

104B-089 Iskut 1
104B 312 Iskut 2

019264

SUPERINTENDENT OF BROKERS
AND
VANCOUVER STOCK EXCHANGE
STATEMENT OF MATERIAL FACTS [#43-88]

EFFECTIVE DATE: May 19, 1988

D.L.

PROPERTY FILE

Iskut River Nominees (V6E)
104B089 ISKUT 1 (JOAN)

RESOURCES LIMITED (the "Issuer")
19 West Hastings Street
Vancouver, British Columbia, V6C 2W2 687-6600
ISSUER, ADDRESS OF HEAD OFFICE AND TELEPHONE NUMBER

Head Office and 10th Floor, 595 Howe Street
Office: Vancouver, British Columbia, V6C 2T5
OFF REGISTERED AND RECORDS OFFICES OF ISSUER

TRUST COMPANY
1111 West 11th Street, Vancouver, British Columbia, V6E 4B6
ADDRESS OF REGISTRAR & TRANSFER AGENT FOR ISSUER'S SECURITIES IN
BRITISH COLUMBIA

OFFERING: 600,000 SHARES

	ESTIMATED PRICE TO PUBLIC	AGENT'S COMMISSION	NET PROCEEDS TO BE RECEIVED BY ISSUER
PER SHARE	\$0.90	\$0.0675	\$0.8325
TOTAL:	\$540,000	\$40,500	\$499,500

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: 200,000 SHARES

The Agent will receive Agent's warrants entitling it to purchase a total of 200,000 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.

A G E N T

CANARIM INVESTMENT CORPORATION LTD.
2200 - 609 Granville Street
Vancouver, British Columbia

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 offense.

[B] INDIAN RIVER CLAIMS, DAWSON MINING DISTRICT, YUKON TERRITORY

The Issuer has acquired under a Joint Venture Agreement, a 1.5% working interest (subject to a 15% royalty reserved for the lessor) from Gold City Resources Inc., #810, 910 - 7th Avenue, S.W., Calgary, Alberta in the following placer mineral claims:

<u>Name</u>	<u>Grant No.</u>	<u>Name</u>	<u>Grant No.</u>
Yves Fraction	29172	IR 18	P29437
IR 55	P29474	IR 19	P29438
IR 54	P29473	IR 20	P29439
IR 10	P29429	IR 21	P29440
IR 11	P29430	IR 22	P29441
IR 12	P29431	IR 23	P29442
IR 13	P29432	DON 1	P27954
IR 14	P29433	DON 2	P27955
IR 15	P29434	DON 3	P27956
IR 16	P29435	DON 4	P27957
IR 17	P29436		

In order to earn its 1.5% working interest, the Issuer has paid cash consideration of \$25,000 and will share in revenues and bear all costs and all liabilities arising under the Joint Venture agreement in proportion to its working interest. In the event that there is insufficient revenue from the Joint Venture operations to cover the Issuer's and other co-venturers costs, then Gold City will advance as additional operating capital such funds as are required to pay such costs and Gold City will be reimbursed from revenues in respect to the full amount of any such funds advanced to pay its co-venturers share of costs prior to any further distribution of revenue or products to its co-venturers.

In 1987 a 75,000 cubic yard test produced 2,200 ounces of sluice run gold, resulting in net income of \$156,612 for the Joint Venture. The inventory of product is recorded at cost (\$233,187) in the financial statements of the Joint Venture however the net realizable value of the inventory was approximately \$313,612 at October 31, 1987.

Additional stripping and testing prepared ground for 1988 and mining expansions are planned. The Issuer will contribute \$13,000 to the 1988 program to finance the expansion of operations which were not planned under the original Joint Venture agreement.

There is no underground or surface plant or equipment on the property, except for certain moveable equipment used in placer mining operations on the property.

There is no known body of commercial ore on the property and the proposed program is an exploratory search for ore.

[C] ISKUT RIVER CLAIMS, LIARD MINING DIVISION, BRITISH COLUMBIA

The Issuer acquired the following mineral claims by staking, at a cost of \$2,597.

<u>Claim Name</u>	<u>Units</u>	<u>Record No.</u>
Iskut 1	3	1167
Iskut 2	9	1168

History of Exploration

In 1965, there was considerable activity in the Lower Iskut River area with claims being staked over the various mineral belts. Iskut Silver Mines Ltd. staked their claims over a geochemical anomaly. Further geochemical surveys and hand trenching was carried out in eight locations in 1965. This is the same ground staked by the Issuer in 1980. Skyline Resources Ltd. began an exploration program in the area in 1980 and is presently considering a production decision. Previous work done on the property by the Issuer includes a soil sampling survey. Rock samples and stream sediment samples were taken from outcrops and streams encountered while soiling. Two airborne geophysical surveys were completed and a partial ground electromagnetometer survey was done.

Geology and Mineralization

The Issuer intends to initiate an exploration program on the property, pursuant to the recommendations of Linda Dandy, B.Sc., F.G.A.C., in her engineering report dated January 5, 1988, a copy of which is included in this Statement of Material Facts. The engineering report has been reviewed and certified by R.A. Gonzalez, M.Sc., F.G.A.C. as being correct and reasonable. Linda Dandy states that the Issuer's claims lie in the Iskut Belt, forming part of the Intermontane Belt in northwestern British Columbia. The property lies in an intensely gullied terrain with occasional glacial overburden. Stratigraphically, the oldest units on the property are Carboniferous and Permian greenstone, limestone, shale and clastic sedimentary rocks. These are overlain by Upper Triassic undifferentiated andesitic volcanic and clastic sedimentary rocks, and are intruded by Jurassic and Cretaceous diorite and hornblende diorite. In the northern portion of the property recent basalt, cinders and ash can be found.

Localized showings on the property immediately to the west of the Issuer's claims have had significant amounts of galena, sphalerite, silver and gold, both disseminated in the bedding and as crosscutting fracture fillings. These showings have an economically significant gold content, as is probable on the Issuer's property since the geological setting is the same. An occurrence of magnetite skarn with minor chalcopyrite is reported from an area where an east-northeast trending fault appears to bend around a syenite porphyry. The property is at the northwest end of a mineral belt some 30 kilometres long, in a geologic environment which is very favourable i.e. in a faulted and sheared area adjacent to a syenite porphyry, apparently located at or near the intersection of three major fault trends. At least two of these trends have been shown to be related to mineralization on adjoining properties, and the third one may well have a similar relationship.

On the Hemlo West claims held by Deleware Resources Ltd. located immediately to the west of the Issuer's claims, a soil sampling survey was completed in 1986. The highest gold soil anomaly obtained by Deleware is cut off by the claim boundary with the Issuer. The Issuer's soil sampling survey from 1987 has picked up the continuation of Deleware's soil anomaly. The gold values along the western claim boundary are as high as 195 ppb and the anomaly appears to be 75 metres wide. This anomalous trend extends for one kilometre onto the property with the width of the zone with gold values greater than 200 ppb being up to 450 metres. The eastern portion of the property has some smaller trends which are anomalous in gold, with values up to 2150 ppb.

A silver anomaly was picked up by soil sampling as well with the predominant trend being located directly to the north of the anomalous gold values. The silver anomaly of greater than 3.0 ppm extends for 800 metres and is 125 metres wide, with the highest values being 15.6 ppm. Coincident copper and molybdenum soil anomalies are also present roughly paralleling the gold anomaly. The highest copper value is 9257 ppm, and the highest molybdenum value is 304 ppm.

A preliminary ground electromagnetometer survey was done in 1987 which outlined a conductive trend which appears to parallel the portion of the gold - copper - molybdenum soil anomaly located along the western claim margin.

Two airborne surveys were flown over the property in 1987 showing a zone of higher conductivity related to the syenite porphyry intrusion previously mapped on the southeast portion of the property. A similar appearing conductive body can be seen in the northern portion of the claims and likely represents the same porphyry which has not been mapped on surface.

Reference should be made to the Dandy Report for a detailed discussion of the property, and a summary of work on or near the property carried out by others prior to acquisition by the Issuer.

There is no underground or surface plant or equipment on the property.

There is no known body of commercial ore on the property and the proposed program is an exploratory search for ore.

Conclusions and Recommendations

The 1987 exploration program led to the discovery of both gold - silver vein type and copper - molybdenum porphyry type mineralization. Considering the location of this property in an area of much exploration activity, and the encouraging results obtained to date, additional work is warranted in a two-phase programme. Phase I, at an estimated cost of \$500,000 should entail geological mapping, soil sampling, electromagnetic, proton magnetometer and induced polarization surveys followed by 1,500 metres of diamond drilling to test all anomalous zones to assess the potential of this prospect. The Issuer intends to carry out the Phase I programme and has allocated \$272,834 of the proceeds of the Offering hereunder for this purpose. The balance of \$227,166 required to complete the Phase I programme will be provided by flow-through funds in hand. A Phase II programme, contingent upon Phase I results would involve an estimated 3,000 metres of diamond drilling at a cost of \$500,000.

Group III: Other presently held properties upon which the Issuer's acquisition and exploration costs to date exceed \$100,000.

[A] EIGHT DOLLAR MOUNTAIN AND STONE CORRAL CLAIMS, DEL NORTE COUNTY, CALIFORNIA

Pursuant to an agreement dated for reference October 5, 1978 between the Issuer and Arthur Ward of 6535 18th Avenue N.E., Seattle, Washington, U.S.A. and G. O'Brien Associates, of P.O. Box 145, Curlew, Washington, U.S.A., the Issuer has acquired a 100% interest in the following mineral claims (subject to a 10% carried interest in net operating profits reserved for the Optionor) referred to as the Eight Dollar Mountain claims:

<u>Claim No.</u>	<u>Claim No.</u>
10323	10327
10324	10328
10325	10329
10326	

To date, the Issuer has paid cash consideration of \$38,165 and issued 62,525 shares.

Pursuant to a second agreement dated for reference February 15, 1978 between the Issuer and Arthur Ward of 6535 18th Avenue N.E., Seattle, Washington, U.S.A. and G. O'Brien Associates of P.O. Box 145, Curlew, Washington, U.S.A., the Issuer has acquired a 100% interest in the following mineral claims (subject to a 10% carried interest in net operating profits) referred to as the Stone Corral claims:

<u>Claim No.</u>	<u>Claim No.</u>	<u>Claim No.</u>
10298	10305	10314
10299	10306	10315
10300	10307	10316
10301	10308	10317
10302(1)	10309	10318
10302(2)	10310	10320
10303	10312	10321
10304	10313	

To date, the Issuer has paid cash consideration of \$19,000 and issued 29,162 shares.

In addition, to permit the Issuer's predecessor corporation, International Meridian Resources Ltd. ("Meridian") to fully exercise the options contained in the two above-referred agreements and acquire 100% interests in Eight Dollar Mountain and Stone Corral claims, Robert Crompton, Richard W. Hughes, Mark Investments Ltd., Frank A. Lang, Dauntless Developments Ltd. and Norman Allen, shareholders of Meridian loaned to Meridian shares of Meridian equivalent to 33,812 shares of the Issuer to satisfy the requirements under the said agreements. Such shares were loaned on the basis that such shareholders would be reimbursed therefor, upon all necessary regulatory approvals. The Issuer has sought regulatory approval for the issuance of the said 33,812 shares. In connection with the acquisition a finder's fee of 5,072 shares is payable upon issuance of the said 33,812 shares.

M E R I D O R R E S O U R C E S L T D .

GEOLOGICAL REPORT
ON THE
ISKUT RIVER PROPERTY
LIARD MINING DIVISION

JANUARY 1988

NTS 104B/11E

LATITUDE: $56^{\circ}42' N$

LONGITUDE: $131^{\circ}12' W$

BY

L. DANDY, B.Sc., F.G.A.C., MARK MANAGEMENT LTD.

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MERIDOR RESOURCES LTD.
ISKUT RIVER PROPERTY
LIARD MINING DIVISION

1. SUMMARY

The Iskut River property is located on the north bank of the Iskut River in an area of much active mineral exploration. No work has been done by Meridor Resources on the property prior to 1987, although they have held the ground since 1980. In 1987, a soil sampling grid was established, with samples taken at 25 metre intervals. A large anomalous zone for gold, silver, copper and molybdenum was found. A preliminary electromagnetometer survey was also done, but needs to be extended before any conclusions can be drawn. Two airborne geophysical surveys were completed, with several significant anomalies outlined which warrant follow-up ground magnetometer and electromagnetometer surveys to more accurately determine the location and source of these anomalies. Rock outcrops and stream sediments were sampled during the course of soil sampling and some extremely high gold values were obtained.

Surrounding properties, with similar geological settings are getting very high results both from surface sampling and in drill core. The best known property in this area is the Reg claims held by Skyline Resources Ltd., which is expected to make a production decision soon. The property immediately to the west of Meridor's, held by Delaware Resources Ltd., had a diamond drill programme in 1987 over gold anomalies in soils which extend onto the claims held by Meridor Resources Ltd. Delaware's diamond drill targets trend up to Meridor's claim boundary, but the drill results have not yet been made public.

Additional work is required on the property to fully assess its economic potential. This work will consist of detailed geological mapping, soil sampling, and geophysics, followed by 1500 metres of diamond drilling of the best anomalies obtained.

2. INTRODUCTION

The Iskut River property is a lode gold prospect located on the north bank of the Iskut River in northwestern British Columbia (Figure 1). The claims were staked in 1980 by Meridor Resources Ltd. of Vancouver, B.C., and had not been worked until 1987.

The author spent one day on the property in 1987, and set up and supervised the exploration programme carried out by Mark Management Ltd. The company has requested a report recommending follow up work based on the excellent results obtained to date.

B.C. Minister of Mines Reports, and old assessment and engineering reports written for Iskut Silver Mines Ltd., covering the same area as Meridor's claims were used to obtain historical information on this area.

3. PROPERTY

The Iskut 1 and 2 claims are owned 100% by Meridor Resources Ltd. of Vancouver, B.C. The property is located in the Liard Mining Division and consists of two contiguous modified grid mineral claims totalling 12 units. Claim information is listed in Table I.

TABLE I
CLAIM STATUS

Claim Name	Units	Record No.	Anniversary Date
ISKUT 1	3	1167	JANUARY 7
ISKUT 2	9	1168	JANUARY 7

4. LOCATION AND ACCESS

The Iskut River property represents a lode gold prospect located along the Iskut River, in the Liard Mining Division of northwestern British Columbia. The area consists of dense rain-forest on lower portions with extremely steep, rugged mountains and numerous glaciers at higher elevations. The Iskut claims are located approximately 40 kilometres upstream (to the east) of the confluence of the Stikine and Iskut Rivers on the north bank of the Iskut River.

The Iskut River property is located approximately 115 kilometres northwest of Stewart, British Columbia; 95 kilometres east northeast of Wrangell, Alaska; 275 kilometres north of Prince Rupert, British Columbia; and 325 kilometres southeast of Atlin, British Columbia. The claims are centred at latitude $56^{\circ}42'$ and longitude $131^{\circ}12'$ on NTS map sheet 104B/11E (Figure 1).

Access to the property is best by fixed wing aircraft from Atlin, Terrace, Stewart or Dease Lake, B.C., to a small airstrip at the mouth of Bronson Creek. The Bronson airstrip, located on the south side of the Iskut River at the mouth of Bronson Creek, was built by Cominco Ltd. in 1987, and is approximately 2.5 kilometres from Meridor's property. Helicopters based at the Bronson airstrip are available for flights to the property.

The logging and hydro power potential of the Iskut River has recently been recognized, and logging north of the mouth of the river may move upstream a few miles in the near future. The claims are also located just downstream from one of the best potential damsites on the Iskut, and any further development of these resources will invite road construction along this river. One obstacle to rapid development of the resources in this area is the presence of the Alaska Panhandle, since using barges to float building materials in and to send out ore difficult would mean crossing an international boundary.

The property experiences north-coastal climate, with wet summers and heavy snowfalls in winter. A compacted snow depth of 3.5

to 4.5 metres in April-May at 1000 metres elevation is normal. The main river valleys are usually snow free around the end of May or early June. Temperatures in the summer are usually around 20°C and in the winter average -10°C. The area consists of dense rain-forest on lower portions with extremely steep, rugged mountains and numerous glaciers at higher elevations. On Meridor's property, the elevation at the valley floor is 130 metres and extends uphill to an elevation of 460 metres.

There are no easily accessible towns or roads in this area, however, with the number of camps in the locale of the Bronson Creek airstrip, a small tent community is arising.

5. HISTORY OF THE PROPERTY

The Stikine River valley was travelled by prospectors heading for the Cassiar Gold Fields in the 1873 rush, and again in 1896-98 during the Klondike Gold Rush, but little prospecting was done at the time. In 1906, the Iskut Mining Co. staked some claims which were later Crown Granted in the Bronson Creek area about 6 kilometres southeast of the property. In the early 1950's, after the discovery of the Granduc showings, helicopter-borne prospecting increased. The Stikine Copper deposits were discovered on an affluent of the Scud River and subsequently more detailed prospecting was carried out in the area. In 1965, there was considerable activity in the Lower Iskut River area with claims being staked over the various mineral belts.

Iskut Silver Mines Ltd. staked their claims over a geochemical anomaly. Further geochemical surveys and hand trenching was carried out in eight locations in 1965. This is the same ground now held by Meridor. Meridor staked their claims in 1980, and except for the crown granted claims along Bronson Creek and a few claims on Johnny Mountain to the south, Meridor's were the only claims in the area.

Skyline Resources Ltd. staked their claims in 1980 and began a major exploration programme, obtaining encouraging results in 1984.

Their results, likely to lead to a production decision, have led to a staking rush into the area resulting in it being solidly staked. The size and number of exploration crews in this area has been rapidly increasing since 1984, with an estimated 2000 exploration personnel in the area in 1987.

Previous work done on the property by Meridor Resources Ltd. includes a soil sampling survey. Rock samples and stream sediment samples were taken from outcrops and streams encountered while soiling. Two airborne geophysical surveys were completed and a partial ground electromagnetometer survey was done.

Since this area has abundant showings with economic grades of mineralization, it is essential that this follow-up exploration programme be completed.

6. GEOLOGY

6.1 REGIONAL GEOLOGY

The Iskut River area has been mapped by F.A. Kerr for the Geological Survey of Canada in the 1920's (Memoir 246, 1948) and by Operation Stikine in 1956 (Map 9-1957). Geologic mapping of this area was again undertaken in 1974 by J.G. Souther and A.V. Okulitch of the Geological Survey of Canada (GSC) and compiled as Map 1418A (Figure 2). In 1966-68, J.W.H. Monger, also of the GSC, selectively mapped the Atlin Terrane and published his findings in GSC Paper 74-47.

Iskut River lies in the Intermontane Belt in northwestern British Columbia. The Intermontane Belt is subdivided from north to south into Atlin Terrane, Whitehorse Belt, Quesnel Belt, Stikine Arch and Iskut Belt. Meridor's Iskut River property lies in the Iskut Belt, immediately to the south of the Stikine Arch.

The structure of the Intermontane Belt is dominated by the

Stikine Arch, which became a relatively positive tectonic element in the late middle Triassic and by Atlin Terrane which was uplifted in the late Jurassic. The oldest dated rocks on the Stikine Arch are Mississippian, but still older gneiss and amphibolite are exposed. Permo-Carboniferous sedimentary and volcanic rocks in the arch are tightly folded along north-south axes in contrast with the west-northwesterly trend of Permo-Carboniferous strata in Atlin Terrane and with the northwesterly trend of younger rocks. Stikine Arch and early uplifted elements of the Coast Plutonic Complex influenced subsequent clastic deposition. Upper Triassic to Middle Jurassic volcanic and sedimentary rocks on the flanks of the arch and in the adjacent Whitehorse, Quesnel and Iskut Belts are either unmetamorphosed or of low greenschist grade. Proximal facies, including granite boulder conglomerate, occur on both the southeast and northeast flanks of Stikine Arch, the latter grading into a distal, deep water flysch in Central Whitehorse Belt. The succession is repeated by the southerly directed, low angle, King Salmon Thrust and is truncated by the steeply dipping Nahlin Fault which forms the southwest boundary of Atlin Terrane. In Atlin Terrane late Paleozoic, deep water sediments and basic volcanics are associated with diabase and serpentized peridotite. Large alpine ultramafic bodies have been tectonically emplaced along the bounding faults. Southeast of Stikine Arch, Middle Jurassic sedimentary and volcanic rocks of Iskut Belt are disconformably overlain by symmetrically folded marine and non-marine, coal-bearing clastic rocks of the Jura-Cretaceous Bowser Successor Basin which are partly overlain by Cretaceous and Tertiary easterly-derived non-marine clastics and westerly-derived airborne volcanic ash that were deposited in the Sustut Successor Basin to the east.

The lower Iskut valley crosses the northwest trending east flank of the Coast Batholith in an area where strong north-south trends diverge from it. These trends are followed by granitic intrusives, by strong fault zones and, further to the north, by Tertiary volcanics which appear to have originated at intersecting fault trends. Minor Tertiary volcanics occur as far south as the lower Iskut area.

Correlations and ages of formations are still subject to further refinements, especially in the distinction between Permian and Triassic. The oldest non-metamorphic formations are Permian limestones, followed by a thick sequence of Permian or Triassic volcanics with various sedimentary zones. These in turn are overlain by Triassic sediments, mainly clastics with minor limestone.

Upper Jurassic and Lower Cretaceous well-bedded clastics outcrop about 30 kilometres east of the property along the Iskut River. These form part of the west edge of the Bowser Basin.

Metamorphic rocks of probable Early Permian age are in contact with some of the Coast Range intrusive. Intrusive rocks in the area show great variety in composition, from granitic to occasional ultrabasic, such as in the nickel-copper showings to the south, which are associated with gabbro.

The most significant potential mineralizing agents are syenite porphyries, derivatives of which appear to have a distinct relationship to ore in the Stikine Copper area. They consist of barren orthoclase porphyries, and any mineralization is usually related to fracturing or brecciation near their contact. Both strong folding and faulting of the immediately surrounding rocks are significant factors.

In the lower Iskut River area, the Bronson Creek and Iskut River masses, south of Meridor's property, have the most significant associated mineralization; those to the south and west have an essentially barren environment.

Other intrusives are the felsite masses, usually rust to light coloured, fine grained to porphyritic rock; they are either extrusives or shallow-seated intrusives. They may or may not be related to mineralization.

A striking feature is a northwest trending, very rusty, shatter-zone, possibly a thrust fault with a south dip, trending from

the southeast towards Meridor's property for a length of at least 30 kilometres. Since the maximum number of mineral occurrences of interest lies within a band about 3 kilometres wide along the northeast side of this zone, it is a reasonable assumption that the mineralization is directly related to this structure.

6.2 LOCAL GEOLOGY

Outcrop exposure accounts for less than 10 percent of the surface area on the property, with limited rock exposures making geologic interpretation difficult. The property lies in an intensely gullied terrain with occasional glacial overburden. Stratigraphically, (taken from G.S.C. Map 1418A, Figure 2), the oldest units on the property are Carboniferous and Permian greenstone, limestone, shale, and clastic sedimentary rocks. These are overlain by Upper Triassic undifferentiated andesitic volcanic and clastic sedimentary rocks, and are intruded by Jurassic and Cretaceous diorite and hornblende diorite. In the northern portion of the property Recent basalt, cinders and ash can be found.

The map accompanying the Iskut Silver Mines report by P.H. Sevensma, shows an older (Permian ?) package of silty and limey argillites, with chlorite, biotite and minor garnet alteration in the mineralized areas. These sedimentary rocks are intruded by a syenite porphyry on the southeast portion of the property. Several northeast trending right lateral faults are present, as well as cross shearing nearly perpendicular to these faults. Evidence for these faults can be seen on airphotos which show a strong pattern of west-northwest and east-northeast lineaments between the two creeks on the property. Airphotos also show that to the west of the property a northwest bedding with southwest dips of over 45° appears to predominate; and that on the east portion of the property east-northeast lineations are more pronounced than other trends.

Localized showings on the property immediately to the west of Meridor's claims have had significant amounts of galena, sphalerite,

silver and gold, both disseminated in the bedding and as crosscutting fracture fillings. These showings have an economically significant gold content, as is probable on Meridor's property since the geological setting is the same. An occurrence of magnetite-skarn with minor chalcopyrite is reported from an area where an east-northeast trending fault appears to bend around the syenite porphyry.

7. MINERALIZATION

Rock samples taken during the course of soil sampling from interesting outcrops are listed in Table II, below. These samples were taken by Mark Management geologist David Strain of Atlin, B.C. (see Figure 3).

TABLE II
LITHOGEOCHEMICAL SAMPLES
DESCRIPTIONS AND RESULTS

Note: L = less than
G = greater than

SAMPLE	AU(ppb)	LOCATION	DESCRIPTION
40351	L 5	western claim boundary	Pyrite and limonite in chert
40352	8400	L17+50E, 12+35N	Pyrite and chalcopyrite vein structure
40353	120	L0+00E,6+50N	Meta-siltstone
40354	25	0+40E,5+70N	Pyrite and limonite in chert
16401	135	L2+50E,7+28N	Pyrite in chert
16402	45	L2+50E,6+20N	Pyrite in argillite
16403	340	L2+50E,9+00N	Same as 15401
16404	345	L6+50E,10+50N	2 metre pyrite vein
16405	530	L2+50E,7+25N	Pyrite in chert

TABLE II - continued
LITHOGEOCHEMICAL SAMPLES
DESCRIPTIONS AND RESULTS

Note: L = less than
G = greater than

SAMPLE	AU(ppb)	LOCATION	DESCRIPTION
16406	35	75metres east of 16402	Pyrite in chlorite altered argillite
16407	65	75metres east of 16406	Pyrite in chert
16408	135	Trench A on western claim boundary	Wall rock, pyrite in argillite
16409	900	Trench A	0.3 to 0.5 metre wide pyrite and sphalerite zone
16410	3050 (0.078oz/T)	Trench A	Secondary mineralization, pyrite and sphalerite, intense weathered biotite
16411	3050 (0.098oz/T)	Trench B on western claim boundary	3 to 30 cm wide chalcoppyrite and bornite vein
16412	G10,000 (0.202oz/T)	Trench B	Pyrite mineralization parallel to 16411
16413	G10,000 (1.910oz/T)	Trench B	20 cm wide zone with pyrite running parallel to 16411
16414	970	L17+50E, 12+25N	Shaly argillite with pyrite and malachite
16415	375	20 m east of L17+50E, 12+55N	Quartz veins in folded rock face with chalcoppyrite, pyrite and malachite. Veins up to 12cm
16416	300	L17+50E, 12+30N	30cm quartz vein with chalcoppyrite, malachite, pyrite and galena
16417	400	4 metres east of 40352	10 cm wide folded quartz vein with chalcoppyrite, malachite and pyrite

TABLE II - continued
LITHOGEOCHEMICAL SAMPLES
DESCRIPTIONS AND RESULTS

Note: L = less than
G = greater than

SAMPLE	AU(ppb)	LOCATION	DESCRIPTION
16418	560	L17+50E, 12+45N	Argillite with pyrite, malachite and azurite
16419	225	8 metres east of 16415	20 cm wide pyrite vein in argillite
16420	500	40 metres up north fork of main creek	12 cm wide fault gouge with pyrite in argillite
16421	50	20 metres up stream from where L17+50E crosses creek	1 metre wide pyritic zone in limestone
16422	155	Blast trench at 12+75N, 9+00E	Pyritic rock
16423	30	same as 16422	Pyritic rock

This property is at the northwest end of a mineral belt some 30 kilometres long, in a geologic environment which is very favourable, i.e. in a faulted and sheared area adjacent to a syenite porphyry, apparently located at or near the intersection of three major fault trends (as seen on the airphotos). At least two of these trends have been shown to be related to mineralization on adjoining properties, and the third one may well have a similar relationship.

8. GEOCHEMISTRY AND GEOPHYSICS

8.1 GEOCHEMISTRY

On the Hemlo West claims held by Delaware Resources Ltd. located immediately to the west of Meridor's Iskut River claims, a soil sampling survey was completed in 1986. The highest gold soil anomaly obtained by Delaware is cut off by the claim boundary with Meridor. This anomaly is located approximately 300 metres north of the southwestern corner claim post.

Meridor's soil sampling survey from 1987 has picked up the continuation of Delaware's soil anomaly. The gold values along the western claim boundary are as high as 195 ppb and the anomaly appears to be 75 metres wide. This anomalous trend extends for one kilometre onto the property with the width of the zone with gold values greater than 200 ppb being up to 450 metres. The eastern portion of the property has some smaller trends which are anomalous in gold, with values up to 2150 ppb (see Figure 4).

A silver anomaly was picked up by soil sampling as well, with the predominant trend being located directly to the north of the anomalous gold values. The reason for this zonation is not yet understood, but may be related to the dispersion factor of each element. The silver anomaly of greater than 3.0 ppm extends for 800 metres and is 125 metres wide, with the highest value being 15.6 ppm (see Figure 5).

Coincident copper and molybdenum soil anomalies are also present roughly paralleling the gold anomaly. These values are similar in appearance to a theoretical copper-molybdenum porphyry type mineral deposit. The highest copper value is 9257 ppm, and the highest molybdenum value is 304 ppm (see Figures 6 and 7).

Additional soil sampling is recommended to fully outline the very significant geochemical anomalies found to date.

During the course of soil sampling, stream sediment samples were

taken wherever small streams were encountered. All of the samples taken gave anomalous gold values, with the highest ones being above the upper limits of detection (greater than 10,000 ppb). The fact that all of the samples were anomalous indicates that there is significant gold mineralization in this drainage area. Stream sediment sampling has outlined a few target areas, but as most of the streams originate off of the property, it is not as good an exploration tool as soil sampling (see Figure 8).

8.2 GEOPHYSICS

An preliminary ground electromagnetometer survey was done in 1987. A Geonics VLF EM-16 unit was used and readings were taken at 25 metre intervals along flagged lines. A conductive trend was outlined which appears to parallel the portion of the gold-copper-molybdenum soil anomaly located along the western claim margin. This conductive trend has not yet been followed up over the highest and widest portion on the soil anomaly. Additional VLF EM surveying is recommended to complete the grid.

Two airborne surveys were flown over the property in 1987. These surveys were conducted by Western Geophysical Aero Data Ltd. Results of the airborne electromagnetometer surveys shows a zone of higher conductivity related to the syenite porphyry intrusion previously mapped on the southeast portion of the property. A similar appearing conductive body can be seen in the northern portion of the claims and likely represents the same porphyry which has not been mapped on surface. In the very centre of the claim block is a single line anomaly. This anomaly gives the highest conductivity found on the property. No surface expression has been seen to explain this anomaly. The ground electromagnetometer survey did not cover the area around this conductor, therefore, additional electromagnetometer surveying is recommended.

The airborne magnetometer survey showed three areas of higher magnetic response. These magnetometer high values are found

surrounding the syenite porphyry intrusive body found in the southeast corner of the property. Previously mentioned magnetite skarns, found with the limey sediment package near the intrusive are a likely source for these anomalies. A ground magnetometer survey is recommended to find these zones on the ground and to see if they are related to mineralizing features.

Since the likelihood of encountering a sulfide-rich mineralized horizon is great, induced polarization surveys should be done over areas with high metal values in soils. Any areas with coincident geochemical and geophysical anomalies are to be diamond drilled.

9. CONCLUSIONS

Results from the 1987 exploration programme gave promising results for both gold-silver vein type and copper-molybdenum porphyry type mineralization on the Iskut River property. Important findings of the programme are summarized as follows:

The results of the geochemical surveying completed to date on Meridor's property is very encouraging. A coincident gold, copper and molybdenum soil anomaly extending for one kilometre, and with widths to 450 metres is located in the southwest portion of the claim block. A 75 metre wide silver soil anomaly parallels this zone immediately to the north. The source of this large anomalous area has not yet been discovered on the ground, but the presence of many anomalous stream sediment and rock chip samples indicates that the source is nearby.

The airborne electromagnetometer survey shows an area of higher conductivity located on the southeast corner of the claim block. This area corresponds to a previously mapped syenite porphyry body. A similar anomalous zone is seen in the northwest portion of the property, and is believed to be related to another porphyry body. On other properties in this area, especially the Stikine Copper property, mineralization is found to be related to the margins of

syenite porphyries, therefore similar mineralization could be expected on Meridor's claims. A preliminary ground VLF electromagnetometer survey gave a conductive zone roughly paralleling the gold-copper-molybdenum soil anomaly. This survey will need to be extended to fully understand its significance.

The airborne magnetometer survey outlined three zones which gave higher than background magnetic responses. These zones are found surrounding the syenite porphyry located in the southwest portion of the claim block. Magnetite-skarns mapped in 1965 by Iskut Silver Mines on the property are a likely source for these magnetic anomalies. The presence of limey sedimentary rocks near an intrusive body is ideal for the formation of skarn-type mineralization. A ground follow-up proton magnetometer survey is needed to outline these bodies on the ground to determine the source of these anomalies.

Diamond drilling of previously defined soil anomalies, especially where they are accompanied by coincident geophysical anomalies is recommended to fully test the economic potential of this property.

In order to fully test the potential for economic mineralization on this property, additional work is recommended. Detailed geological mapping at a scale of 1:2,500 is to be done to allow for understanding and interpretation of rock types, alterations and structures. Additional soil sampling will be done to complete a detailed grid to better outline the gold, silver, copper and molybdenum anomalies. Ground geophysical (proton magnetometer, electromagnetometer and induced polarization) surveys are to be completed to follow up any significant airborne geophysical anomalies, as well as to outline any additional features which may be structural controls for mineralization. Finally, diamond drilling is needed to test the source of the geophysical and geochemical anomalies, especially where they are coincident.

10. RECOMMENDATIONS

In view of the present price of gold, modern mining methods, and improved exploration techniques, it is recommended that a systematic exploration programme be carried out to investigate the property's potential for economic gold mineralization.

Considering the location of this property in an area of much exploration activity, and the encouraging results obtained to date, additional work is warranted in a two-stage programme. This work should entail geological mapping, soil sampling, electromagnetic, proton magnetometer and induced polarization surveys followed by diamond drilling of all anomalous zones to assess the potential of this prospect. Phase II should be undertaken only if the results of Phase I are encouraging.

PHASE I

1. DATA BASE

a) A detailed aerial photogrammetric interpretation at a scale of 1:2,500 will be prepared to locate all linear features with emphasis on units giving topographic expressions. This map will also serve as a base for preliminary geologic mapping of the property. Estimated cost \$2000.00

2. GRID CONTROL

a) Establish a system of grid lines across the property to aid in geologic mapping, and geophysical and geochemical surveying. A 2.0 kilometre long base line will be cut and 1.5 kilometre long cross lines are to be chained and flagged in every 100 metres. Grid lines are to be cut only over areas previously defined by soil anomalies. Stations will be marked every 25 metres. A total of 33.5 line kilometres of grid is required. Estimated cost at \$350.00 per line kilometre = \$11,800.00.

3. GEOLOGICAL MAPPING

a) Geological mapping and prospecting of the entire property for the purpose of identifying geologic units and structures which may be related to mineralization. Mapping will be at

1:2,500 scale. Lithogeochemical samples will be taken while mapping any interesting areas. Estimated cost = \$7,500.00.

4. GEOPHYSICAL PROGRAMME

a) Electromagnetometer Survey: all grid lines are to be surveyed using a VLF EM-16 instrument with readings taken at 25 metre intervals. Approximately 31.5 line kilometres is required. Estimated cost at \$300.00 per line kilometre = \$9,500.00.

b) Proton Magnetometer Survey: all grid lines plus the base line is to be surveyed at 25 metre station intervals with a proton precession magnetometer. 33.5 line kilometres is required. Estimated cost at \$300.00 per line kilometre = \$10,000.00.

c) Induced Polarization Survey: To be carried out on cut grid lines over the area of the 1987 soil anomaly. Approximately 10 line kilometres with readings taken at 25 metre intervals is required. Estimated cost at \$1,800.00 per line kilometre = \$18,000.00.

5. GEOCHEMICAL SAMPLING PROGRAMME

a) Soil sampling of entire grid where not previously sampled. Approximately 1000 samples are required. Estimated cost = \$30,000.00.

b) Systematic rock chip sampling of all veins and mineralized outcrops. Sampling is to be carried out while mapping. Estimated cost = \$3,000.00.

6. DRILLING

a) Diamond drilling of all anomalous soil zones, concentrating on where the soil anomalies are coincident with geophysical anomalies. 1,500 metres of drilling using approximately 10 setups is required. Estimated cost = \$250,000.00.

b) Sampling of all drill core. Approximately 900 rock samples at \$21.00 per sample = \$19,000.00.

7. CHARTER AIRCRAFT

a) Helicopter support is necessary to access the property from the camp location. Drill moves will be done using a helicopter. Fixed wing aircraft is necessary to move in camp and supplies. Estimated cost of charter aircraft = \$75,000.00.

Estimated cost of Phase I, including 15% (\$64,200) for supervision, is approximately \$500,000.00.

PHASE II

1. SYSTEMATIC DIAMOND DRILLING

a) If Phase I is successful, a Phase II programme entailing 3000 metres of systematic diamond drilling of all important areas of mineralization discovered during the Phase I programme is recommended.

Estimated cost of Phase II = \$500,000.00.

Respectfully submitted,
Lionel Dandy
Lionel Dandy, B.Sc., F.G.A.C.,
Mark Management Ltd.
FELLOW

REFERENCES

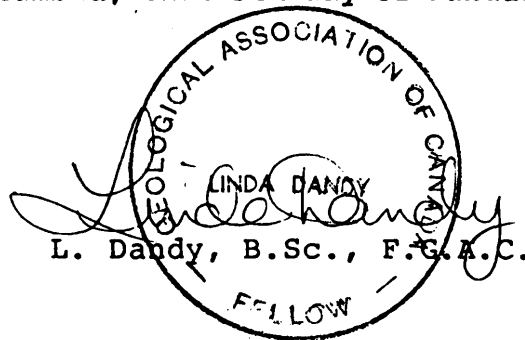
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CERTIFICATE

I, L. Dandy, do hereby certify that:

1. I am a geologist and reside at 19407 62 Ave., Surrey, British Columbia.
2. I am a graduate of the University of British Columbia, Canada; with a B.Sc. in geology (1981).
3. I have practiced my profession since 1981 in Canada and the United States.
4. I am a Fellow of the Geological Association of Canada.
5. I have based this report on a property examination done in July 1987 and on information obtained from the Geological Survey of Canada and engineering reports and other support documents from MERIDOR RESOURCES LTD.
6. I hold 1000 shares in MERIDOR RESOURCES LTD., and have an employee stock option incentive to purchase an additional 5,000 shares. This has in no way influenced my writing of this report.
7. This report may be used by MERIDOR RESOURCES LTD. or their agents for a Statement of Material Facts or Shareholders' newsletter, etc. either in whole or in part.

Dated at Vancouver, British Columbia, this 5th day of January, 1988;



STATEMENT OF QUALIFICATIONS

LINDA DANDY, B.Sc., F.G.A.C.

ACADEMIC

1981 B.Sc. Geology University of British Columbia
 1987 Fellowship Geological Association of Canada

PRACTICAL

1981 - Present Geologist with Mark Management Ltd.,
 Hughes-Lang Group,
 Vancouver, B.C.

1987 Project Geologist - geochemical and geophysical
 surveys, diamond drilling in northwestern and
 and southwestern B.C.

1986 Project Geologist - 12,000 foot diamond drill
 programme in northwestern B.C.

1985 Project Geologist - geological mapping,
 geochemical and geophysical surveys and backhoe
 trenching programmes in northwestern and
 southeastern B.C., the Yukon, and northeastern
 Washington

1984 Project Geologist - mapping, geophysical and
 geochemical surveys, backhoe trenching and diamond
 drilling programmes in northwestern B.C.

1983 Geologist involved in geological mapping
 (1:50,000, 1:10,000, and 1:1,000), geophysical and
 geochemical surveys in northern and central B.C.
 and the Yukon

1982 Geologist involved in geochemical and geophysical
 surveys in central B.C.

1981 Geologist involved in detailed mapping,
 geochemical and geophysical surveys in central
 B.C.

CERTIFICATE

I, R. A. Gonzalez, do hereby certify that:

1. I am a geologist and reside at 2784 Lawson Ave., West Vancouver, British Columbia.
2. I am a graduate of The University of New Mexico, U.S.A.; with a B.Sc. in geology (1965) and a M.Sc. in geology (1968).
3. I have practiced my profession since 1965 in Canada and abroad over the past twenty years.
4. I am a Fellow in the Geological Association of Canada, Registration number 4523.
5. I am a registered member of the Association of Professional Engineers of the Province of Manitoba.
6. This letter, in support of a report by Linda Dandy, B.Sc., F.G.A.C., dated January 1988, is based on that report and published data, and on the writer's working background in the general area.
7. I have no interest, nor do I expect to receive any interest, either directly or indirectly in the securities or properties of **MERIDOR RESOURCES LTD.**
8. I have no past or present, direct or indirect interest in the properties listed in this report or in any other property within the Liard Mining Division of B.C.
9. This supporting letter may be used by **MERIDOR RESOURCES LTD.** or their agents for a Prospectus to be filled with the Superintendent of Brokers and the Vancouver Stock Exchange either in whole or in part.

Dated at Vancouver, British Columbia, this 5th day of January, 1988;



R. A. Gonzalez, M.Sc., F.G.A.C.

January 5, 1988

Superintendent of Brokers
800 Hornby Ave.
Vancouver, B.C.

Re: MERIDOR'S ISKUT RIVER PROPERTY - LIARD MINING DIVISION, B.C.;
NTS 104B/11E


At the request of **MERIDOR RESOURCES LTD.**, I have reviewed the January 1988 Engineer's Report on the Iskut River property located 40 km upstream from the confluence of the Stikine and Iskut Rivers in the Liard Mining District by Linda Dandy, B.Sc., F.G.A.C.

The property is principally a gold prospect with the possibility of enhancement by copper, silver, and molybdenum. Although the claims have had several small exploration programmes, during the 1960's, I agree with Ms. Dandy's conclusions which indicate that the property is of significant merit to warrants further systematic investigation. It is apparent, from the work done by Mark Management, in 1987, that several target areas have been identified which require additional detailed geochemical and geophysical surveys to be followed by diamond drilling.

I believe that the recommendations presented are reasonable for a property at this stage of development. Furthermore, the apparent potential for hosting economic deposits is great and specific target identification followed by preliminary diamond drill is warranted. I concur with the estimated costs of \$500,000 for the initial phase of a helicopter and fixed-wing supported programme of grid controlled geology, soil geochemistry, geophysical surveying (including magnetometer, VLF-EM, and Induced Polarization surveying), and 1500 m of preliminary diamond drilling. Contingent on encouraging results, the second phase of systematic diamond drilling, estimated to cost \$500,000, would be warranted.

The opinions expressed are based on reading Ms. Dandy's report and on published geological reports and maps of the general area and other information supplied by **MERIDOR RESOURCES LTD.** and on the writer's working background in the general area.

ADDER EXPLORATION & DEVELOPMENT LTD.
2784 LAWSON AVE., WEST VANCOUVER, B.C.


R.A. Gonzalez, M.Sc., F.G.A.C.

ADDER EXPLORATION & DEVELOPMENT

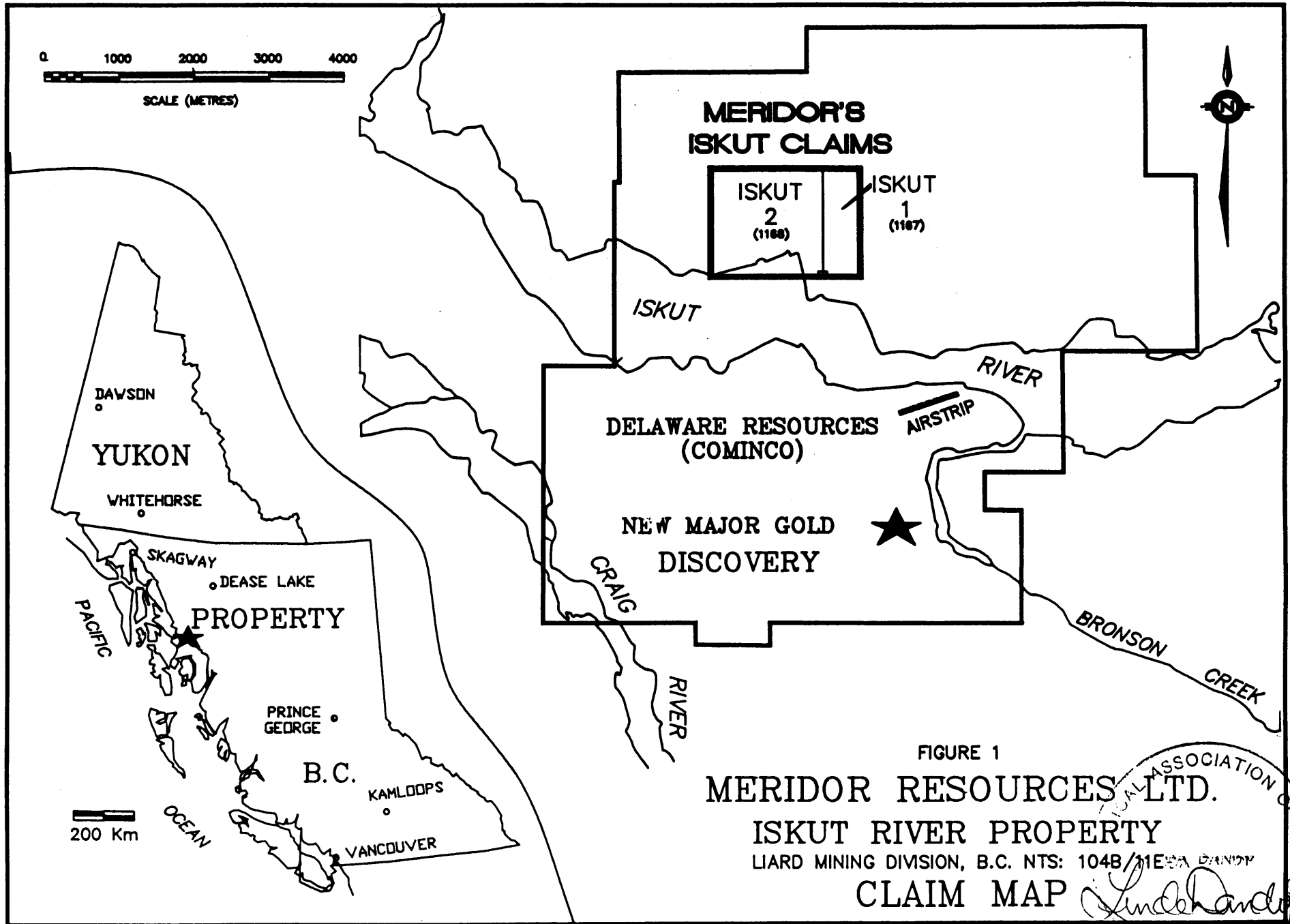
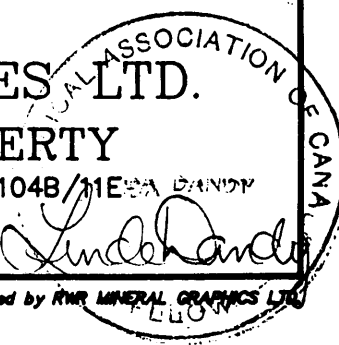
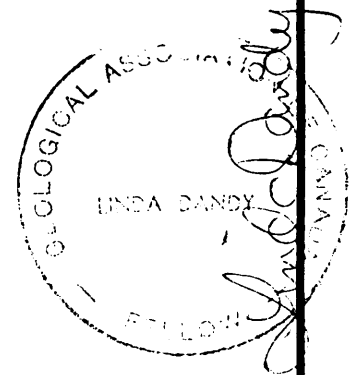


FIGURE 1
MERIDOR RESOURCES LTD.
 ISKUT RIVER PROPERTY
 LIARD MINING DIVISION, B.C. NTS: 1048/1168A DANDY
CLAIM MAP



Prepared by RMR MINERAL GRAPHICS LTD.



LEGEND:

RECENT

Rvb BASALT, CINDERS, ASH

EARLY TERTIARY

Etm QUARTZ MONZONITE

JURASSIC AND CRETACEOUS

JKdi DIORITE, HORNBLENDE DIORITE

CARBONIFEROUS AND PERMIAN

CPsv GREENSTONE, LIMESTONE, SHALE, CLASTIC
SEDIMENTARY ROCKS

CPen SCHIST, GNEISS

UPPER TRIASSIC

uTs SILTSTONE, CHERT, SANDSTONE, TUFF
uTv UNDIFFERENTIATED ANDESITIC VOLCANIC
AND CLASTIC SEDIMENTARY ROCKS

MERIDOR RESOURCES LTD.

ISKUT RIVER PROPERTY

LIARD MINING DIVISION, B.C. NTS: 104 B/11 E

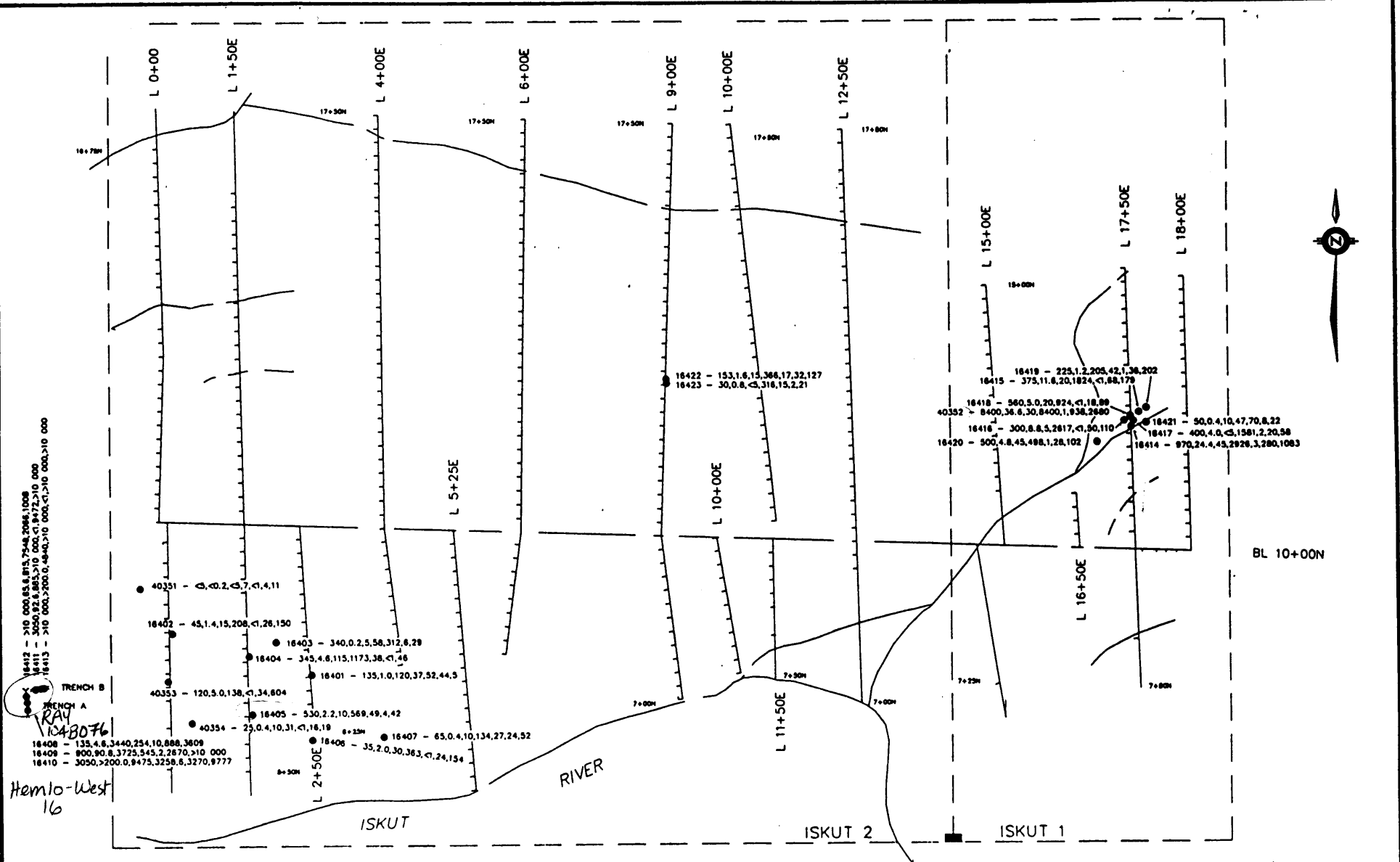
GEOLOGY MAP

(from GSC Map 1A18A)

BY: L.D./rwr

DATE: DECEMBER, 1987

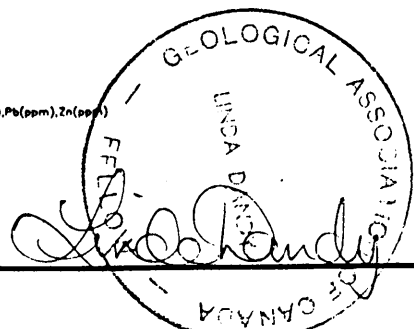
FIGURE: 2



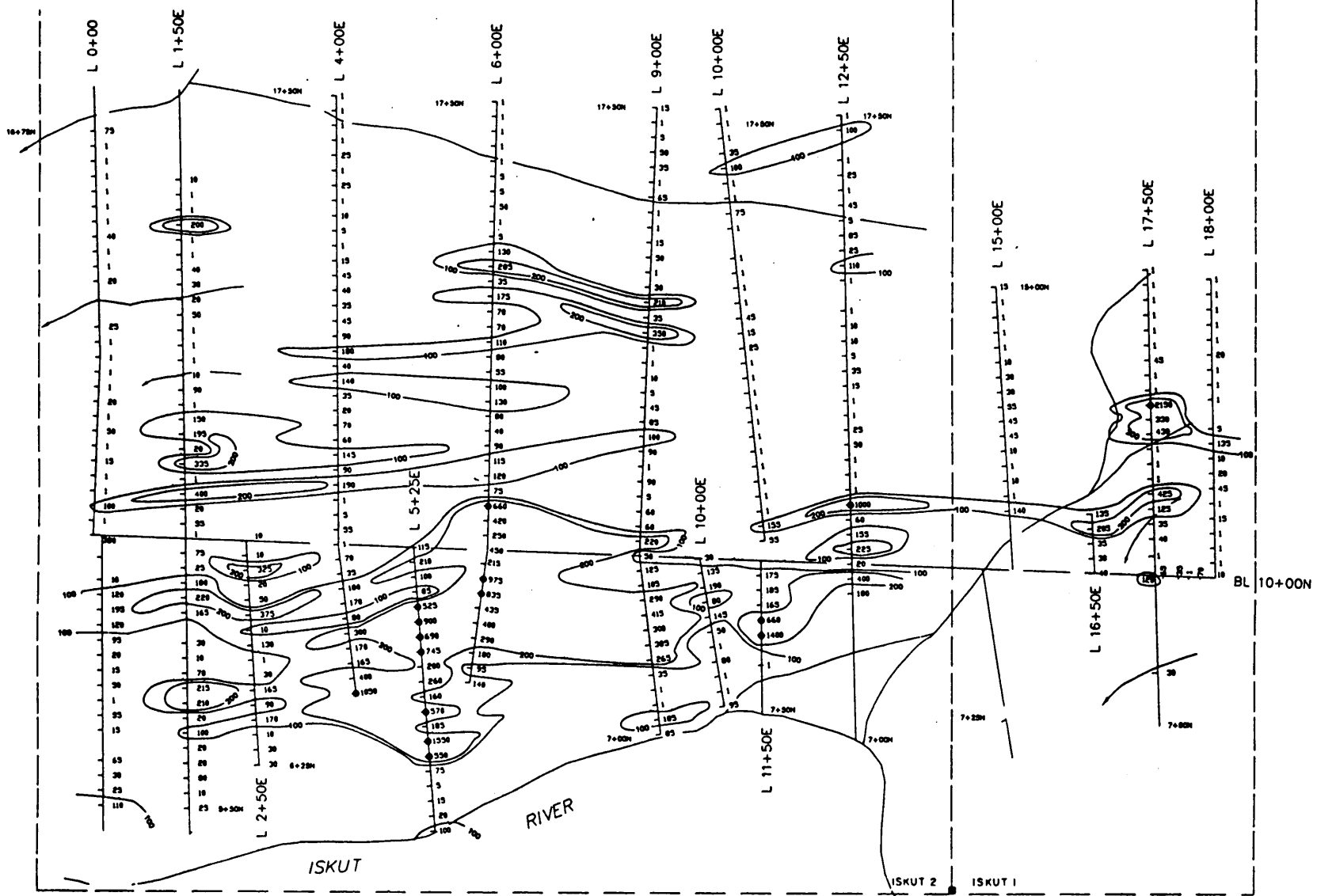
18412 - <5,0.2,<5,7,<1,4,11
 18413 - >10 000, >200,0, >40, >10 000, >10 000, >10 000
 18414 - 250,82,8,88,>10 000, <8,72,2,10 000
 18415 - >10 000, >200,0, >40, >10 000, >10 000, >10 000
 TRENCH A
 RAY
 1048076
 18408 - 135,4,6,3440,254,10,888,3609
 18409 - 800,90,8,3725,545,2,2870,>10 000
 18410 - 3050,>200,0,8475,3258,6,3270,8777
 Hemlo-West
 16

LEGEND:

- SAMPLE LOCATION
- 40351 - <5,0.2,<5,7,<1,4,11
- ROCK SAMPLE NUMBER
- Au(ppb), Ag(ppm), As(ppm), Cu(ppm), Mo(ppm), Pb(ppm), Zn(ppm)



MERIDOR RESOURCES LTD. ISKUT RIVER PROPERTY LIARD MINING DIVISION, B.C. NTS: 104 B/11 E	
GEOCHEMISTRY SURVEY ROCK SAMPLE RESULTS	
 (METRES)	
DATE: DECEMBER, 1987 BY: L.D./rwr	FIGURE No. 3

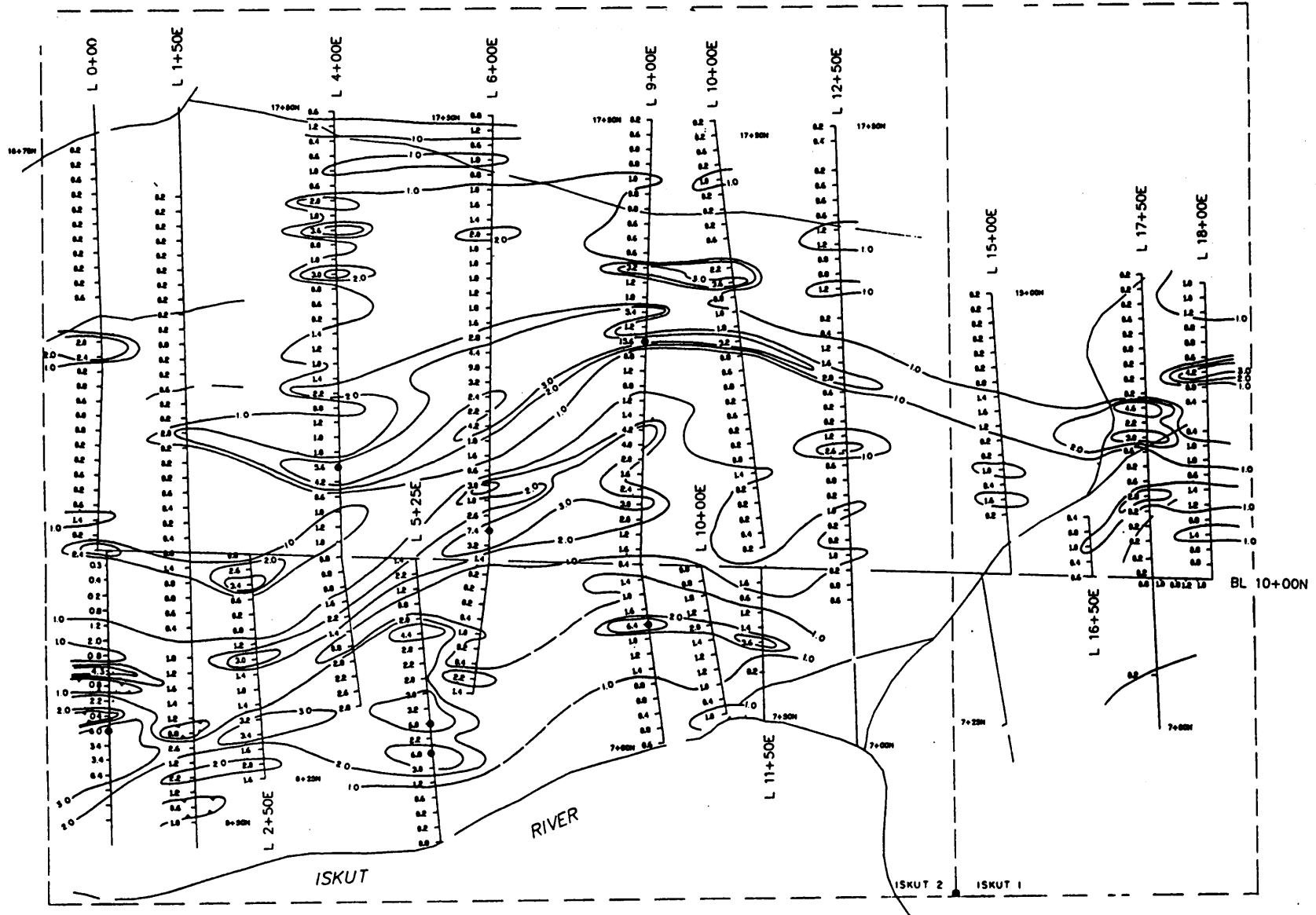


LEGEND:

● REPRESENTS Au VALUE >500 p.p.b.
 CONTOUR INTERVAL = 100 p.p.b.

GEOLOGICAL ASSOCIATION
 OF CANADA
 FELLOW
 LINDA DANDY
Linda Dandy

MERIDOR RESOURCES LTD.	
ISKUT RIVER PROPERTY	
LIARD MINING DIVISION, B.C.	NTS: 104 B/11 E
GEOCHEMISTRY SURVEY	
Au RESULTS (p.p.b.)	
DATE: DECEMBER, 1987	FIGURE No. 4
BY: L.D./rwr	



LEGEND:

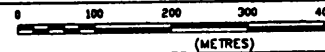
CONTOUR INTERVAL - 1, 2 & 3 ppm. Ag

● > 5 ppm Ag

MERIDOR RESOURCES LTD.

ISKUT RIVER PROPERTY
 LIARD MINING DIVISION, B.C. NTS: 104 B/11 E

GEOCHEMISTRY SURVEY
 Ag VALUES (p.p.m.)

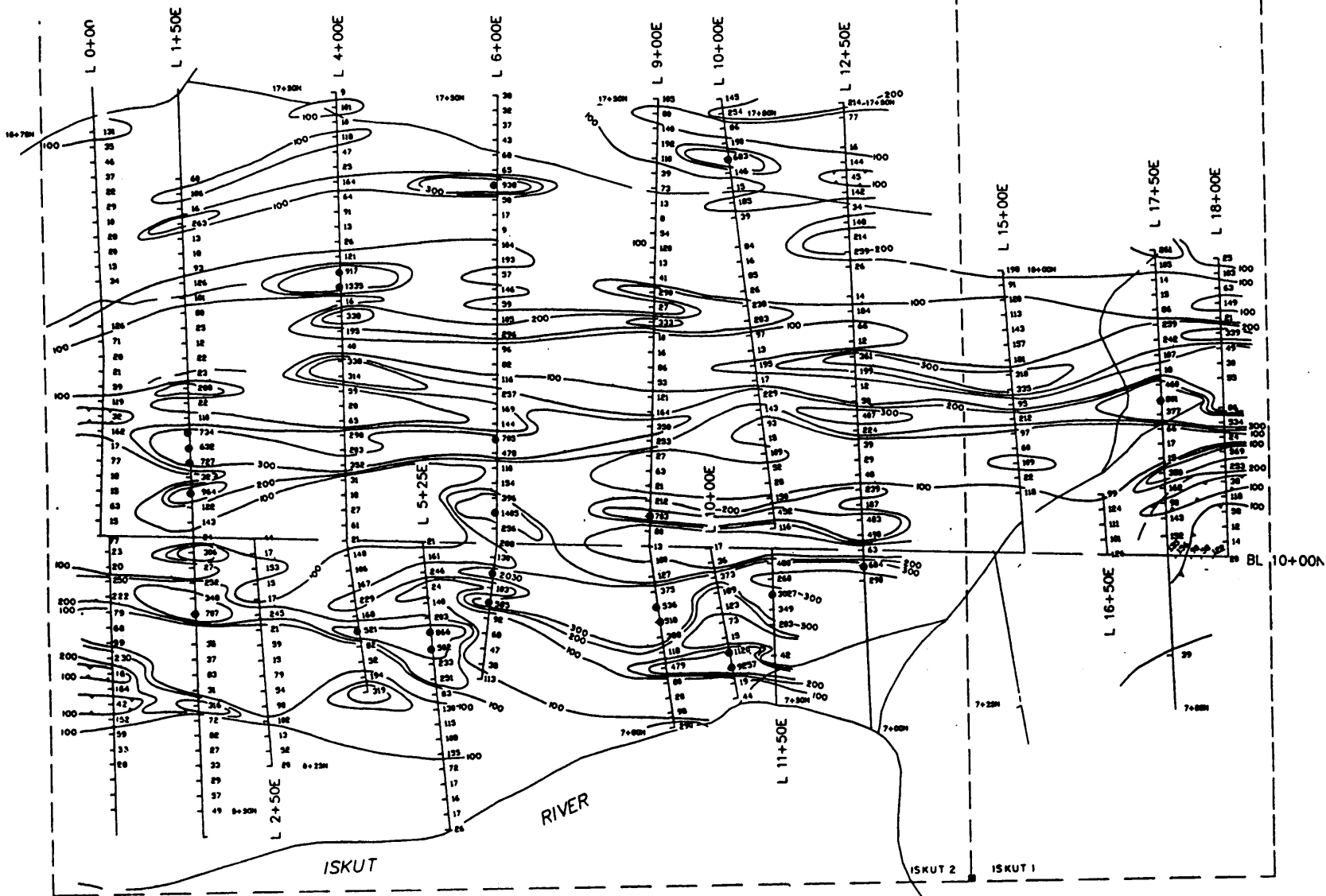


DATE: DECEMBER, 1987
 BY: L.D./rwr

FIGURE No. 5

Prepared by: RMR MINERAL GRAPHICS LTD.

GEOLOGICAL ASSOCIATION OF CANADA
 LINDA CANTY
 FELLOW



LEGEND:

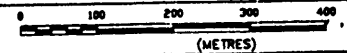
CONTOUR INTERVAL - 100, 200 & 300 ppm. Cu

● > 800 ppm Cu

MERIDOR RESOURCES LTD.

ISKUT RIVER PROPERTY
LIARD MINING DIVISION, B.C. NTS: 104 8/11 E

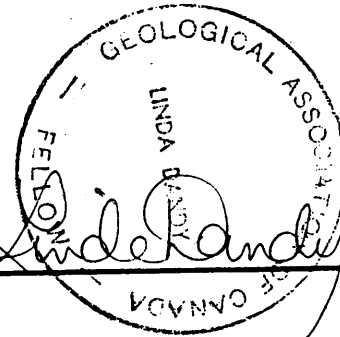
GEOCHEMISTRY SURVEY
Cu VALUES (p.p.m.)

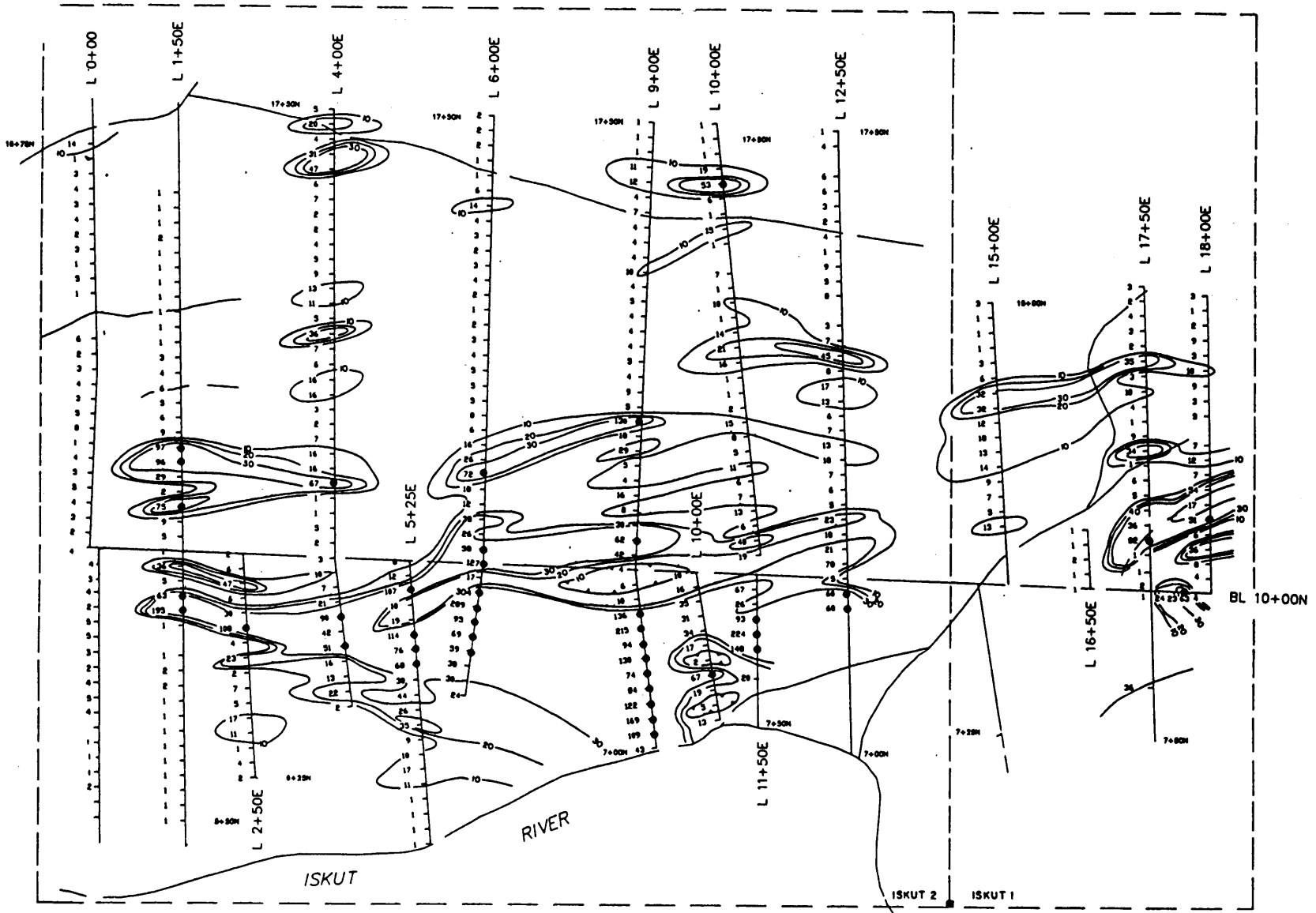


DATE: DECEMBER, 1987
BY: L.O./rw

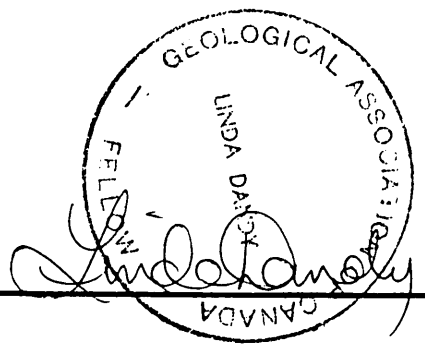
FIGURE No. 6

Prepared by: RWR MINERAL GRAPHICS LTD.



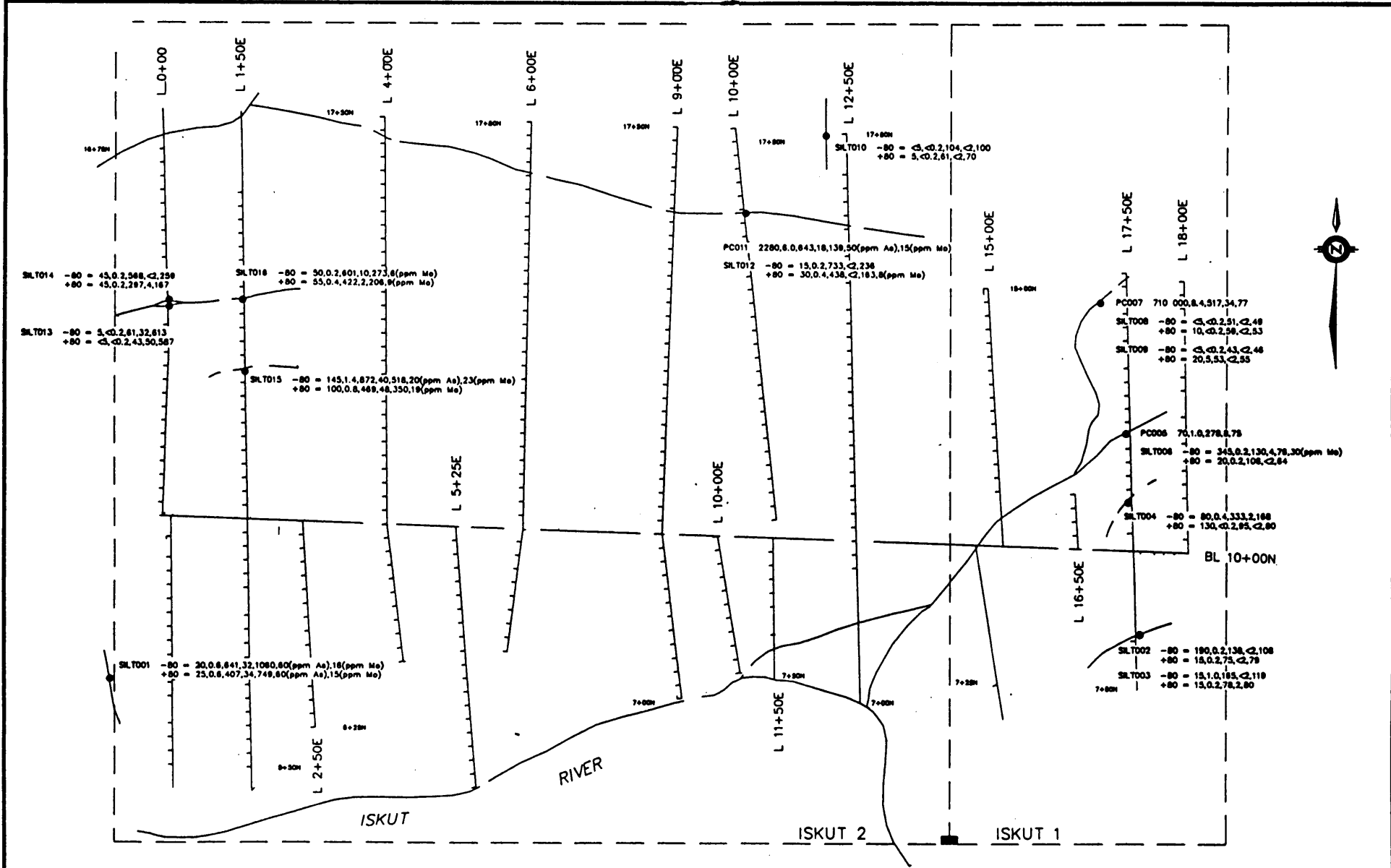


LEGEND:
 CONTOUR INTERVAL - 10, 20 & 30 ppm. Mo
 ● > 50 ppm Mo



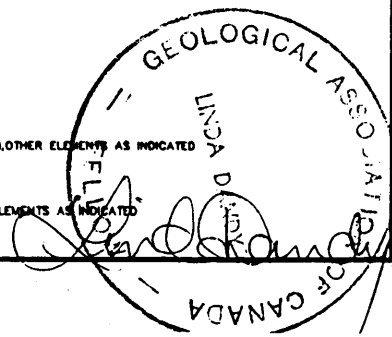
MERIDOR RESOURCES LTD.	
ISKUT RIVER PROPERTY	
WARD MINING DIVISION, B.C.	NTS: 104 B/11 E
GEOCHEMISTRY SURVEY	
Mo VALUES (p.p.m.)	

DATE: DECEMBER, 1987
 BY: L.O./rwr
 FIGURE No. 7
 Prepared by: RWR MINERAL GRAPHICS LTD.



LEGEND:

- SAMPLE LOCATION
- SLT SAMPLE NUMBER
 SLT015 -80 = 145.1,4,872,40,518,20(ppm As),23(ppm Mo)
 +80 = 100,0,8,469,48,350,19(ppm Mo)
- MESH SIZE FRACTION
 Au(ppb),Ag(ppm),Cu(ppm),Pb(ppm),Zn(ppm),OTHER ELEMENTS AS INDICATED
- HEAVY MINERAL CONCENTRATE SAMPLE NUMBER
 PC011 2280,8,0,843,18,139,50(ppm As),15(ppm Mo)
 Au(ppb),Ag(ppm),Cu(ppm),Pb(ppm),Zn(ppm),OTHER ELEMENTS AS INDICATED



MERIDOR RESOURCES LTD.
ISKUT RIVER PROPERTY
 LIARD MINING DIVISION, B.C. NTS: 104 8/11 E

GEOCHEMISTRY SURVEY
SILT AND H.M.C. VALUES

0 100 200 300 400
 (METRES)

DATE: DECEMBER, 1987
 BY: L.D./rrr

FIGURE No. 9