

SUPERINTENDENT OF BROKERS

AND

VANCOUVER STOCK EXCHANGE

STATEMENT OF MATERIAL FACTS [#118/87]

EFFECTIVE DATE: AUGUST 31, 1987

D.L. 019075
PROPERTY FILE
104B020-05
SULPHURETS CREEK

TONOPAH RESOURCES INC.

1258 - 409 Granville Street

Vancouver, British Columbia, V6C 1T1

669 - 7628

NAME OF ISSUER, ADDRESS OF HEAD OFFICE AND TELEPHONE NUMBER

Registered Office and 10th Floor, 595 Howe Street

Records Office: Vancouver, British Columbia, V6C 2T5

ADDRESS OF REGISTERED AND RECORDS OFFICES OF ISSUER

Guaranty Trust Company of Canada

800 West Pender Street, Vancouver, British Columbia, V6C 2V7

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

OFFERING: 750,000 Shares

	ESTIMATED PRICE TO PUBLIC	AGENT'S COMMISSION	NET PROCEEDS TO BE RECEIVED BY ISSUER
PER SHARE	\$0.30	\$0.0225	\$0.2775
TOTAL:	\$225,000	\$16,875	\$208,125

The offering price of the shares will be a fixed price determined by the Issuer and the Agent in accordance with the rules of the Vancouver Stock Exchange.

ADDITIONAL OFFERING

The Agent will receive Agent's warrants entitling it to purchase a total of 375,000 shares in return for guaranteeing the sale of the shares offered hereby. These shares are hereby qualified for sale. See "Plan of Distribution" for further information concerning the sale of these shares.

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.

AGENT

McDERMID ST. LAWRENCE LIMITED
1000 - 601 West Hastings Street
Vancouver, British Columbia, V6B 1N6

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.

The Issuer is, under the Rules of the Exchange, a "Development Company".

1. PLAN OF DISTRIBUTION

Offering

The Issuer, by its Agent, hereby offers (the "Offering") to the public through the facilities of the Vancouver Stock Exchange (the "Exchange"), 750,000 shares (the "Shares"). The Offering shall be made on a day (the "Offering Day") within the period of thirty business days following the date (the "Effective Date") this Statement of Material Facts is accepted by the Exchange and the Superintendent of Brokers for British Columbia (the "Superintendent").

The offering price of the Shares (the "Offering Price") will be a fixed price (the "Fixed Price") determined by the Issuer and the Agent in accordance with the rules of the Exchange.

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

Appointment of Agent

The Issuer, by an agreement [the "Agency Agreement"] dated June 9, 1987, appointed McDermid St. Lawrence Limited as its agent ["Agent"] to offer the Shares to the public.

The Issuer will pay the Agent a fee of 7 1/2% of the selling price of the shares sold.

There are no sub-underwriting or sub-option agreements outstanding or proposed to be given, nor are there any assignments or proposed assignments.

The Agent reserves the right to offer selling group participation in the normal course of the brokerage business to selling groups of other licenced broker-dealers, brokers and investment dealers who may or may not be offered part of the commissions or bonuses derived from this Offering.

The obligations of the Agent under the Agency Agreement may be terminated prior to the Offering Day, at the Agent's discretion, on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events.

The Agent may be considered the "market maker" for the shares of the Issuer during the period of primary distribution of the Offering.

Neither the Agent nor its principals own any shares of the Issuer and they have no shares under their control. Subject to the by-laws of the Exchange, the Agent may make purchases and sales of shares of the Issuer for the purpose of maintaining an orderly market for the shares of the Issuer and assisting in the distribution of the offered shares.

The Directors, Officers and other Insiders of the Issuer may purchase shares from this Offering.

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II Assay Sheet, 1986 Test Pit Sampling.

INTRODUCTION

This report has been prepared at the request of Tonopah Resources Inc. to describe their placer leases on Sulphurets Creek, Unuk River, B. C., and to recommend an exploration and sampling program for the 1987 field season.

The report is based on a review of old government reports and on data supplied by Mr. Ray McQuillan who has an intimate knowledge of the leases. The writer is also quite familiar with the Unuk River District.

SUMMARY

The presence of placer gold in Sulphurets Creek has been known for a great many years. The 1906 B.C.M.M. Report notes prospectors discovering gold bearing gravels in the late 1880s. Transportation problems and hazardous river conditions appear to have discouraged these early prospectors but the construction of a pack trail from Burroughs Bay, Alaska, in 1904 led to a renewal of claim staking and placer mining but no detailed records of these activities remain.

No further references to placer mining are found until 1933 when T. J. McQuillan is noted working on Sulphurets Creek and later, the Unuk River Mining and Dredging Company prospecting and drilling 18 test holes on a 5 mile placer lease.

Like all old placer areas, reliable records are almost non-existent but the B.C.M.M. Bulletin #28, Placer Gold Production of B. C., does show a gold production of 26 ounces during the period 1936 - 1940. This was undoubtedly by individual operators using primitive equipment. Fineness of the gold was determined as 814 fine.

In 1986, Moraine Resources Ltd. sunk a 9 foot test shaft and made pan concentrates for each 1 foot increment. The assays show calculated gravel values increasing with depth from \$ 0.071 to \$ 4.658* per yard in place. Water problems did not permit sampling to greater depth and bedrock was not reached.

The past records and the 1986 sampling confirm the presence of placer gold on the leases and a preliminary exploration and sampling program is definitely warranted.

* US \$/yard, Gold @ \$ 400

RECOMMENDATIONS

It is recommended that the leases be prospected by seismic and magnetic surveys to determine gravel depths and yardage as well as old channels. This would be followed by test shafts at selected locations to accurately determine the gold content of the gravels to as great a depth as possible.

The recommended program includes camp construction, line cutting, topographic surveys, seismic and magnetic surveys and test shafts. All gravels from the test shafts are to be treated in portable recovery units to make heavy concentrates for assay. Sample weights, volumes, bulk densities, screen analyses etc. must be accurately determined. Concentrates must also be analyzed for gold particle shape, size etc. Assays should also differentiate between free gold and gold intimately associated with sulphides.

For the present, only one phase of exploration is budgeted for as the extent and type of further sampling and exploration will depend entirely upon the results of the initial work. However, if the initial results are encouraging, additional work would undoubtedly be recommended.

It is expected that the work will require a crew of four prospector-helpers with a supervisor for a period of six weeks.

Costs are estimated at:

Camp equipment and supplies	\$	3,000
Tools & equipment rental		2,000
Engineering & testing supplies & rent		6,000
Camp food, fuel & expendibles		3,000
Communications		2,000
Assay & testing		3,000
Helicopter support		21,000
Supervision & Engineering		8,000
Labor, 4 men, 6 wks		20,000
Misc travel & accomm		2,000
	\$	<u>70,000</u>
Contingency 10% .		<u>7,000</u>
TOTAL	\$	77,000

PROPERTY

The property consists of three registered placer leases, all currently in good standing:

PL 7689 Work rec. to Jul 28/89, Lease renewable 1992
PL 7690 Work rec. to Dec 21/91, Lease renewable 1991
PL 19506 Lease applied for Aug 25/86, Granted Nov 10/86

The leases are held under agreement by Tonopah Resources Incorporated of Vancouver, B. C.

LOCATION & ACCESS

The leases are located at the confluence of Sulphurets Creek and Unuk River some 35 miles northwest of Stewart, B. C. The location and arrangement of the leases is shown on Figure 1.

At present, access is by helicopter only.

The leases cover a good portion of Sulphurets Creek delta at about 800 feet elevation. Timber and underbrush is heavy with some open, swampy areas. Precipitation is heavy with severe winter snowfalls, but being at low elevation the season is longer than usual for the area with open ground from early may to late october. Permafrost has not been noted.

No flow records are available for Sulphurets Creek but it is a major tributary of Unuk River and flows year around. It is subject to wide fluctuations both seasonally and daily.

HISTORY & PRODUCTION

The mining history of the area dates back to the 1880s when prospectors are reported to have located gold bearing gravels on Sulphurets Creek and spent several seasons working their claims. Transportation was the major obstacle until 1904 when a pack trail was constructed from Burroughs Bay, Alaska up Unuk River to Sulphurets Creek. This road resulted in a resurgence of both lode and placer activity lasting a few years.

No records of activity can be found between 1906 and 1932 but in the early 1930s Tom McQuillan and others were active in the area prospecting placer ground on Sulphurets Creek. Records show a gold production, 814 fine, of 26 ounces between 1936 and 1940.

No further activity is known of until recently when the claims were relocated. A preliminary Hammer Seismic survey of two short lines was run in 1981 and a test shaft was put down in 1986 by Moraine Resources, under the direction of Mr. A. R. McQuillan.

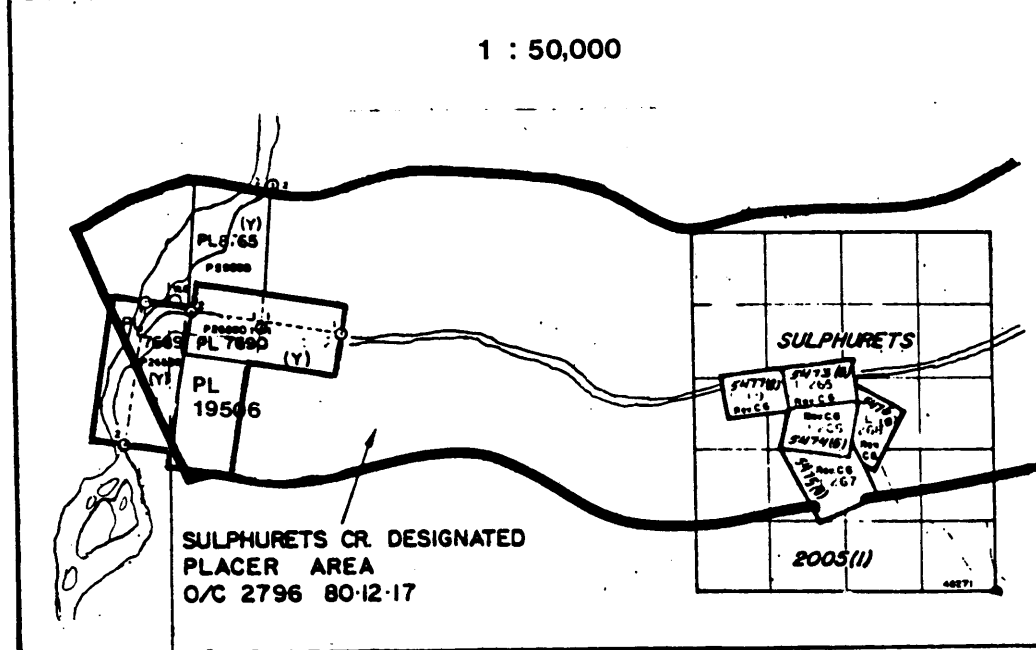
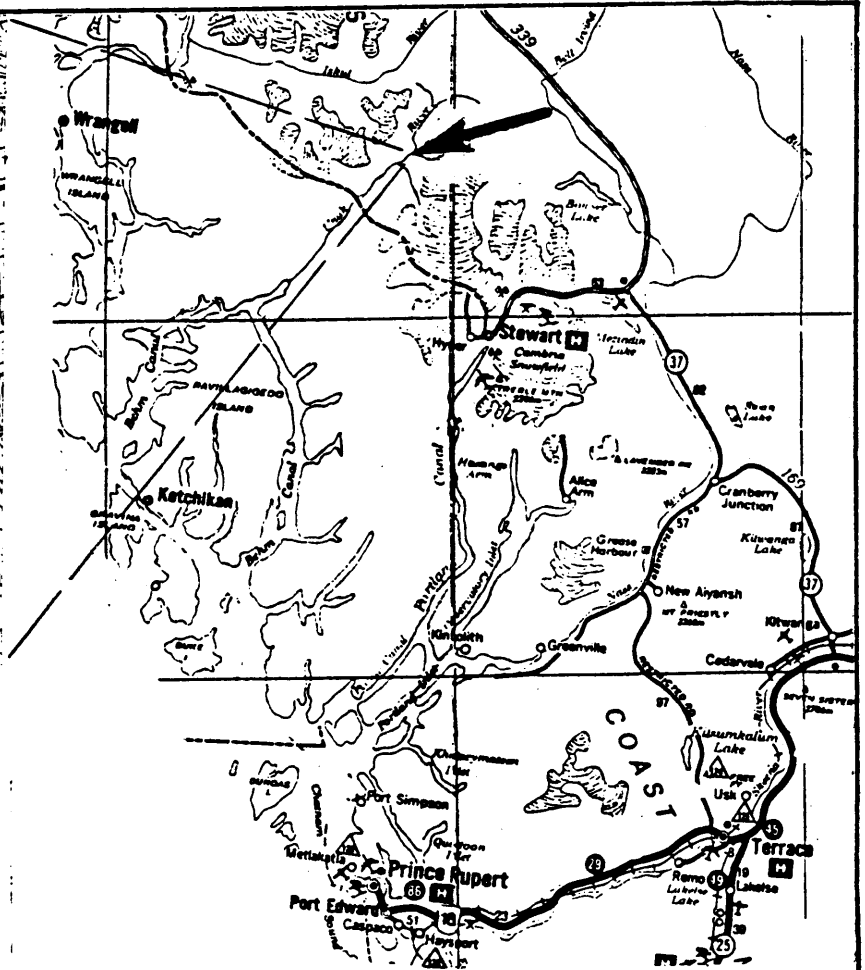
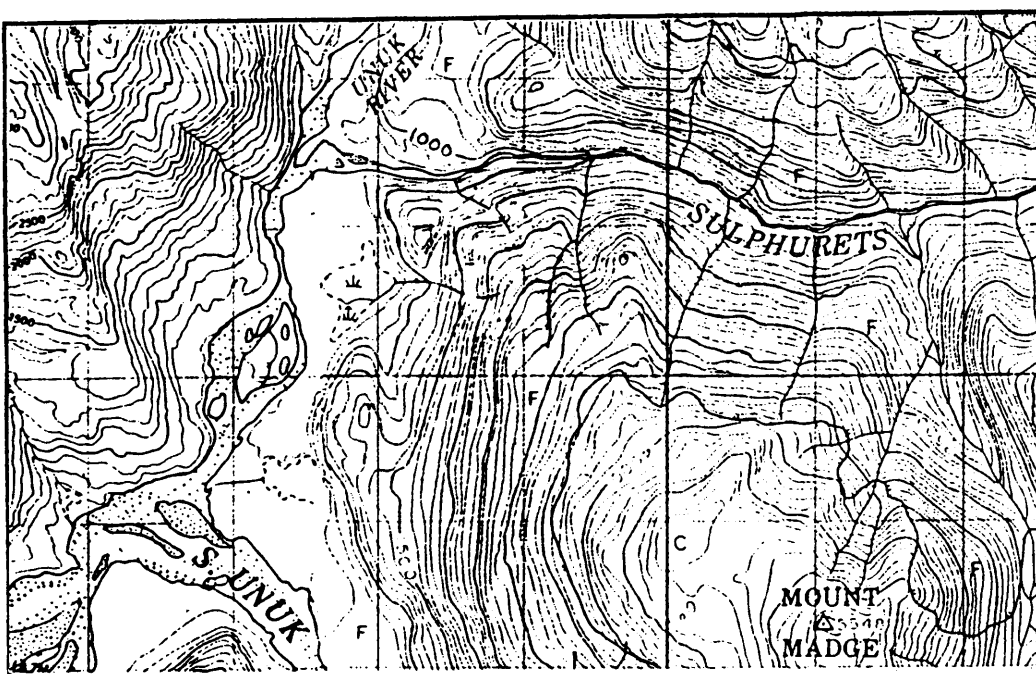
DESCRIPTION OF LEASES

Except in the active stream channels, the lease area is covered by large timber and heavy underbrush with a few open swampy areas. Boulders in Sulphurets Creek seldom exceed 12" diameter with a full range of silt, sand and gravel sizes. The test pit put down in 1986 encountered no boulders that could not be moved by hand and no cementing was observed.

Excerpts from old Reports, Appendix I, note flaky worn gold with fine colors in every pan tested (1906) Also noted in the bars were concentrations of alluvial pyrite. Magnetite has been noted in concentrates but no heavy mineral determinations have been done. T. J. McQuillan is said to have discovered some coarse gold in 1933.

The only documented sampling on the leases is for the 1986 test shaft. This was cut 6 foot square and sunk for 9 feet where water forced abandonment. Each 1 foot depth of shaft therefore represented 1.33 cu. yards of gravel. One tenth of each one foot increment removed was then carefully screened and panned to make a concentrate for assay. The assay sheet is shown as Appendix II and grade calculations are listed below.

<u>CONCENTRATE</u>		<u>GRAVEL</u>	
Au. oz/ton	Sample wt. gms.	mg. Gold per yard	\$ Value/yard (Gold @ \$400)
.354	60.83	5.55	US\$.07
.420	84.83	9.18	.12
.458	158.83	18.75	.24
.520	139.88	22.10	.28
.284	632.81	46.33	.60
3.782	227.83	222.13	2.86
4.884	84.86	106.84	1.37
13.949	84.80	304.93	3.92
2.584	543.83	362.24	4.66



**SULPHURETS CREEK
PLACER LEASES
LOCATION MAP**

FIGURE 1

Two short Hammer Seismic lines run in 1981 showed depth to bedrock of from 12 to 23 metres near the mouth of Sulphurets Canyon and about 40 metres near the junction with Unuk River. Unfortunately, these lines were run along the south bank of the existing stream channel and no cross section of the creek bed was obtained. However, there is obviously the potential for a considerable yardage of gold bearing gravels.

The source of the gold appears to be from the veins and gold bearing structures at the headwaters of Sulphurets Creek which are presently being actively explored. Some placer gold has been noted in the upper Sulphurets and Mitchell Creeks but for the most part gradients are steep and it is thought that the most favorable section of the creek is at the Tonopah Leases where Sulphurets Creek discharges from a narrow canyon onto an alluvial fan.

REFERENCES

- B. C. Minister of Mines Reports,
Grove, E. W. (1982). Geology and Mineral Deposits of the Unuk River-Salmon River-Anyox Map Area. B.C.M.M. Bull. 63.
Holland, S. S. (1950). Placer Gold Production in B. C. B.C.M.M. Bull 28.
MacQuarrie, D. R. (1981). A Report on a Hammer Seismic Survey, Unuk River Sulphurets Creek Placer Property. Private report for Tsolum Resources Ltd.
Allen, D. G. (1986). Geological Report on the Unuk River - Sulphurets Creek Placer Property. Private Report for Moraine Resources Ltd.

1935

B 9

The first discovery of mineral in the area is credited to a prospector named O'Hara, who is said to have come out of the Unuk in 1893 with placer gold. As a result of this several prospectors are reported to have outfitted at an old fishing camp named Loring, about 20 miles from the present site of Ketchikan, Alaska, and entered the Unuk River country in 1894. Some extensive cuts in bench-gravels are still to be seen at the mouth of Mitchell creek, and at this spot, in comparatively good condition, is an old cabin. Over its door is an inscription: "F. E. Gingras, H. W. Ketchum, C. W. Mitchell, 1898." At the mouth of Sulphurets creek and around Mitchell creek scattered decayed remnants of several old-timers' cabins and a few crude tools were found in the dense forest underbrush.

A few sketchy reports concerning the area indicate that some fairly extensive development was done between the years 1900-1903. In 1900 the Unuk River Mining and Dredging Company purchased a group of five claims from Ceperley, Rounsefeli & Company, of Victoria. In the British Columbia Minister of Mines' Annual Report for 1901 a reference is made to the *Globe* and *Cumberland* groups, and in 1903 the construction of a wagon-road by the Unuk River Mining, Smelting, and Transportation Company was started from Tidewater on Burroughs bay to the *Cumberland* group on Sulphurets creek. This road was completed to the "Landing" at the head of Third canyon, a total distance of about 31 miles from seaboard, of which about 6 miles was in British Columbia.

B 10

Well-mineralized float is common in the creek-beds, especially on Sulphurets and the upper stretches of the main stream. This varies from small pebbles to fair-sized boulders and consists of quartzose material containing mainly pyrite, pyrrhotite, chalcopyrite, sphalerite, galena, and in some instances tetrahedrite (grey copper). Close to the mouth of Sulphurets Creek canyon, in a pebble 4 inches long, native gold was observed in association with pyrite, galena, and sphalerite. An average sample from a boulder in the bed of Divalbliss (Cabin) creek about a quarter of a mile above its mouth assayed: Gold, 0.20 oz. per ton; silver, 6 oz. per ton; copper, nil; lead, 16 per cent. The sand-bars at the mouth of Sulphurets creek and above the canyon contain abundant alluvial pyrite. A composite sample of this material assayed: Gold, 0.03 oz. per ton; silver, trace; copper, trace; lead, nil; zinc, nil.

Mineral discoveries have been made in several places and many claims staked. Those in the headwaters section are described in the 1934 Annual Report. From the upper end of Sulphurets Creek canyon at about Jayjay creek to Mitchell creek, a distance of about 3 miles, gold-bearing gravels are known to occur on low benches. The gravels are somewhat rusty in colour. Very little prospecting has been done and it is not known whether the old-timers' workings penetrated to bed-rock.

The Johnstone Bros. prospected reconcentrations around the mouth of Bejay and Jayjay creeks. Several creek claims and leaseholds have been staked on these deposits as well as on those between the mouth and canyon of Mitchell creek. The heavy timber on this bench-ground and the probable presence of boulders would make operations somewhat difficult. The Ketchikan interests controlling this ground plan its further exploration by test-pitting and by drilling with an "Aeroplane" Keystone drill which is at present being transported to the ground.

1936

UNUK RIVER AREA.

B 60

Unuk River Placer Gold Co., Ltd., has been doing some prospecting on a 5-mile placer lease on Sulphide Creek. A small placer-drill was taken in and eighteen holes were drilled.

1938

Unuk River District.

B 30

Blanton and associates, of Ketchikan, did considerable prospecting on their placer-ground on Sulphurets Creek, employing several men during the summer season. The district was not visited.



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CERTIFICATE OF ASSAY

TO : MORAINÉ RESOURCES LTD.

BOX 10086
BAINBRIDGE ISLAND, WA.
U.S.A. 98110

** CERT. # : A8617187-001
INVOICE # : 18617187
DATE : 16-SEP-86
P.O. # : NONE

ATTN: E.W. HUNTLEY CC: DR. ROBERT WAGNER

Sample description	Prep code	Ag FA oz/T	Au FA oz/T	Weight mg	Weight grams		
86-1 #1	207	0.16	0.354	--	60.83	--	--
86-1 #2	207	0.35	0.420	--	84.83	--	--
86-1 #3	207	0.21	0.458	--	158.83	--	--
86-1 #4	207	0.26	0.520	--	139.88	--	--
86-1 #5	207	0.16	0.284	--	632.81	--	--
86-1 #6	207	1.52	3.782	--	227.83	--	--
86-1 #7	207	1.84	4.884	--	84.86	--	--
86-1 #8	207	4.90	13.949	--	84.80	--	--
86-1 #9	207	1.19	2.584	--	543.83	--	--
86-1 7'-8' 8A	225	--	--	126.33	--	--	--
86-1 8'+9A	225	--	--	16.68	--	--	--

.....


 Registered Assayer, Province of British Columbia
 VOI rev.

Bull. #1, 1933. Placer Mining in B. C.

PORTLAND CANAL MINING DIVISION.

During the 1932 season two prospecting parties penetrated the headwaters of the Bell Irving river and claim to have found sufficient encouragement to warrant further investigation. One party returned to the area with 4 tons of supplies transported by pack-horses, with the intention of remaining all winter. Sections of the Unuk River trough have also been found to contain gold-bearing gravels, but so far nothing of importance has been discovered. During 1932 T. J. McQuillan and two men, of Ketchikan, prospected on Sulphurets creek and also on the South fork of the Unuk river. On Sulphurets creek these prospectors report "old-timers" workings and also the discovery of some coarse gold.

Bull. #28, 1950. Placer Gold Production of B. C.

PORTLAND CANAL AND SKEENA MINING DIVISIONS

The Skeena Mining Division includes the Queen Charlotte Islands where gold-bearing beach placers on the east coast of Graham Island have been known at least since 1877. The amount of placer gold mined elsewhere has been small, even though Douglas Creek was worked as early as 1886.

Table XXX lists recorded gold fineness and the conversion factors used in Table XXXI. Table XXXI lists the production recorded for each stream.

There has been some placer activity on Bear River, Bitter Creek, Hall Creek, Unuk River, and Willoughby Creek, but no gold production has been recorded from them.

Table XXX.—Portland Canal and Skeena Mining Divisions: Gold Fineness and Conversion Factors Used in Table XXXI

	No. on Map	Number of Fineness Determinations	Weight of Gold Represented	Range of Fineness: Gold	Average Fineness: Gold	Fineness Used for Conversion	Conversion Factor Used	Total Production Recorded	
								Ounces	Value
Douglas Creek	94	.....	Ounces	Unrecorded	.....	827 ¹	\$ 17.05	319	\$ 6,717
Graham Island—									
East coast	117	1	22	854	854	} 845	17.45	715	20,182
Massett	116	1	8	835½	835½				
Shuttle Island	118	1	12	833½	833½	833½	17.45	72	1,249
Sulphurets Creek	64	4	15	814	814	814	17.05	26	729
Totals	.....	.....	.....	.....	.....	.....	.....	1,132	28,877

Numerical average fineness of gold from Graham Island is 845.
¹ Fineness assumed to be same as Lorne Creek.

Table XXXI.—Placer Gold Production from Portland Canal and Skeena Mining Divisions

Year	Douglas Creek (94)		Graham Island (beach placer) (117)		Shuttle Island (beach placer ¹) (118)		Sulphurets Creek ² (64)	
	Ounces	Value	Ounces	Value	Ounces	Value	Ounces	Value
1874-75	.....	\$	.....	\$	.....	\$	.....	\$
1876-80	.....	.....	.....	.....	.....	.....	.....	.....
1881-85	.....	.....	.....	.....	.....	.....	.....	.....
1886-90	10	165	.....	.....	.....	.....	.....	.....
1891-95	.....	.....	.....	.....	.....	.....	.....	.....
1896-1900	.....	.....	.....	.....	.....	.....	.....	.....
1901-05	.....	.....	.....	.....	.....	.....	.....	.....
1906-10	.....	.....	.....	.....	.....	.....	.....	.....
1911-15	.....	.....	.....	.....	.....	.....	.....	.....
1916-20	.....	.....	.....	.....	54	942	.....	.....
1921-25	.....	.....	4	70	6	105	.....	.....
1926-30	57	964	28	489	.....	.....	.....	.....
1931-35	238	5,207	333	8,907	12	202	.....	.....
1936-40	14	381	262	7,864	.....	.....	26	729
1941-45	.....	.....	88	2,852	.....	.....	.....	.....
Totals	319	6,717	715	20,182	72	1,249	26	729


¹ Discovered in 1918.
² Tributary of Unuk River.

DATED: August 28, 1987


CERTIFICATE OF THE ISSUER

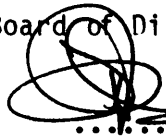
The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Statement of Material Facts as required by the Securities Act [British Columbia] and its regulations.


.....
HEBER ALEXANDER BRIDEN
[President/Director/Promotor]


.....
STEVEN KENT
[Secretary/Director]

On Behalf of the Board of Directors

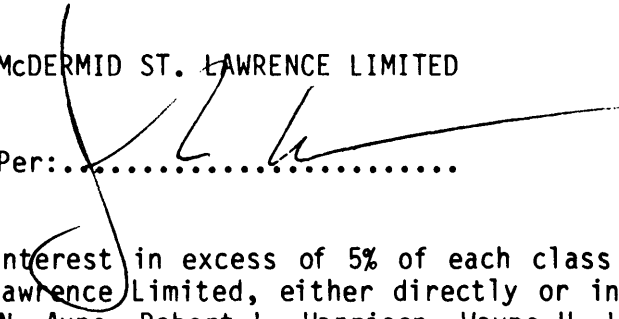

.....
GEORGE LINDSAY WILLIAMSON
[Director]


.....
DONALD MELBOURNE GILLIES
[Director]

CERTIFICATE OF THE AGENT

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

McDERMID ST. LAWRENCE LIMITED

Per: 

The persons holding an interest in excess of 5% of each class of the issued shares of McDermid St. Lawrence Limited, either directly or indirectly, are: J. Lawrence Goad, Keith N. Aune, Robert L. Harrison, Wayne H. W. Latta, James A. Tartaglio, John A. Wheeler and Warring P. Clarke.

ADDENDUM TO REPORT ON SULPHURETS

CREEK PLACER LEASES, dated

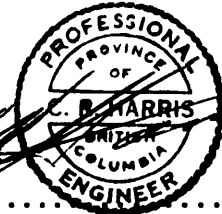
APRIL 8, 1987

This addendum has been prepared to clarify a few points in the original report and to record information gained during personal visits to the claims on June 19 and July 13, 1987.

The test pit sampling was done in 1986 by Mr. A. R. McQuillan. As this was primarily for assessment purposes the work was not supervised by a Professional Engineer but Mr. McQuillan is an experienced and highly regarded prospector and I have full confidence in his work.

On June 19th, the writer and Mr. Gordon Hilchey, P.Eng., visited the claims to inspect the ground and discuss the proposed work schedule. At that time, a few shovelfuls of creek gravel were panned and particulate and flour gold were observed. On July 13th, 1987, the writer again visited the claims to mark out a camp location and future seismic control lines.

These visits have confirmed my opinion of the merit of the property and I can see no reason to alter the substance or budget of my April 8, 1987 Report.



.....
C. R. Harris, P.Eng.
August 3, 1987.