet at the west end of stripping on the the No. 2 Vein returned 0.186 oz. Au/ton. A 3-foot channel sample by the writer, from the same area, assayed 0.346 oz. Au/ton. A sample taken by Tan from the No. 1 Vein across 10 feet ran 0.108 oz. Au/ton.
5. Silverado drilled a series of holes in 1976 to test the downward extension of antimony mineralization on the No. 1 Vein. The best result was 32 feet (24 ft. true width) averaging 0.08 oz. Au/ton and 0.22% antimony.
6. In 1981, Mohawk Resources (Alaska), Inc. took 5-foot channel samples of the structures in the trenches on the No.1 Vein. A large percentage of the samples assayed in the range of 0.02 to 0.09 oz. Au/ton.
7. Sampling by Alaska State Geologists in 1982 returned assays up to 0.17 oz. Au/ton across 1.5 feet on structures within the footwall rocks of the No. 1 Vein (Robinson and Bundtzen, 1982).
8. In 1983 and 1984, a coincident geochemical VLF-EM anomaly 3500 feet east-northeast of the No. 2 Vein (Fig 3) was trenched with a bulldozer. The writer, then with Tri-Con Mining, took a number of grab samples of quartz rubble from these trenches. The samples assayed from 0.23 to 2.019 oz. gold per ton. Additional trenching in this area in 1985 and 1986 exposed two veins, from which samples, assayed for gold, ranged up to 0.76 oz./ton across 1.5 feet and 0.37 oz./ton across 3.0 feet.

LEGEND

-  Known vein
-  Gold-in-soil anomaly (>30ppb) from 1985-86 programs
-  Geochemical anomaly favorable for gold and/or antimony exploration from 1970 program



SILVERADO MINES LTD.
EAGLE CREEK PROPERTY
COMPILATION MAP

April, 1987

FIG. 3

9. In 1970, soil sampling was done over the entire property on a 200 x 400-foot grid. Samples were analyzed for antimony, arsenic and copper. The purpose of this survey was to locate targets for antimony exploration, however, arsenic is associated with gold in the Fairbanks District and the survey showed two major and several minor anomalous areas. A VLF-EM survey conducted in 1976 showed a large number of probable structures trending northeast and east and a lesser number trending northwest.

In 1981-82, detailed soil sampling was done on one of the major arsenic anomalies on the east-central part of the claims. The samples were run for several elements including arsenic. A more or less continuous anomaly was outlined coincident with VLF-EM conductors. In 1985, these samples were run for gold. Two significant gold anomalies coincident with northeast-trending EM conductors (taking into account downslope migration) were defined within the larger arsenic anomaly. Values in the soil samples ranged up to 550 parts per billion gold over a background of about 30 ppb. This combination of results probably reflects gold mineralized structures with an estimated total strike length of 2,000 feet within the area of detailed sampling outlined on Fig. 3

Detailed soil sampling was also done in 1985 and 1986 (Fig.3) on the other major arsenic anomaly from 1970, which is on the north-west part of the claims. A gold-arsenic-antimony anomalous zone indicating the possible presence of gold-antimony mineralization was outlined over an area up to 800 feet wide and 2000 feet long and is open to the east. Gold values ranged up to 660 ppb. over a background of about 30 ppb. This area slopes into Treasure Creek which produced significant placer gold.

A 360-foot cat trench across the west end of this anomalous zone showed quartzite bedrock over its entire length. Samples along the trench assayed for gold ranged from 0.018 to 0.064 oz./ton. Antimony mineralization in brecciated quartzite was also observed.

CONCLUSIONS

1. The Eagle Creek Property has had a long history of intermittent antimony production. Compilation from various sources yields a total estimated production of over 4 million pounds.

2. More recently, the property has been explored as a gold prospect. There are many indications, including placer gold in streams, gold assays from stibnite (antimony) lodes, gold-bearing quartz veins in trenches, disseminated gold-antimony mineralization in quartzite and gold-in-soil anomalies, that there is excellent potential for finding significant gold deposits on the property.
3. The prime area for more detailed exploration is the large gold-antimony-arsenic anomaly on the northwest part of the property, where the target is a large-tonnage open pittable gold-antimony deposit. It is also not unreasonable to suspect that gold grades may improve with depth as antimony typically occurs zonally higher than gold in mineral deposits.

RECOMMENDATIONS

I recommend that a program of surface exploration and drilling be carried out to investigate the large soil anomaly on the northwest part of the Eagle Creek Property. Some additional trenching should also be done on the gold-in-soil anomalies on the northeast part of the property to determine if any of this area is amenable to surface mining. Phase I is estimated to cost \$80,000 Cdn. and Phase II, contingent upon the results of Phase I, is estimated to cost \$150,000 Cdn.

COST ESTIMATE

PHASE I	Cdn.
Reverse circulation drilling 2000 feet @ \$20.00	\$ 40,000
Trenching, estimate 5 days	7,000
Analysis 500 samples @ \$15.00	7,500
Geological mapping and sampling Geologist, room and board, transport, 3 weeks	7,000
Engineering and supervision	8,000
	69,500
Contingencies @ 15%	10,425
TOTAL PHASE I	79,925
SAY	\$ 80,000
	=====

PHASE II	
Reverse circulation drilling 5000 feet @ \$20.00	\$ 100,000
Analysis 1000 samples @ \$15.00	15,000
Engineering and supervision	15,000
	130,000
Contingencies @ 15%	19,500
TOTAL PHASE II	149,500
SAY	\$ 150,000
	=====

Respectfully Submitted
J.W. Murton & Associates


J.W. Murton, P. Eng.



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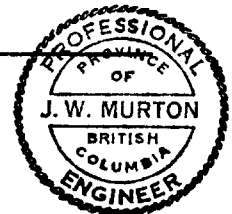
1976, Report on the Eagle Creek Antimony Property, Aalenian Resources Ltd.
11. Various files of Silverado Mines Ltd. and Mohawk Oil and Gas, Inc. (provided to Silverado).

C E R T I F I C A T I O N

I, J.W. Murton, of West Vancouver, British Columbia, do hereby certify that:

- 1) I am a member of the Association of Professional Engineers of the Province of British Columbia, registered in 1972, No. 8324.
- 2) I am a graduate of the University of Manitoba with a B.Sc. in Geology.
- 3) I have been a practising Engineer and Geologist since 1960 in Manitoba, Saskatchewan, British Columbia, Southwestern U.S.A., and Alaska.
- 4) This report dated April 9, 1987, is based on information derived from work completed by myself or under my supervision on Silverado's Eagle Creek Property during the period 1980 - 1986, and from files provided by Tri-Con Mining Ltd. and Silverado Mines Ltd.
- 5) I have no direct, indirect, or contingent interest in the mineral properties of Silverado Mines Ltd. or any of its securities, nor do I expect to receive any such interest.


J.W. Murton, P. Eng.



Vancouver, B.C.
April 9, 1987

APPENDIX
MINERAL CLAIMS

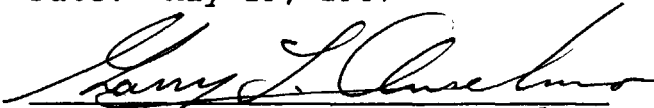
TABLE I MINERAL CLAIMS

NAME	ADL NUMBER	NAME	ADL NUMBER
Black Eagle No. 9	311001	Antimony Ridge No. 9	348736
Black Eagle No. 11	311002	Antimony Ridge No. 10	348737
Eagle No. 24	348801	Antimony Ridge No. 11	348738
Eagle No. 29	310978	Antimony Ridge No. 12	348739
Eagle No. 30	310979	Antimony Ridge No. 13	348740
Eagle No. 31	310980	Antimony Ridge No. 14	348741
Eagle No. 32	310981	Antimony Ridge No. 15	348742
Eagle No. 40	310982	Antimony Ridge No. 16	348743
Eagle No. 41	310983	Antimony Ridge No. 17	348744
Eagle No. 42	310984	Antimony Ridge No. 18	348745
Eagle No. 43	310985	Antimony Ridge No. 19	348746
Eagle No. 44	310986	Antimony Ridge No. 20	348747
Eagle No. 45	310987	Stibnite 1	310949
Eagle No. 46	310988	Stibnite 2	310950
Eagle No. 47	310989	Stibnite 3	310951
Eagle No. 49	310990	Stibnite 5	310953
Eagle No. 50	310991	Stibnite 6	310954
Eagle No. 51	310992	Stibnite 7	310955
Eagle No. 52	310993	Stibnite 8	310956
Eagle No. 53	310994	Stibnite 9	310957
Eagle No. 54	310995	Stibnite 10	310958
Eagle No. 55	310996	Stibnite 11	310959
Eagle No. 56	310997	Stibnite 12	310960
Eagle No. 57	310998	Stibnite 13	310961
Eagle No. 58	310999	Stibnite 14	310962
Eagle No. 59	311000	Stibnite 15	310963
Eagle Lode No. 5	311003	Stibnite 16	310964
Eagle Lode No. 6	311004	Stibnite 17	310965
Eagle Lode No. 7	311005	Stibnite 18	348732
Eagle Lode No. 8	311006	Stibnite 19	310961
Eagle Lode No. 9	311007	Stibnite 20	348733
Eagle Lode No. 10	311008	Stibnite 21	310969
Eagle Lode No. 11	311009	Stibnite 22	310970
Eagle Lode No. 12	311010	Stibnite 23	310971
Eagle Lode No. 48	311011	Stibnite 24	310972
Antimony Ridge No. 1	311012	Stibnite 25	310973
Antimony Ridge No. 3	311014	Stibnite 26	310974
Antimony Ridge No. 5	348734	Stibnite 27	310975
Antimony Ridge No. 7	348735		

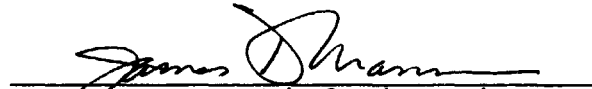
CERTIFICATE OF THE ISSUER

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

Date: May 29, 1987



GARRY ANSELMO, Promoter and
Chief Executive Officer



JAMES MANN, Chief Financial
Officer

ON BEHALF OF THE BOARD OF DIRECTORS:



KENNETH FLEMING, Director



DAVID CHOWEN, Director


CERTIFICATE OF THE AGENTS

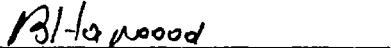
To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Statement of Material Facts as required by the Securities Act and its Regulations.

Dated: May 29, 1987

MERIT INVESTMENT CORPORATION

CANARIM INVESTMENT CORPORATION
LTD.

Per: 

Per: 

The following includes the name of every person or company having an interest, either directly or indirectly, to the extent of not less than 5% in the capital of the Agents:

Merit Investment Corporation: Myron Irwin Gottlieb, John Ronald Woods, Angelo Patrick Comi, Barry Howard Kasman, Karl Zimmerman, Paul Chalmers and Frank Holmes.

Canarim Investment Corporation Ltd.: Michael Murphy and Intercan Holdings Ltd. The persons beneficially owning a 5% or greater interest in Intercan Holdings Ltd. are Alfred Turton, Peter Brown, Brian Harwood and Charles Buckland.