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SUPERINTENDENT OF BROKERS

AND

VANCOUVER STOCK EXCHANGE

STATEMENT OF MATERIAL FACTS #45/89

EFFECTIVE DATE: AUGUST 21, 1989

ADRIAN RESOURCES LTD.

11th Floor, 808 West Hastings Street, Vancouver, B.C. V6C 2X6 Telephone: (604)687-7463

NAME OF ISSUER, ADDRESS OF HEAD OFFICE AND TELEPHONE NUMBER

#100 - 200 Granville Street, Vancouver, B.C., V6C 1S4

ADDRESS OF REGISTERED AND RECORDS OFFICES OF ISSUER

Central Guaranty Trust Company, 800 West Pender Street, Vancouver, B.C. V6C 2V7

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

The securities offered hereunder are speculative in nature. The Issuer intends to spend part of the proceeds of this offering on disputed mineral claims. Please see "Material Natural Resource Properties" and "Risk Factors" for further details. Information concerning the risks involved may be obtained by reference to this document; further clarification, if required, may be sought from a broker.

NON - FLOW THROUGH OFFERING : 1,200,000 NON-FLOW THROUGH UNITS

Each Non Flow-Through Unit consists of One Common Share and Two Series "A" Warrants, two such Warrants entitling the holder thereof who exercises such warrants to purchase one additional common share of the Issuer at any time up to the close of business within one year following the Offering Day (subject to the Issuer's right to specify an early call date) at a price to be determined in accordance with the rules of the Vancouver Stock Exchange.

	Offering Price (estimated)*	Commission	Estimated Net Pro- ceeds to be Received by the Issuer
Per Non Flow-Through Unit	\$0.75	\$0.05625	\$0.69375
Total	\$900,000	\$67,500	\$832,500

FLOW - THROUGH OFFERING : 200,000 FLOW-THROUGH UNITS

Each Flow-Through Unit consists of One Flow-Through Share and Two Series "A" Warrants, two such Warrants entitling the holder thereof who exercises such warrants to purchase one additional non flow-through common share of the Issuer at any time up to the close of business within one year following the Offering Day (subject to the Issuers' right to specify an early call date) at a price to be determined in accordance with the rules of the Vancouver Stock Exchange.

Sept. 20/89

Ninety-five percent of the offering price of the Flow-Through Units will qualify for "flow-through tax treatment (see "Further Details Respecting the Flow-Through Offering" herein).

	Offering Price (estimated)*	Estimated Net Pro- Commission**	ceeds to be Received by the Issuer
Per Flow-Through Unit	\$0.75	\$nil	\$0.75
Total	\$150,000	\$nil	\$150,000

\* To be calculated in accordance with the Rules of the Vancouver Stock Exchange.

\*\* The Issuer will pay a fee from working capital equal to 7.5% of the gross proceeds of the sale of the Flow-Through Units.

**A D D I T I O N A L   O F F E R I N G**

The Agents have agreed to purchase (the "Guarantee") any of the Non Flow-Through Units and the Flow-Through Units offered hereby which have not been sold at the conclusion of the Offering (see "Consideration to Agents"). Any Non Flow-Through Units and Flow-Through Units acquired by the Agents under the Guarantee will be distributed under this Statement of Material Facts through the facilities of the Vancouver Stock Exchange at the market price at the time of sale.

**A G E N T S**

Canarim Investment Corporation Ltd.  
P.O. Box 10337  
2200 - 609 Granville St.  
Vancouver, B.C. V7Y 1H2

Continental Securities  
P.O. Box 49333  
10th Floor, 1055 Dunsmuir St.  
Vancouver, B.C. V7X 1L4

Georgia Pacific Securities Corporation  
16th Floor, 555 Burrard Street  
Vancouver, B.C. V7X 1S6

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.

**GEOLOGICAL REPORT**  
**ON THE**  
**SKI PROPERTY**

**Skeena Mining Division, British Columbia**  
**NTS 104B/9W**  
**Latitude 56°38'N**  
**Longitude 130°28'W**

on behalf of

**ADRIAN RESOURCES LTD.**  
**Vancouver, British Columbia**

by

**David G. DuPre, P.Geol.**  
**KEEWATIN ENGINEERING INC.**  
**#800 - 900 West Hastings Street**  
**Vancouver, British Columbia**  
**V6C 1E5**

**November 16, 1988**  
**revised August 14, 1989**

**Keewatin Engineering Inc.**

Adrian Resources Ltd.  
Notes to Financial Statements  
January 31, 1989

Page 5

7. Comparative figures

The comparative figures have been adjusted to agree with the current year's presentation.

8. Continuing operations

These financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern which assume that the Company will realize its assets and discharge its liabilities in the normal course of business. Realization values may be substantially different from the carrying values as shown in the financial statements should the Company be unable to continue as a going concern.

9. Subsequent events

Subsequent to January 31, 1989, the Company granted stock options to directors to purchase 150,000 shares at \$0.46 per share, expiring May 9, 1994.

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## INTRODUCTION

This report was commissioned by Adrian Resources Ltd. and is based on the available published information together with historical material in the assessment files. The author visited the SKI property on August 13, 1989, and has an extensive knowledge of the Eskay Creek property as well as the entire Unuk River area.

The report summarizes the geology of the area and presents an evaluation of the property's potential for hosting economic precious metal deposits. Recommendations are made for a systematic exploration program designed to further evaluate the property.

### Location and Access

The SKI property is located in northwestern British Columbia, approximately 100 kilometres northwest of Stewart (Figure 1). The claims are situated within NTS map-sheet 104B/9W and centred about 56°37' North latitude and 130°29' West longitude. Access to the property is by helicopter from Stewart direct to the property or by float- or ski-equipped aircraft to Tom Mackay Lake (Figure 1). The Bronson Creek Airstrip (40 kilometres west) and the Bell-Irving Crossing on the Stewart-Cassiar Highway (25 kilometres east) can be utilized for the transshipment of equipment and supplies. A short airstrip, 10 kilometres south of the property, requires improvement before use by Otter or Beaver aircraft.

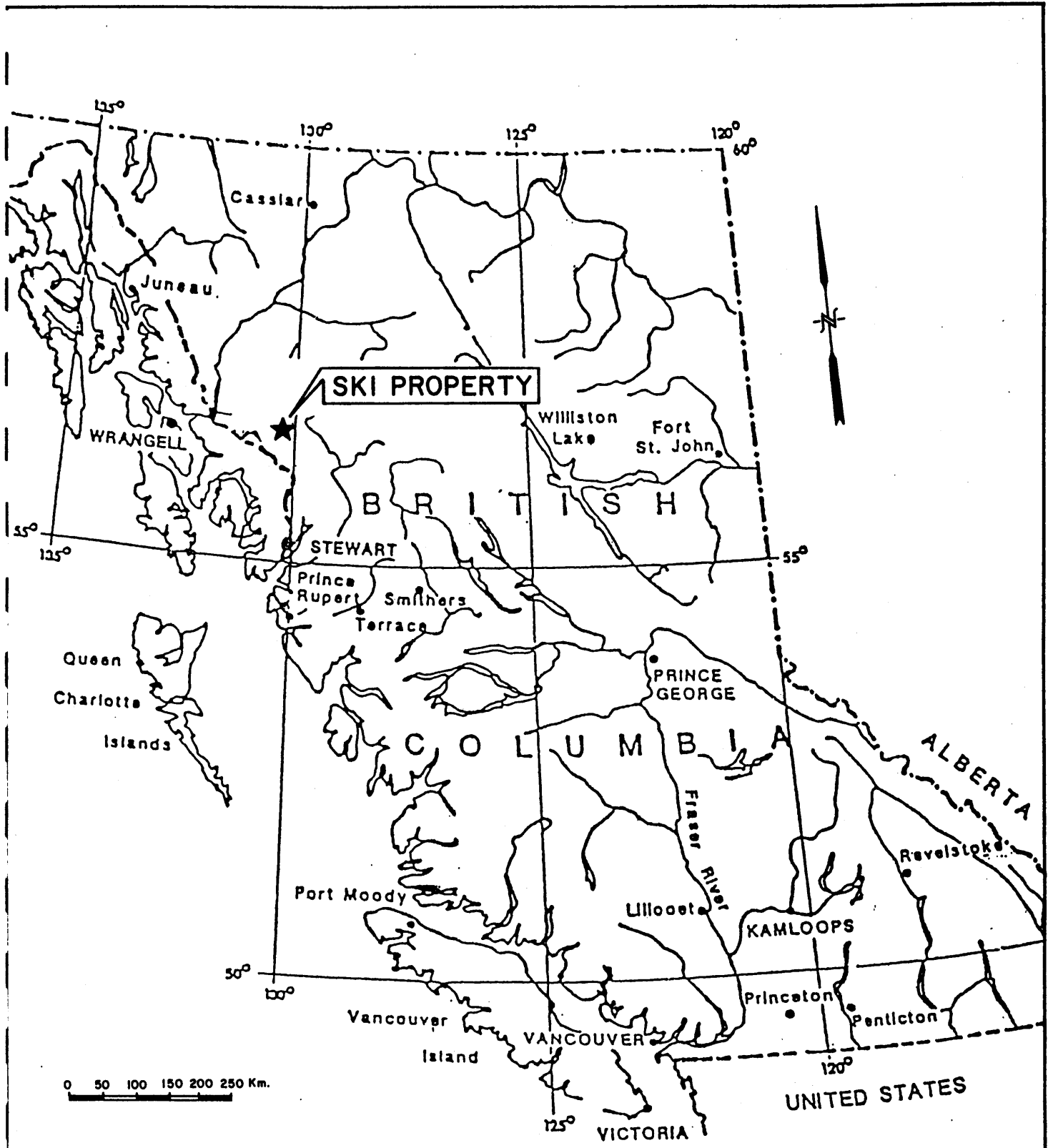
### Property Status and Ownership

The SKI property comprises 3 mineral claims (60 units) located within the Skeena Mining Division. The claims are shown on Figure 2 and are more fully described below:

<u>Claim Name</u>	<u>Record No.</u>	<u>Units</u>	<u>Recording Date</u>	<u>Expiry Date</u>
SKI 1	6681	20	May 18, 1988	May 18, 1989
SKI 2	6682	20	May 18, 1989	April 11, 1990
SKI 3	6683	20	May 18, 1989	April 11, 1990

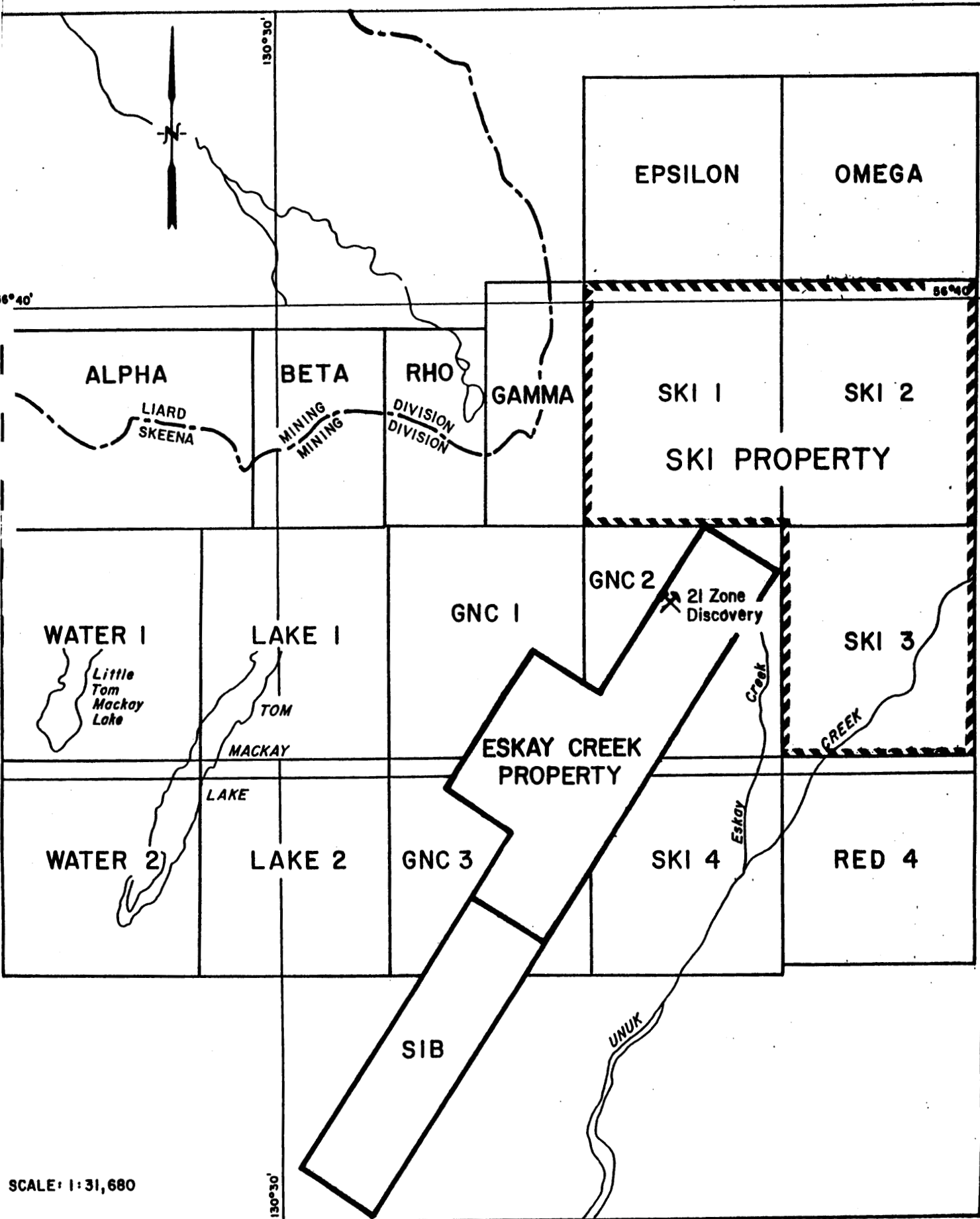
These claims are recorded in the name of Ferdinand Schomig but have apparently been optioned to ARC Resources Group Ltd.

The British Columbia Mineral Tenure Act requires an exploration expenditure of \$100.00 per unit per annum during the first three years and \$200.00 per unit per annum thereafter.



PROPERTY LOCATION MAP  
SKI PROPERTY

Figure 1



SCALE: 1:31,680

Taken from Mineral Titles Reference Map 104B/9W  
 Dated 88/01/14

KEEWATIN ENGINEERING INC.

**CLAIM MAP  
 SKI PROPERTY**

Figure 2



Complaints under Section 35 of the Mineral Tenure Act (British Columbia) have been filed against the claims comprising the SKI property by Paul C. DuPras of Burnaby, B.C., alleging that the claims were located or recorded contrary to the Mineral Tenure Act. An inspection report dated June 24, 1989 and prepared pursuant to the Section 35 complaint has recommended the claims comprising the SKI property be cancelled. If the recommendation in the Inspection Report are accepted by the Chief Gold Commissioner for British Columbia, the claims comprising the SKI property will be cancelled.

### **Physiography**

Most of the SKI property is situated on a plateau within the Coast Range physiographic division and is characterized by glacially sculpted ridges of moderate relief. The Unuk River transects the SKI 3 claim and dissects the plateau from southwest to northeast. Locally, the terrain is rugged with cliffs up to 150 m in relief. Elevations throughout the property range from 900 m on the plateau in the centre of the SKI 2 claim to 500 m on the valley of the Unuk River.

A transitional tree-line characterized by dense sub-alpine scrub meanders through the property at, approximately, the 900 m elevation. Conifers up to 15 m tall are abundant at the lower elevations. Water for camp and drilling generally in good supply from streams and small ponds.

Precipitation is heavy, exceeding 100 cm per year; with mild, short summers but very wet spring and fall periods. Thick accumulations of snow are common during winter. It is seldom possible to begin surface geological work before July and difficult to continue past September.

### **PREVIOUS WORK**

The area drained by the upper reaches of the Stikine, Iskut, Unuk and Bell-Irving Rivers has been explored for gold since the late 1800's when prospectors passed through the region on their way to the interior. The mineralization at Eskay Creek was discovered in 1932 and active prospecting has continued sporadically since. Two adits are the result of limited mining activities. The most recent phase of work was a 6-hole drilling program carried out in 1988 by Calpine Resources Incorporated on the #21 Zone (Northern Miner, November 7, 1988).

A review of the assessment files shows that most of the work in the area has been confined to the TOK/KAY property. In fact, the only work that has been recorded in the area presently covered by the SKI property is a minor amount of silt sampling done by Ryan Explorations in 1982.

They collected several silt samples off the TOK/KAY property but none of these were anomalous in gold or silver.

In 1988, the Geological Survey of Canada released the results of a reconnaissance silt sediment and water survey which covered the SKI property. Three silt samples were collected from the area covered by the property. One of these (#871396 on Figure 5), returned an anomalous antimony value (17.0 ppm).

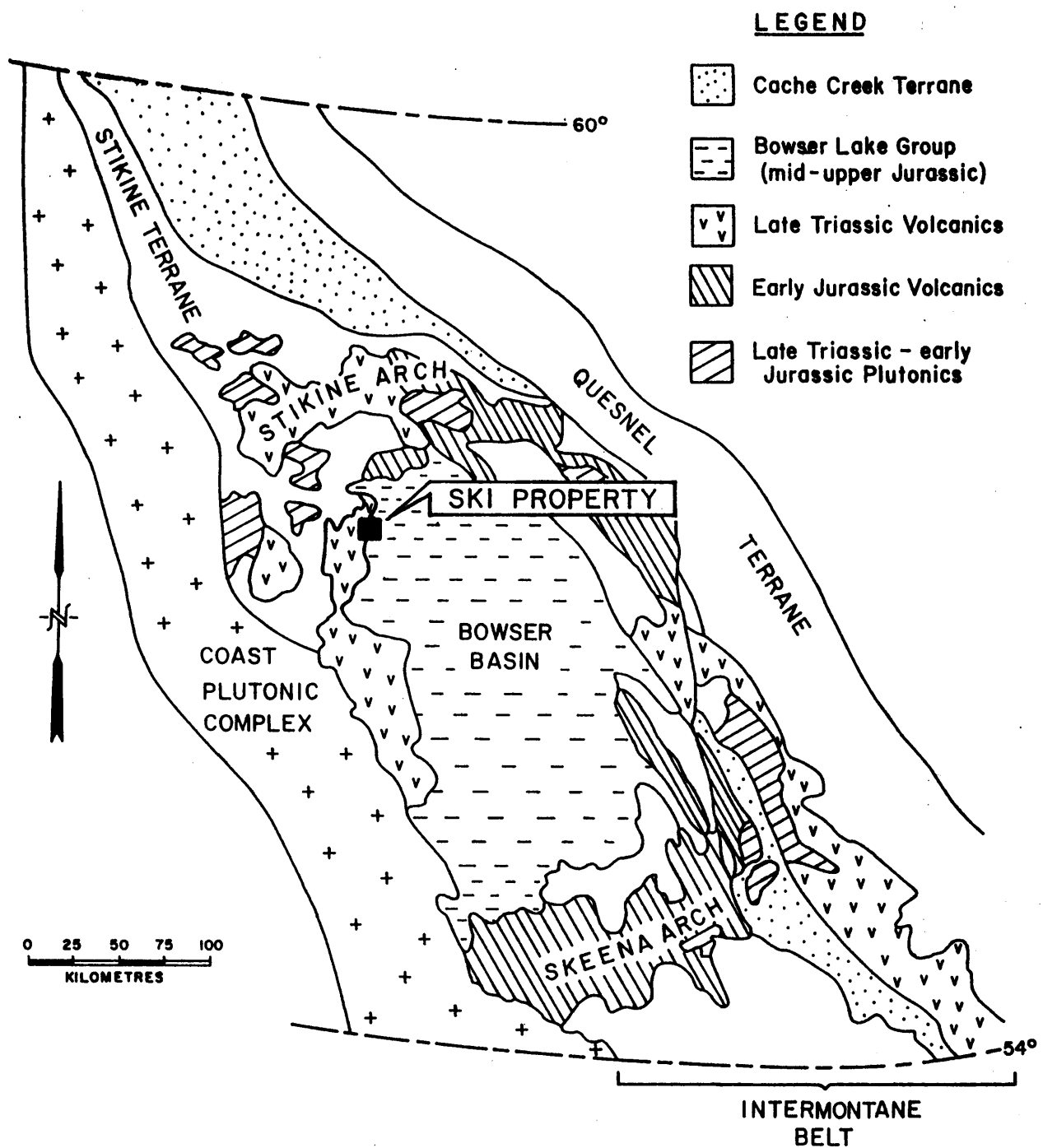
### **REGIONAL GEOLOGY**

The first geologic map which covered the property area was included in a report by Grove (1971) on the Stewart area. Grove (1986) also published an updated version of this map for a report on the Stewart and Iskut River region. Numerous geologic maps have been incorporated in reports on the Eskay Creek property, located on immediately to the southwest. The most notable of these is a B.Sc. thesis prepared by Donnelly (1976) for Texasgulf Inc. Gunning (1986) completed a B.Sc. thesis that dealt with the geology of the Tom MacKay Lake area.

The property lies within the Intermontane Tectono-Stratigraphic Belt - one of five parallel, northwest-southeast trending belts which comprise the Canadian Cordillera (Figure 3). The claims cover the contact between the Stikine Terrane, which makes up most of the western half of the Intermontane Belt, and the unmetamorphosed sediments of the Bowser Basin.

During Late Triassic and Early Jurassic time, the Stikine Terrane was the site of very active calc-alkaline volcanism. This volcanism was also accompanied by granitic intrusions that may have been comagmatic with the volcanic events. The sequences of rocks deposited at this time are now referred to as the Takla Group and the Unuk River Formation (Figure 4). These volcanic sequences are characterized by basal pyroclastic flows that are overlain by tuffs and argillites and, finally, by coarse volcanic breccia and conglomerates with interbedded tuffs, greywacke and siltstone. At the end of Early Jurassic time, this volcano-plutonic complex was uplifted to form the Stikine Arch. During Middle to Late Jurassic time, the Bowser Basin was filled with the detritus shed off the uplifted Stikine Arch. The resulting, mainly sedimentary, sequences are now referred to as the Bowser Lake Group (Tipper and Richards, 1976). Grove (1986) refers to this sedimentary assemblage as the Nass Creek Formation, Salmon River Formation and the Betty Creek Formation. These formations are included with the Unuk River Formation to comprise the Hazelton Group (Figure 4).

The structure of both the Takla Group and the Hazelton Group is characterized by upright to overturned, northeast-southwest trending folds (Figure 5).



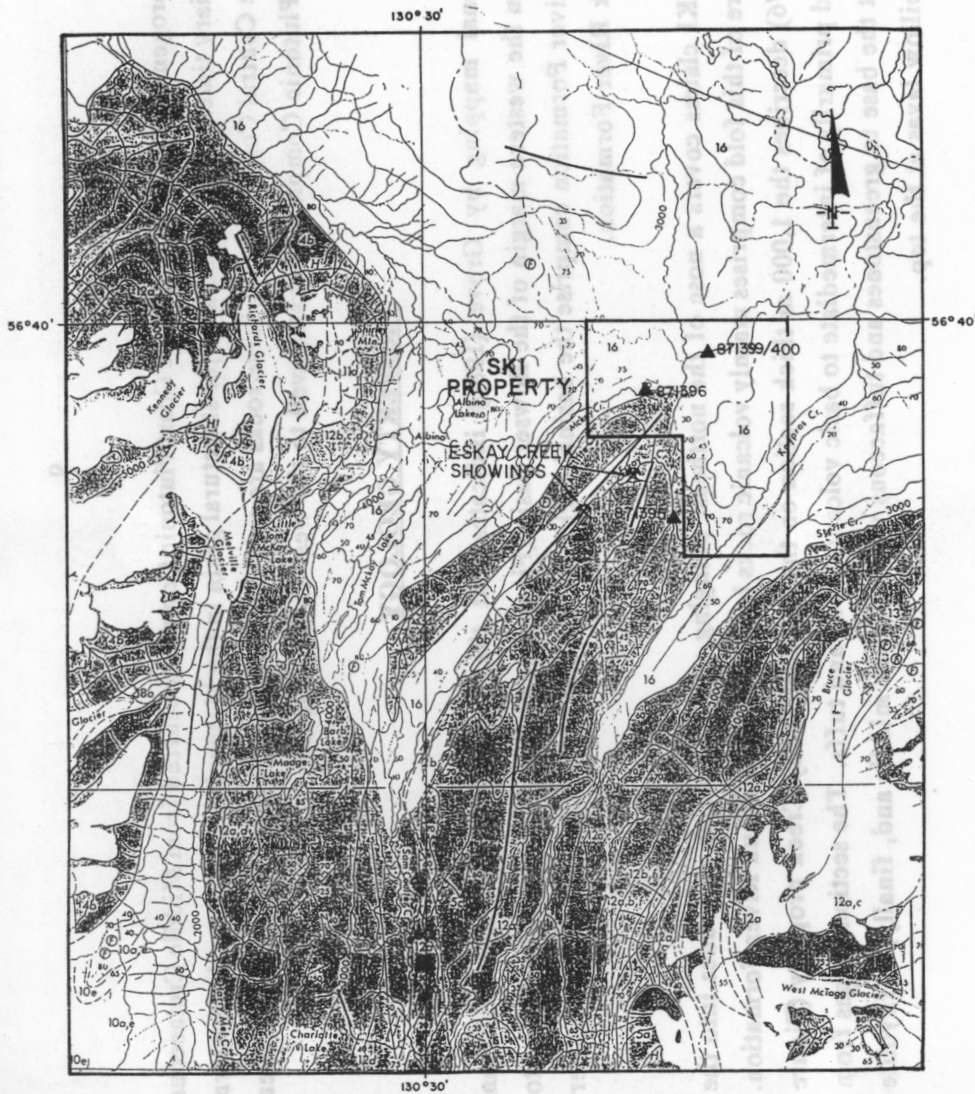
**REGIONAL GEOLOGY  
 BOWSER BASIN  
 NW BRITISH COLUMBIA**

(Outline of terrane boundaries and major rock groups of the Jurassic and Triassic - modified from Thomson, 1985).

Figure 3

PERIOD	EPOCH	TECTONIC EVENT	PLUTONS	VOLCANICS	FORMATIONS	MINERALIZATION
QUAT.	Recent to Miocene	Uplift & Erosion Faulting	Basalt dykes	Flows		
	1 m.y.					
TERTIARY	Oligocene	?	Dykes, sills			Vein deposits; silver, lead, zinc
	Eocene Paleocene	Folding & Faulting	Hyder plutons, etc. Alice Arm intrusions		(SUSTUT)	Vein deposits; silver, lead, zinc Prophyry deposits; molybdenite
CRETACEOUS	Upper	?	?		(SKEENA)	?
	Lower	? Erosion	?	Satellite plutons		Vein deposits; silver, lead, zinc
JURASSIC	Upper	Erosion ? Faulting & Folding	Satellite plutons		NASS	HAZELTON GRUP ? Silbak Premier deposit; gold, silver Anyox deposits; basalt flows massive sulphides Mitchell Creek; hydrothermal deposits, chalcopyrite, molybdenite
	Middle	Erosion + Faulting Erosion Faulting	Texas Creek pluton, etc. Unuk River intrusions  (Satellite plutons)	Rhyolite and andesitic pillow lavas	SALMON RIVER	
				Andesite and pillow lavas	BETTY CREEK	
Lower	Erosion Faulting Cataclasis Folding	?	Satellite plutons	Andesites, basalts and rhyolite flows, pillow lavas	UNUK RIVER FM.	
TRIASSIC	Upper	Erosion Faulting Folding	?	Satellite plutons	Andesite and basalt flows	Max deposits; magnetite and chalcopyrite
	230	Faulting	?		TAKLA GRP.	
		Erosion	?			

FIGURE 4. Table of Formations and Relationship Between Plutonism, Volcanism and Mineralization (from Grove, 1986)



0 10  
 ENGINEERS FEET  
 SCALE - 100000

LEGEND

- SEDIMENTARY AND VOLCANIC ROCKS**
- QUATERNARY**
- RECENT
- 20 UNCONSOLIDATED DEPOSITS: RIVER FLOODPLAIN, ESTUARINE, RIVER CHANNEL AND TERRACE, ALLUVIAL FAN, DELTA AND BEACHES, OUTWASH, GLACIAL LAKE SEGMENTS, TILL FEAT, LANDSLIDES, VOLCANIC ASH, HOTSPRING DEPOSITS
  - 19 BASALT FLOWS (s), CINDEAS, ASH (s)
- PLEISTOCENE AND RECENT
- 18 BASALT FLOW
- JURASSIC**
- HAZELTON GROUP
- UPPER JURASSIC
- HASS FORMATION
- 17 SILTSTONE, GREYWACKE, SANDSTONE, SOME CALCARENITE, ARGILLITE, CONGLOMERATE, MINOR LIMESTONE, MINOR COAL INCLUDING EQUIVALENT SHALE, PHYLITE, AND SCHIST
- MIDDLE JURASSIC
- SALMON RIVER FORMATION
- 16 SILTSTONE, GREYWACKE, SANDSTONE, SOME CALCARENITE, MINOR LIMESTONE, ARGILLITE, CONGLOMERATE, LITTORAL DEPOSITS
  - 15 RHYOLITE, RHYOLITE BRECCIA; CRYSTAL AND LITHIC TUFF
  - BETTY CAKE FORMATION
  - 14c PILLOW LAVA, BROKEN PILLOW BRECCIA (s); ANDESITIC AND BASALTIC FLOWS (s)
  - 14b GREEN, RED, PURPLE AND BLACK VOLCANIC BRECCIA, CONGLOMERATE, SANDSTONE, AND SILTSTONE (s); CRYSTAL AND LITHIC TUFF (s); SILTSTONE (s); MINOR CHERT AND LIMESTONE INCLUDING SOME LAVA (s) (s)
- LOWER JURASSIC
- UNUK RIVER FORMATION
- 13c GREEN, RED, AND PURPLE VOLCANIC BRECCIA, CONGLOMERATE, SANDSTONE, AND SILTSTONE (s); CRYSTAL AND LITHIC TUFF (s); SANDSTONE (s); CONGLOMERATE (s); LIMESTONE (s); CHERT (s); MINOR COAL (s)
  - 13b PILLOW LAVA (s); VOLCANIC FLOWS (s)
- TRIASSIC
- UPPER TRIASSIC
- TAKLA GROUP (T)
- 10 SILTSTONE, SANDSTONE, CONGLOMERATE (s); VOLCANIC SILTSTONE, SANDSTONE, CONGLOMERATE (s); AND SOME BRECCIA (s); CRYSTAL AND LITHIC TUFF (s); LIMESTONE (s)
- PLUTONIC ROCKS**
- OLIGOCENE AND YOUNGER
- 9c DYKES AND BILLS (S) (S); DIORITE (s); QUARTZ DIORITE (s); GRANODIORITE (s); BASALT (s)
- Eocene (STOCKS, ETC) AND OLDER
- 8 QUARTZ DIORITE (s); GRANODIORITE (s); MONZONITE (s); QUARTZ MONZONITE (s); AUGITE DIORITE (s); FELDSPAR PORPHYRY (s)
  - 7 COAST PLUTONIC COMPLEX; GRANODIORITE (s); QUARTZ DIORITE (s); QUARTZ MONZONITE, SOME GRANITE (s); MICHALITE - ADIANTITE (s)
- JURASSIC**
- MIDDLE JURASSIC AND YOUNGER
- 13a GRANODIORITE (s); DIORITE (s); SYENODIORITE (s); MONZONITE (s); ALASKITE (s)
- LOWER JURASSIC AND YOUNGER
- 12a DIORITE (s); SYENOGABBRO (s); SYENITE (s)
- TRIASSIC
- UPPER TRIASSIC AND YOUNGER
- 11 DIORITE (s); QUARTZ DIORITE (s); GRANODIORITE (s)
- HORNBLende PREDOMINANT ..... H  
 BIOTITE PREDOMINANT ..... B
- METAMORPHIC ROCKS**
- TERTIARY
- 3 HORNFELS (s); PHYLITE, SCHIST (s); SOME GNEISS (s)
- JURASSIC
- 2 HORNFELS (s); PHYLITE, SEMI-SCHIST, SCHIST (s); GNEISS (s); CATACLASTIC, MYLONITE (s); TACTITE (s)
- TRIASSIC
- 1 SCHIST (s); GNEISS (s); CATACLASTIC, MYLONITE (s)
- HORNBLende OR AMPHIBOLE DEVELOPED ..... H  
 BIOTITE DEVELOPED ..... B  
 POTASSIUM FELDSPAR DEVELOPED ..... K
- AREA UNMAPPED

SYMBOLS

- ADIT .....
- ANTICLINE (NORMAL, OVERTURNED) .....
- BEDDING (HORIZONTAL, INCLINED, VERTICAL, CONTORTED) .....
- BOUNDARY MONUMENT .....
- CONTOURS (INTERVAL 1,000 FEET) .....
- FAULT (DEFINED, APPROXIMATE) .....
- FAULT (THRUST) .....
- FAULT MOVEMENT (APPARENT) .....
- FOLD AXES, MINERAL LINEATION (HORIZONTAL, INCLINED) .....
- FOSSIL LOCALITY .....
- GEOLOGICAL CONTACT (DEFINED, APPROXIMATE) .....
- GLACIAL STRIAE .....
- GRAVEL SAND, OR MUD .....
- HEIGHT IN FEET ABOVE MEAN SEA LEVEL ..... \*6234'
- INTERNATIONAL BOUNDARY .....
- JOINT SYSTEM (INCLINED, VERTICAL) .....
- MARSH .....
- MINING PROPERTY .....
- RIDGE TOP .....
- SCHISTOSITY (INCLINED, VERTICAL) .....
- SYNCLINE (NORMAL, OVERTURNED) .....
- TUNNEL .....
- VOLCANIC CONE .....
- GSC SILT SAMPLE LOCATION WITH NUMBER ▲ 871395

Compilation and geology by E. W. Grove, 1964 to 1970, with assistance by N. H. Haimila and R. V. Kilham, 1956 and James T. Fyles, 1967. Geology of the Alice Arm area by N. C. Carter, 1964 to 1968.

GEOLOGY MAP

Figure 5

The orogenesis and intrusion of the Coast Plutonic Complex occurred from Middle Cretaceous to Early Tertiary time and produced a major structural grain in the Mesozoic rocks along the western margin of the Central Cordillera. Intrusive rocks are only rarely seen in the Tom MacKay Lake area as the Coast Plutonic Complex is located well to the west of the property.

### **PROPERTY GEOLOGY**

Regional mapping by Grove (1986) indicates that the property is situated within an embayment on the western margin of the Bowser Basin (Figure 5). Sedimentary rocks belonging to the Salmon River Formation comprise the basinal rocks and are flanked to the south by the Lower Jurassic Unuk River Formation.

The SKI claims covers a nose of the northeast plunging anticline which protrudes into the basin. The core of this fold comprises mainly volcanic rocks belonging to the Unuk River Formation. Donnelly (1976) describes the 1,000 m thick section on the adjacent Eskay Creek property (Figure 5) as composed primarily of intermediate to basic volcanic flows and tuffs. The section ranges from crystal tuffs at the base to greenstones and tuffaceous wackes in the middle and, finally, to rhyolite breccias and pillow lavas at the top.

The volcanic sequence is unconformably overlain by the sediments of the Salmon River Formation. Gunning (1986) attributes these sediments to the Bowser Lake Group and subdivided them into a lower sandstone-conglomerate unit and an upper black shale unit. These sediments are shown by Grove (1986) to underlay the northern and eastern parts of the SKI property.

It is conceivable that infolded islands of the Unuk River Formation could be present within the area mapped by Grove (1986) as underlain by the Salmon River Formation.

The author's one-day visit to the property confirms that the geology of the SKI property is, in essence, very similar to that shown on the geological map by Grove (1986). In particular, the contact between the Unuk River Formation and the sediments of the Salmon River Formation is in the position shown on Figure 5.

### **ECONOMIC GEOLOGY**

No mineralized showings are known from the area covered by the SKI property. The most significant showings in the Tom Mackay Lake area are those at Eskay Creek. The Eskay Creek

showings are hosted by Unuk River Formation volcanic flows and associated pyroclastic and sedimentary rocks that are overlain by basaltic pillow lavas and tuffaceous rocks with sedimentary interbeds. A number of mineralized zones containing appreciable precious metal values have been discovered on this property. These zones lie within a northeast-southwest trending siliceous shear zone up to 500 m wide and at least 3 km long. The most important zones are the #5, #21, #22, #28, #32, Emma and Red Bluff Zones.

The #22 Zone has returned excellent gold and silver values from trench sampling with assays up to 11.878 oz/ton gold and 215.74 oz/ton silver from selected samples. Two high grade shipments have been made from the property. The last of which, in 1979, was of 9.05 tons assaying 4.208 oz/ton gold and 84.90 oz/ton silver.

The #21 Zone represents the zone with the most obvious potential. Drilling in 1985 by Kerrisdale Resources (Kuran, 1985) returned lengthy intersections, up to 123 feet, assaying in the 0.04 oz/ton range with several ounces of silver. On November 1, 1988 Calpine Resources Incorporated issued a news release announcing significant precious metal values from a 6-hole drill program on the #21 Zone. Key results from this program are excerpted below:

<u>Hole No.</u>	<u>Intersection ft.</u>	<u>Length ft.</u>	<u>Au (oz/t)</u>	<u>Ag (oz/t)</u>
CA88-3	238.8 - 301.1 Hole abandoned in mineralization at 305.1'.	21.3	0.200 FA	0.22 FA
CA88-5	111.1 - 354.3 including 112.2 - 122.0 189.3 - 218.8 251.6 - 304.1 including 256.6 - 289.4 Hole abandoned in mineralization at 354.3'.	242.1 9.8 29.5 52.5 32.8	0.125 CA 0.314 FA 0.22 AA 0.267 CA 0.332 CA	0.71 AA 0.95 CA 1.18 CA
CA88-6	294.6 - 391.1 including 301.2 - 353.7 Hole abandoned in mineralization at 391.1'.	96.5 52.5	0.730 CA 1.33 CA	1.12 CA 1.99 CA

AA: Atomic absorption analyses converted to ounce(s) per ton.

FA: Fire assay reported in ounce(s) per ton.

CA: Composite determination of atomic absorption and fire assay analyses reported in ounce(s) per ton.

Drill holes CA88-3, -5, and -6, spaced at approximately 165 foot intervals, tested the northeast extension of the #21 Zone.

This mineralization is described as volcanogenic in origin and it is associated with disseminated sulphides in felsic volcanic breccia and graphitic argillites in contact with overlying intermediate volcanics. Previous workers, however, believe that the mineralization is controlled by northeast-southwest trending faults or silicified shear zones.

Several styles of mineralization are known throughout the Stikine-Sulphurets-Iskut River area. Grove (1986) describes and classifies many of these mineral deposits in the Stewart area. The age of mineralizing events is variable and, notably, can be Post Triassic (Figure 4).

### **CONCLUSIONS**

The property exhibits good potential for hosting gold deposits similar to those known elsewhere from the Stewart-Sulphurets-Iskut Camp. The central part of the property is underlain by the volcanic assemblage which hosts the mineralization known from the adjacent Eskay Creek showings. Based on this analogy, the central part of the property appears to demonstrate the best potential.

The northern and eastern parts of the property, which are underlain by sediments belonging to the Salmon River Formation, also display some potential. The rationale for this supposition is presented below:

- Infolded "islands" of prospective volcanic rocks may be present on the property but were not observed during Grove's (1986) reconnaissance mapping. It is also possible that, in places, the sediments comprise a thin veneer covering the most prospective volcanics.
- If the mineralization is Post-Jurassic in age, the sediments of the Salmon River Formation could also represent prospective host rock. Grove (1986) has mapped a number of major faults which originate in the Lower Jurassic Unuk River Formation and continue northward into the sediments of the Salmon River Formation. These represent exploration targets worthy of exploration. The northeast continuation of the fault which appears to control the Eskay Creek mineralization is the most obvious target.

The presence of an anomalous antimony (17.0 ppm) silt sample collected from a stream which may drain the SKI 2 claim suggests that this area may have epithermal gold/silver potential.



## **RECOMMENDATIONS**

It is recommended that the following four-phase exploration program be carried out on the SKI property. Phase I involves an airborne geophysical survey while Phases II and III consist of a ground evaluation program. The initiation of each phase is contingent upon the receipt of favourable results from the preceding phase.

### **Phase I**

A helicopter-borne electromagnetic/VLF/magnetic survey is recommended for the entire property. The nominal line-spacing should be 100 m and the recommended flight direction is northwest-southeast. The objectives of this work will include the delineation of conductors, fault/shear zone traces, and "islands" of volcanic rocks.

### **Phase II**

- 1) **Airphoto Interpretation** - An airphoto interpretation is proposed in order to delineate linear features which may be related to prospective faults or shear zones.
- 2) **Reconnaissance Geological Mapping and Prospecting** - The entire property should also be covered by reconnaissance mapping and prospecting. The Lower Jurassic-Middle Jurassic contact should be pinned down and any outliers or "islands" of Unuk River formation should be examined in detail. Particular attention should be devoted to the sampling of any gossans.
- 3) **Geochemistry** - Silt samples should be collected at 50 m intervals upstream from the anomalous samples shown on the G.S.C. release. All tributaries should also be sampled.

### **Phase III**

- 1) **Grid Establishment** - Grids (lines 100 m apart with 25 m station intervals) should be established (compass, topochain and flagging) over prospective areas located by the reconnaissance mapping, prospecting or airborne geophysical surveys. Areas underlain by prominent linears and areas upstream from anomalous silt samples should also be covered by grids.
- 2) **Geochemistry** - The grids should be subjected to detailed soil sampling.

- 3) **Geological Mapping and Prospecting** - It is recommended that detailed geological mapping and prospecting be carried out over all of the grids.
- 4) **Trenching** - All encouraging showings should be trenched, mapped and chip sampled in detail.

**Phase IV**

The follow-up phase (including diamond drilling) would involve the exploration of any encouraging features discovered by the Phase II and Phase III programs. Initiation of this phase is contingent upon receipt of favourable results the preceding phases.

**ESTIMATED BUDGET****Phase I**

Airborne Electromagnetic/VLF/Magnetic Survey			
412 line-kilometres @ \$85/km (approx.)		\$35,000	
Prime Explorations Ltd. - Management Fee (15%)		<u>5,300</u>	\$ 40,300

**Phase II****Pre-Field**

Project logistics, permit applications, map preparation, crew and material assembly, airphoto interpretation			\$ 2,000
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**Field Program****Personnel**

Project Supervisor	3 days @ \$400/day	\$ 1,200	
Project Geologist	5 days @ \$350/day	1,750	
Prospector	5 days @ \$275/day	1,375	
Geo-technicians	2 x 5 days @ \$200/day	2,000	
Cook	5 days @ \$200/day	<u>1,000</u>	
			\$ 7,325

**Camp Support**

Food and Accommodation	30 days @ \$50/day	\$ 1,500	
Communications (radio rental, telephone, fax)		1,000	
Disposable Supplies and Fuel		1,000	
Generator, Chain Saw, Tools		1,000	
Expediting, Freight		<u>1,000</u>	
			\$ 5,500

**Transportation**

Mobilization		\$ 6,000	
Fixed Wing (Service Flights)		2,000	
Helicopter Support (10 hours @ \$600/hour)		<u>6,000</u>	
			\$ 14,000

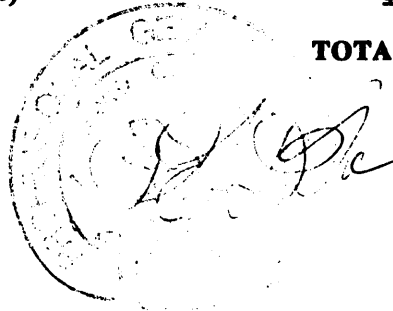
**Geochemical Analyses**

100 samples	@ \$12 each	\$ 1,200	
Rocks	200 samples @ \$15 each	<u>3,000</u>	
			\$ 4,200

**Contingency Allowance**

\$ 3,775

Prime Explorations Ltd. Management Fee (15%)

\$ 5,550**TOTAL:****\$ 42,350**

Keewatin Engineering Inc.

**Phase III****Field Program****Personnel**

Project Supervisor	1 day @ \$400/day	\$ 400	
Project Geologist	5 days @ \$350/day	1,750	
Prospector	5 days @ \$275/day	1,375	
Geotechnician	5 days @ \$200/day	1,000	
Cook	5 days @ \$200/day	<u>1,000</u>	
			\$ 5,525

**Camp Support**

Food and Accommodation	21 days @ \$50/day	\$ 1,050	
Communications (radio rental, telephone, fax)		1,000	
Disposable Supplies and Fuel		1,000	
Generator, Chain Saw, Tools		1,000	
Expediting, Freight		<u>1,000</u>	
			\$ 5,050

**Transportation**

Demobilization		\$ 4,000	
Fixed Wing (service flights)		2,000	
Helicopter Support	8 hrs @ \$600/hr	<u>4,800</u>	
			\$ 10,800

**Geochemical Analyses**

500 Samples @ \$12 each	\$ 6,000		
Rocks	100 samples @ \$15 each	<u>1,500</u>	
			\$ 7,500

**Trenching**

Blasting Crew and Powder			\$ 3,000
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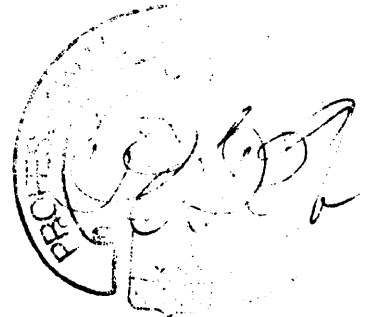
**Contingency Allowance**

\$ 1,925

**Post-Field**

Data Compilation, report writing, secretarial, drafting and reproduction			\$ 3,000
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Prime Explorations Ltd. Management Fee (15%)

\$ 5,550**TOTAL: \$ 42,350**



**CERTIFICATE**

I, DAVID GEORGE DuPre, of 56 Parkgrove Crescent in the Municipality of Delta in the Province of British Columbia, do hereby certify that:

- 1) I am a graduate of the University of Calgary, B.Sc. Geology (1969), and have practised my profession continuously since graduation.
- 2) I am a member in good standing of the Association of Professional Engineers, Geologists and Geophysicists of Alberta; and I am a Fellow of the Geological Association of Canada.
- 3) I am a consulting geologist with the firm of Keewatin Engineering Inc. with offices at Suite 800 - 900 West Hastings Street, Vancouver, British Columbia.
- 4) I am the author of the report entitled "Geological Report on the SKI Property, Skeena Mining Division, British Columbia" dated November 16, 1988 and revised August 13, 1989.
- 5) I visited the property on August 13, 1989 and I have visited the Eskay Creek prospect several times during the past year.
- 6) I do not own or expect to receive any interest (direct, indirect or contingent) in the property described herein nor in the securities of Adrian Resources Ltd., in respect of services rendered in the preparation of this report.
- 7) I consent to the use of this report in a Statement of Material Facts submitted by Adrian Resources Ltd.

Dated at Vancouver, British Columbia this 16th day of November, 1988 and revised this 13th day of August, 1989.

Respectfully submitted,



David G. DuPre, B.Sc., P.Geol., FGAC

Keewatin Engineering Inc.

**BIBLIOGRAPHY**

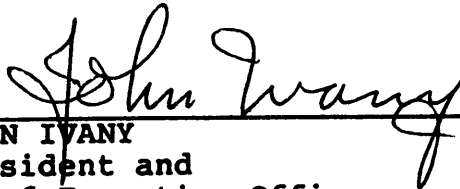
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**CERTIFICATES**

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.

August 14, 1989.

**ISSUER**



**JOHN IVANY**  
President and  
Chief Executive Officer

**ON BEHALF OF THE BOARD OF DIRECTORS**



**ARTHUR CLEMISS**  
Director



**MURRAY PEZIM**  
Director

**PROMOTER**

Per:

  
**Prime Capital Corporation**




**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.

August 14, 1989.

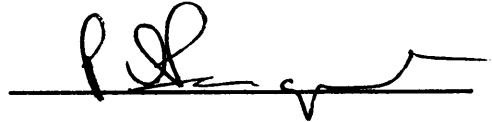
**CANARIM INVESTMENT CORPORATION  
LTD.**

Per: \_\_\_\_\_



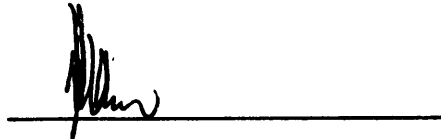
**CONTINENTAL SECURITIES**

Per: \_\_\_\_\_



**GEORGIA PACIFIC SECURITIES CORPORATION**

Per: \_\_\_\_\_



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