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SUPERINTENDENT OF BROKERS
AND
VANCOUVER STOCK EXCHANGE

STATEMENT OF MATERIAL FACTS (#121/87) EFFECTIVE DATE: SEPTEMBER 3, 1987

(Development Company)

CATEAR RESOURCES LTD., 400 - 255 - 17th Avenue S.W., Calgary,
Alberta, T2S 2T8 (403) 228-6761

NAME OF ISSUER, ADDRESS OF HEAD OFFICE AND TELEPHONE NUMBER

3000 - 595 Burrard Street, P.O. Box 49052, Vancouver, B.C. V7X 1R3

ADDRESS OF REGISTERED AND RECORDS OFFICE OF ISSUER

Guardian Estates and Agencies Ltd., #404 - 470 Granville Street,
Vancouver, B.C. V6C 1V8

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

OFFERING: 800,000 Shares

	<u>Estimated Price to Public</u>	<u>Estimated Agent's Commission</u>	<u>Estimated Net Proceeds to Issuer</u>
Per Share:	\$1.20	\$0.09	\$1.11
Total:	\$960,000.00	\$72,000.00	\$888,000.00

The Shares will be offered for sale to the public through the facilities of the Vancouver Stock Exchange at a price to be determined by the Issuer and the Agent in accordance with the rules of the Vancouver Stock Exchange but not less than \$1.20 per Share.

ADDITIONAL OFFERING:

This Statement of Material Facts also qualifies for sale to the public at a price to be determined in accordance with the rules of the Vancouver Stock Exchange any shares of the Issuer which the Agent may acquire pursuant to the exercise of the Agent's Warrants or the Greenshoe Option. Reference should also be made to the heading "Plan of Distribution" under Item 1 herein.

AGENT:

MIDLAND DOHERTY LIMITED
1100 - 595 Burrard Street
Vancouver, B.C. V7X 1C3

The Issuer is a development company on the Vancouver Stock Exchange and 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.

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

1. PLAN OF DISTRIBUTION

Offering and Appointment of Agent

By an agreement dated for reference August 24, 1987 (the "Agency Agreement"), Midland Doherty Limited (the "Agent") agreed to offer for sale to the public 800,000 common shares (the "Shares") of Catear Resources Ltd. (the "Issuer").

The Offering will take place on a day (the "Offering Day") not more than 30 business days after the date this Statement of Material Facts is accepted for filing by the Superintendent of Brokers for British Columbia (the "Superintendent") and the Vancouver Stock Exchange (the "Exchange") (the "Effective Date").

The price of the Shares (the "Offering Price") will be determined by the Exchange in accordance with its rules and policies, and accepted by the Agent and the Issuer, but will not be less than \$1.20 per share. If such price is not accepted by the Agent or the Issuer, neither party will be bound to complete the Offering.

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

The Agent will be paid a commission of 7½% of the Offering Price of the Shares.

The Agent has agreed to purchase from the Offering any Shares which remain unsubscribed for at the conclusion of the Offering Day and, in consideration therefor, the Issuer has agreed to allot and issue to the Agent, within 5 business days following the Offering Day, Agent's Warrants to purchase up to 400,000 common shares of the Issuer. The Agent's Warrants shall be non-transferable and shall entitle the holder thereof to purchase Common Shares from the Issuer at a price to be determined in accordance with the rules of the Exchange, at any time up to the close of business 365 days following the conclusion of the Offering Day.

The Agent's Warrants will contain, among other things, anti-dilution provisions and provisions for appropriate adjustment in the class, number and price of shares issuable pursuant to any exercise thereof upon the occurrence of certain events, including any subdivision, consolidation or re-classification of the common shares of the Issuer, or the payment of stock dividends.

The Agent is entitled to over allot the Shares in connection with the Offering and in such case the Agent may, by notice in writing to the Issuer within a period of thirty (30) days of the Offering Day, require the Issuer to issue to the Agent's order, at the Offering Price, such number of common shares being the lesser of 15% of the Offering or the actual number of common shares subscribed for by way of an over subscription during the Offering (the "Greenshoe Option"). The number of common shares subject to the Greenshoe Option shall be determined at the conclusion of the Offering Day.

The Issuer is not obligated to participate in other wells on the Prevo Prospect. The Issuer has the right to participate in future wells on the property proposed by Sienna Resources Limited, and must exercise this right in order to maintain its interest in future wells. If the Issuer does not participate in a well the Issuer does not lose the right to participate in future wells. The Issuer will not receive revenue from wells that it does not participate in until there is a 300% payout for a developed well and a 500% payout for an exploratory well.

The Issuer received as its share of revenue and production, net of royalties and operating costs, for the 6-27-39-1 from April 1984 to June 30, 1987 \$35,941.00, for the 8-27-39-1 W5M from March 1985 to June 30, 1987 \$20,016.00, for the 16-22-39-1 W5M from September 1984 to June 30, 1987 \$15,187.00, for the 8-28-39-1 W5M from December 1985 to June 30, 1987 \$1,247.00, and for the 8-3-40-1 W5M from April 1985 to June 30, 1987 \$335.00.

The Issuer's cost to date for acquisition and development of this property is \$110,882.00.

BEAVERHILL LAKE

The Beaverhill Lake Prospect consists of 9,440 acres in the Beaverhill Lake area of East Central Alberta. The Issuer has a 12% working interest in 6,400 acres and a 6% working interest in 3,040 acres.

The Beaverhill Lake Prospect was assigned to the Issuer through Wydmar Resource Enterprises Ltd., a non-reporting British Columbia company of which J.E. Wyder, a director of the Issuer, is President. Sienna Resources Limited, 905, 706 - 7th Avenue S.W., Calgary, Alberta, is the operator of the Beaverhill Lake Prospect.

The Issuer paid Sienna through Wydmar Resource Enterprises Ltd. 23.8% of the well costs to earn a 12% interest before payout and a 6% interest after payout in the test well. Further participation by the Issuer will involve 6% of the costs to earn a 6% interest in the wells.

Development History

Test well 6-15-50-18 W4M was drilled in October of 1984 and tested as D-3 reef structure. Oil and gas shows were encountered. However, the well produced no oil and was abandoned.

The Issuer's costs to date for acquisition and development of this property are \$154,531.00.

SUMMARY OF MATERIAL MINING PROPERTIES

- Group I Properties for which regulatory approval has been obtained under this Statement of Material Facts.
- Group II Presently held properties which are currently producing or being explored, or upon which exploration is planned within the next year.

Group III Other presently held properties upon which the Issuer's acquisition and exploration costs to date exceed \$100,000.00.

Group	Property Name	Issuer's Acquisition and Exploration Costs to Date	Shares Issued to Date	Planned Expenditure from Funds Available Upon Completion of the Offering
I	Nil	Nil	Nil	Nil
II	Brucejack	\$ 6,482.00	Nil	Nil
	Goldwedge	\$456,681.00	750,000 Escrow	Nil
	Mt. Madge, Treaty Creek	\$ 17,280.00	Nil	Nil
III	Gladstone Creek	\$110,170.00	Nil	Nil
	Manitoba Stratabound	\$235,594.00	Nil	Nil

GROUP I

None.

GROUP II

* BRUCEJACK LAKE PROPERTY, SULPHURETS, B.C.

This project area consists of 30 units in 3 separate mineral claims totalling 1,852.5 acres (750 hectares). This property was acquired through staking and the Issuer has an undivided 100% interest in this project area. To date, the Issuer has spent \$6,482.00 on this project area.

Location

The project area is located about 70 km northwest of Stewart, B.C. near Brucejack Lake at the headwaters of Sulphurets Creek, a tributary of the Unuk River. Brucejack Lake property is centred approximately 56 degree 30 minutes north latitude, 130 degree 15 minutes west longitude.

Previous work

The first exploration work in the area took place mainly to the west of the Brucejack claim. Placer gold attracted miners to the canyons and gravel bars of Sulphurets Creek in the late 1890's and again in the 1930's. In 1935 huge areas of gossans in upper Sulphurets Creek were prospected for gold by Bruce and Jack Johnson of Burroughs Bay, Alaska and claims were staked. During this period, barite veins were located at Brucejack Lake.

A chronology of the more recent precious metals exploration in the Sulphurets Creek-Brucejack Lake areas is as follows:

- 1964 - Granduc Mines Ltd. staked land in the area of Brucejack Lake and Sulphurets Glacier after geologists found some high grade gold and silver grab samples.
- 1974 - Large scale rock geochemistry program initiated on the Granduc claims.
- 1979 - Granduc entered into an agreement with Esso Minerals Canada Ltd.
- 1982 - Esso Minerals Canada Ltd. undertook a drilling program concentrating on two gold-bearing structures, the Near Shore and the West zones located near Brucejack Lake. One drill hole in the West zone intersected 7.4 feet of 3.81 oz/ton gold and 285.72 oz/ton silver.
- 1984
- 1982 - Small scale mining on the Issuer's Goldwedge claim produced 61 ounces of gold from 30 tons of rock.
- 1985 - Esso Minerals Canada Ltd. terminated option agreement with Granduc and the Newcana Joint Venture (Lacana-Newhawk) optioned the property.
- 1985 - Small scale mining on the Goldwedge claim produced over 200 ounces of gold from 300 tons of rock.
- 1985 - The Newcana Joint Venture drilled in excess of 35,000 feet and outlined reserves in the Brucejack area of 1,585,145 tons of 0.336 oz/ton gold and 22.86 oz/ton silver.
- 1986
- 1985 - The Brucejack claims were staked.
- 1986 - A rock geochemical survey, prospecting and trenching were conducted during July - August on the Brucejack property.

Trenching and Geochemical Survey Results

A total of 36 cubic metres of trenching was conducted on the Brucejack 3 claim. In addition, a total of 35 rock geochemical samples were collected from the Brucejack property. Results of the survey indicate anomalous gold and silver values in this project area. The 35 samples collected indicated values ranging from nil to 140 ppb gold and 0.1 to plus 30 ppm silver. Using a value of 100 ppb gold as anomalous, the survey indicated 3 anomalous gold and 7 anomalous silver values.

Additional trenching and geochemical survey work is planned for this year at an estimated cost of \$10,000.00.

The Issuer owns 100% of the Brucejack property and there are no commitments respecting this property until 1988, when further assessment work must be completed.

The Brucejack property is without a known body of commercial ore.

GOLDWEDGE PROPERTY, SULPHURETS. B.C.

This project consists of 3 fractional mineral claims covering an area of 64 acres (25.5 hectares) in the Newhawk-Lacana, Granduc Claims boundaries as follows:

<u>Name</u>	<u>Recorded</u>	<u>Record No.</u>
Goldwedge	June 20, 1980	2430
Goldwedge 2	September 3, 1986	5516
Goldwedge 3	September 3, 1986	5517

The Goldwedge claim was staked by E.R. Kruchkowski and the Goldwedge 2 and 3 claims were staked by Gordon Sinden. All three claims were staked in trust for the Issuer and ownership was transferred to the Issuer by Bills of Sale dated May 1, 1987. No consideration was paid or is payable by the Issuer in respect of these transfers.

A legal survey was conducted in October of 1986 and as a result permanent pins are located at the corners of the Goldwedge claim and the claim is in good standing until 1992. The Issuer has submitted an application for a mining lease in respect of the Goldwedge claim.

The Issuer has a 100% undivided interest in the project and has spent \$456,681.00 on the Goldwedge claim to August 20, 1987. No funds have been expended on the Goldwedge 2 and 3 claims.

No insider or promoter of the Issuer has had a beneficial interest in the property in the past three years.

This property was the subject of a lease agreement signed between the Issuer and E.R. Kruchkowski Consulting Ltd., a private company controlled by the president of the Issuer, in April, 1985, and terminated December, 1985. The Issuer received a 12% Net Smelter Royalty from the small scale production. A total of 200 ounces of gold was produced and the Issuer received \$8,640.00 in revenue.

The following information is based on an engineering report prepared February 10, 1987 by D.S. Evans, Ph.D, B.Sc., P.Geol., entitled "Drill Report Goldwedge Property, Stewart, British Columbia, Skeena Mining Division" (the "Goldwedge Report"). The Goldwedge Report may be inspected at 3000 - 595 Burrard Street, Vancouver, B.C. during normal business hours during the period of primary distribution and for a period of 30 days thereafter.

Location

The project area is located about 70 km northwest of Stewart, B.C. near Brucejack Lake at the headwaters of Sulphurets Creek, a tributary of the Unuk River. Geographic coordinates are longitude 130 degrees 10 minutes and latitude 56 degrees 28 minutes.

Previous Work

The first exploration work in the area took place mainly to the west of the Brucejack claim. Placer gold attracted miners to the canyons and gravel bars of Sulphurets Creek in the late 1890's and again in the 1930's. In 1935 huge areas of gossans in upper Sulphurets Creek were prospected for gold by Bruce and Jack Johnson of Burroughs Bay, Alaska and claims were staked. During this period, barite veins were located at Brucejack Lake.

A chronology of the more recent precious metals exploration in the Sulphurets Creek-Brucejack Lake area is as follows:

- 1959 - S.W. Barclay employed by Granduc Mines Limited found gold and silver mineralization between Brucejack Lake and Sulphurets Glacier.
- 1964 - Granduc staked land in the area of Brucejack Lake and Sulphurets Glacier.
- 1974 - Large-scale rock geochemistry program initiated on the Granduc claims. Grab samples taken near the present Goldwedge claim assayed several ounces per ton in silver and gold.
- 1979 - Granduc entered into an agreement with Esso Minerals Canada Ltd.
- 1980 - The Goldwedge claim was staked.
- 1982 - Small scale mining on the Goldwedge claim produced 61 ounces of gold from 30 tons of rock.
- 1982 - Granduc Mines Limited and Esso Minerals Canada Ltd. reported
1984 completion of 53 drill holes concentrating on two gold-bearing structures, the Near Shore and West zones located near the Brucejack Lake. One drill hole in the West zone intersected 7.4 feet of 3.81 oz/ton gold and 285.72 oz/ton silver. Large reserves with low grade gold, approximately 0.08 oz/ton, are outlined in the Sulphurets and Snowfield zones.
- 1985 - Esso Minerals Canada Ltd. terminated option agreement with Granduc and the Newcana Joint Venture (Lacana-Newhawk) optioned the property.
- 1985 - Small scale mining on the Goldwedge claim produced over 200 ounces of gold from 300 tons of rock. A 40 ton quartz stockpile averaged 1.14 oz/ton gold and 16.4 oz/ton silver.
- 1985 - The Newcana Joint Venture drilled in excess of 35,000
1986 feet and outlined reserves in the Brucejack area of 1,585,145 tons of 0.336 oz/ton gold and 22.86 oz/ton silver.
- 1986 - Surface trenching and grab sampling work undertaken on the Goldwedge claim during the summer. This trenching program was

conducted in the immediate vicinity of a series of pits and glory holes along the northeast trending "Golden Rocket Vein" which produced an estimated 200 ounces of gold by hand mining operations. A second focal point of this program was the northwest trending "Goldridge Zone", a wide (up to 200 feet) complementary structure or alteration zone. Twenty-six chip and grab samples collected from both of these zones ranged from 0.001-52.508 oz./ton gold and 0.01-76.63 oz./ ton silver. Diamond drilling was undertaken in October and the results are summarized below.

Diamond Drill Results

During 1986, 15 holes totalling 2,600 feet of diamond drilling were completed on the Goldwedge claim; 14 holes on the Golden Rocket Vein and 1 hole on the Goldridge Zone. A summary of assay results greater than 0.08 oz. gold/ton are as follows:

<u>Drill Hole</u>	<u>From To</u> <u>(Feet)</u>		<u>Width</u> <u>(Feet)</u>	<u>AU</u> <u>OZ/T</u>	<u>AG</u> <u>OZ/T</u>
<u>Golden Rocket Vein (NE trending zone)</u>					
DDH-1	90	- 93	3	0.084	1.61
DDH-2	132	- 140	8	0.18	1.88
incl.	137	- 140	3	0.38	0.40
DDH-3	228	- 231	3	0.094	0.21
DDH-4	89	- 120.2	31.2	3.709	2.62
incl.	101.5	- 103	1.5	75.968	50.05
	116.8	- 118	1.2	0.548	0.61
DDH-5	130	- 150.8	20.8	0.69	0.93
incl.	133.9	- 136	2.1	6.634	5.10
DDH-6	320	- 335	15	0.31	0.05
incl.	326	- 331.1	5.1	0.516	0.10
DDH-7	184.5	- 189.2	4.7	0.22	1.96
incl.	188	- 189.2	1.2	0.613	6.21
DDH-8	31.5	- 42	10.5	0.100	0.50
DDH-9	28	- 44	16	0.114	0.52
DDH-10	31	- 36	5	0.080	0.01
	41	- 47.7	6.7	0.108	0.35
DDH-11	79.7	- 94	14.3	0.113	0.65
DDH-12	74	- 80	6	0.227	0.24
DDH-13	31.5	- 46.3	14.8	0.160	0.69
incl.	45	- 46.3	1.3	0.926	1.43
	70.3	- 72	1.7	0.232	0.58
DDH-14	95	- 100	5	0.093	0.11

Goldridge Zone (NW trending zone)

DDH-15	55	-	60	5	0.102	0.08
	212	-	231	19	0.105	0.06

Native coarse gold was identified in holes DDH-4 and DDH-5.

The 1986 program identified two important gold-bearing structures on two separate target areas.

Firstly, limited trenching and 1 drill hole on the "Goldridge Zone" indicated a large sericite schist and quartz stockwork zone. Abundant pyrite occurs within the sericite schist with minor green sphalerite and fine tetrahedrite found in the quartz stockwork.

Secondly, trenching on the "Golden Rocket Vein" indicated an exposed strike length of 450 feet. The 1986 drilling program consisted of 14 holes and only tested along a strike length of 110 feet and to a depth of 320 feet. The mineralization on this vein consists of quartz and carbonate with up to 10% sulfides. The vein ranges from simple quartz veinlets less than ¼ inches in width to complex vein zones and stockwork. Pyrite, tetrahedrite, arsenopyrite, sphalerite, galena, pyrargyrite, electrum, gold, manganese oxides, azurite, malachite and barite have been noted in the stockwork zone. The gold within this vein occurs as fine fracture fillings near massive seams and specks within the white quartz, and as narrow sheets and seams within the sericite schists. Coarse sheets of gold are also present and seams within the sericite schists. Coarse sheets of gold are also present within fault gouge and along slippage surfaces. The assay results from the 1986 drilling program have defined the Golden Rocket Vein as a tabular steeply-dipping, structurally controlled precious metals occurrence that hosts 30,000 to 40,000 ounces of gold and up to 250,000 ounces of silver across an average width of 19.3 feet in near-surface lodes.

The following is a summary of the diamond drilling program, decline development and drifting program, and metallurgical testing operations (through a 35 ton/day pilot mill) recommended by Dr. D.S. Evans in the Goldwedge Report for the summer and fall field seasons of 1987.

- (a) Diamond drilling: 7,000 feet to test for "at depth" and "along strike" extensions of the Golden Rocket and Goldridge Zones.
- (b) Diamond drilling: 5,000 feet for detailed diamond drilling to complement follow-up drilling and to classify and confirm drill-indicated potentials in the Golden Rocket and Goldridge Zones.
 - (i) Diamond Drilling:

12,000 feet @ \$20/ft all inclusive	\$240,000.00
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 - (ii) Helicopter:

Bell 204 @ \$1,050/hr. (contract rate)	
plus fuel	\$ 60,000.00
 - (iii) Trenching

	\$ 8,000.00
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(iv)	Assays: 1,600 @ \$20/sample	\$ 32,000.00
(v)	Geologist and Assistant: Geologist - 50 days @ \$250/day Assistant - 50 days @ \$120/day	\$ 18,500.00
(vi)	Camp and Supplies	\$ 26,000.00
(vii)	Fuel: Drills and Camp	\$ 15,000.00
(viii)	Travel, freight and communications	\$ 10,000.00
(ix)	Maps, drafting, report preparation	\$ 7,000.00
(x)	Government fees	<u>\$ 1,000.00</u>
	TOTAL:	\$417,500.00
(c)	Decline Development and drifting: initially 1,000 feet decline and 500 feet drifting and cross-cutting below the Golden Rocket Zones.	
(i)	Decline development and drifting: 1,000 feet of decline and 500 feet of drifting	\$364,000.00
(ii)	Camp and Supplies	\$ 44,000.00
(iii)	Fuel: Drills and Camp	\$ 31,000.00
(iv)	Communications	\$ 5,000.00
(v)	Engineering supervision, consulting	\$ 25,000.00
(vi)	Maps, drafting, report preparation	\$ 8,000.00
(vii)	Government fees	\$ 1,500.00
(viii)	Contingency	<u>\$ 40,000.00</u>
	TOTAL:	\$518,500.00
(d)	35 ton/day pilot mill: rentals, purchases and operation for site metallurgical and recovery testing, evaluation and studies, delivered.	
(i)	35 ton/day pilot mill: purchase used mill	\$142,000.00
(ii)	Freight	\$ 15,000.00
(iii)	Government fees	\$ 3,000.00
(iv)	Engineering supervision, consulting	<u>\$ 4,000.00</u>
	TOTAL:	\$164,000.00

The diamond drilling recommended in the Goldwedge Report commenced on July 28, 1987 but the results are not yet available.

The Issuer's exploration costs from January 1, 1987 to August 20, 1987 on the Goldwedge Project are \$246,500.00. Of this amount \$84,263.00 has been expended on the drilling program, \$2,011.00 on underground decline and drifting and \$160,226.00 on the 35 ton/day pilot mill. These costs were financed by a private placement which received final approval of the Vancouver Stock Exchange on April 20, 1987.

To finance the balance of the program recommended in the Goldwedge Report the Issuer has entered into two private placement agreements. Pursuant to the terms of an agreement entered into as of June 1, 1987 with Deductible Opportunities Fund, 1987 Mineral Limited Partnership, the Issuer will receive up to \$400,000.00 in flow-through share financing. This agreement has received regulatory approval. The Issuer has also entered into an agreement with NIM Resource - 1987 and Company, Limited Partnership (the "Partnership") whereby the Partnership in consideration for the renunciation of qualified expenditures and the issue of qualified shares to the Partnership by the Issuer will provide the Issuer with up to \$600,000.00. This agreement is subject to regulatory Approval.

Of the money forthcoming from these private placements \$333,237.00 will be allocated to diamond drilling, \$516,489.00 to underground development, \$3,774.00 to the 35 ton/day pilot mill operation, and \$146,500.00 will be held in a contingency fund to cover possible underestimation of underground development costs.

Dr. D.S. Evans has no interest in the property and holds no securities in the Issuer and the only relationship between Dr. Evans and the Issuer is that of independent consultant.

There is no known body of commercial ore on the Goldwedge or the Goldwedge 2 and 3 claims.

MOUNT MADGE, TREATY CREEK PROPERTY, SULPHURETS, B.C.

This project area consists of 885 units in 61 separate claims totalling 55,626 acres (22,521 hectares). This property was acquired in three stages, firstly in 1986 through staking, secondly in 1987 through purchase and thirdly in 1987 through a farm-out agreement. The Issuer currently has a 50% interest but subsequently may be diluted to a 20% interest should Bighorn Development Corporation meet the terms of the option agreement described below. To date, the Issuer has spent \$17,280.00 on this project area.

On April 30, 1987 the Issuer signed a formal agreement with Ritsuko Tsurugida of Coquitlam, B.C. to purchase 5 Crown Grants comprising 186 acres (76 hectares) in the Skeena Mining Division. The purchase price is \$30,000.00 payable before December 31, 1987 plus a 2% net smelter royalty. The Issuer has an option to purchase this royalty by paying an additional \$250,000.00 on or before December 31, 1995. Subsequently,

on June 3, 1987 a formal agreement was signed between the Issuer, Elan Explorations Ltd. (joint venture partner) and Bighorn Development Corporation whereby Bighorn Development Corporation in exchange for staking an additional 37 claims totalling 32,110 acres in the immediate vicinity of the Mount Madge area, can earn up to 60% by making payments and conducting a work program as outlined below:

<u>Year</u>	<u>Exploration Expenditures</u>	<u>Option Payment</u>	<u>Interest Earned</u>
1987	\$100,000	\$10,000	30%
1988	\$200,000	\$25,000	15%
1989	\$400,000	\$25,000	15%

The Crown Grants acquired by the Issuer are in the area of mutual interest and are subject to the terms of the above-mentioned agreement signed between the Issuer, Elan Explorations Ltd. and Bighorn Development Corporation. Both the April 30, 1987 and the June 3, 1987 agreements are subject to regulatory approval.

Location

The project area is located about 70 km northwest of Stewart, B.C. and is divided into 2 areas. The Treaty Creek property is located west of the Treaty Creek while the Mount Madge property is located east of the confluence of the Unuk, South Unuk River and Sulphurets Creek. Geographic co-ordinates for the Treaty Creek property and the Mount Madge property are centered approximately 130 degrees 7 minutes west longitude, 56 degrees 38 minutes north latitude and 130 degrees 25 minutes west longitude, 56 degrees 27 minutes north latitude respectively.

Previous Work

The first discovery of minerals in the Unuk River area is credited to a prospector named O'Hara who is said to have come out of the Unuk in 1893 with placer gold. A chronology of the precious metals exploration in the Mount Madge Unuk River area is as follows:

- 1898 - H.W. Ketchum staked an area situated on the Mount Madge ridge - slope to the south side of the Sulphurets Creek about 2 miles from its mouth.
- 1900 - H.W. Ketchum sold his claims to the Unuk River Mining and Dredging Company who then carried out some development work, including driving two short adits. Attempts to transport machinery failed and operations ceased.
- 1932 - a prospecting expedition into the Ketchum Creek area was undertaken by T.S. MacKay, A.H. Melville, and W.A. Prout representing a syndicate of Premier, British Columbia interests. This resulted in the discovery of a wide area of mineralization in which gold values occur.

- 1933 - further exploration of these discoveries was undertaken by the
1935 MacKay Syndicate and by the Premier Gold Mining Company,
- 1935 - a representative sample taken from a dump of about 15 tons at the portal of the Mount Madge adit assayed: gold, 0.26 oz/ton; silver 2.4 oz/ton; copper, 0.3 percent; lead 3 percent; zinc 10 percent,
- 1980 - Dupont undertook regional geochemical work in the Mount Madge area. Geochemical samples taken from the area draining west were anomalous in gold.
- 1980 - E & B Explorations Ltd. conducted some prospecting on its Sulphurets claims. Nothing of value was found.
- 1983 - the E & B Explorations Ltd. claims were optioned out to Teuton Resources Corp.
- 1986 - Teuton Resources Corp. allowed these claims to lapse. The Issuer in joint venture with a private Calgary company staked 8 claims totalling 9,880 acres (4,000 hectares) in the Mount Madge area and 10 claims totalling 12,350 acres (5,000 hectares) in the Treaty Creek area.
In the area to the south of Mount Madge, near the South Unuk River, Silver Princess Resources Inc. and Magna Ventures Ltd. commenced a drilling program. Results document two significant intersections: one drill hole intersects 17.7 feet of 0.728 oz/ton gold and another intersects 14.6 feet of 0.701 oz/ton gold. As a result of this drilling, a very strong structure over a strike length of 1,200 feet and to depths of 440 feet was identified. Based on these excellent results, Silver Princess and Magna Ventures announced an underground program.
- 1986 - During July-August, a soil sampling, prospecting and rock geochemistry program were undertaken on the Mount Madge project area by the Issuer.

Soil and Rock Geochemical Results

A total of 36 rock samples and 10 silt samples were collected in the vicinity of the Mount Madge area. Results of the work undertaken indicate anomalous gold, silver and platinum values. Values range from nil to 0.278 oz/ton gold and 3.38 oz/ton silver in the rocks, to nil to 405 ppb gold, 0.3 to 7 ppm silver, and -30 to 60 ppb platinum in the silts. Using a value of 100 ppb gold and 1 ppm silver as anomalous, the results from the rock samples indicate 9 anomalous gold and 9 anomalous silver values. Using a value of 50 ppb gold, 50 ppb platinum and 1 ppm silver as anomalous, the results from the silt sampling indicate 9 anomalous gold, 2 anomalous platinum, and 1 anomalous silver.

An extensive soil geochemical program of \$100,000.00 by Bighorn Development Corporation is planned for the Mount Madge area for this year. In addition, Bighorn Development Corporation has planned a \$100,000.00 exploratory drill program on the Crown Grants in the area of the Mount Madge adits.

There are no commitments respecting the Mount Madge property until 1988 when further assessment work has to be completed. \$20,000.00 of assessment work on the Treaty Creek area was completed in June, 1987, and therefore the property is in good standing until June, 1988.

The Mount Madge and Treaty Creek areas are without a known body of commercial ore.

GROUP III

GLADSTONE CREEK PROPERTY, KLUANE LAKE, YUKON

This project consists of 72 placer mineral claims totalling 1,652 acres (669 hectares). The Issuer has earned an interest of 100% by making an option payment of \$29,000.00 to the vendor. The vendor retains a 10% sluice box royalty. To date, the Issuer has spent \$110,170.00 on this project.

Location

The project area is located on the east side of Kluane Lake approximately 20 miles north from the community of Kluane and 136 miles north of Whitehorse, Yukon. Geographic coordinates are 61° 18' north latitude and 138° 34' west longitude.

Previous Work

The first gold placer mining operations in the Ruby Range of the Lake area commenced in 1903 at Ruby Creek 24 miles southeast of the Gladstone Creek area. Work there and on nearby Fourth of July Creek continued for a number of years and spread to Gladstone Creek and its tributaries.

A chronology of the more recent exploration work in this area is as follows:

1952 - Over this 3 year period, Kluane Dredging Company recorded gold
1955 production of 5,770 oz.

1979 - "Todilto", an American group optioned the placer leases from
1980 the vendor and carried out drill testing. On their maps two gold "zones" were identified: one, 700 metres downstream from Cyr Creek, showed 5 feet of gravel with \$10.32 per cubic yard in gold and silver (gold at \$375.00/oz U.S. and silver at \$15.00/oz U.S.) and the other 150 metres from Cyr Creek, showed 5 feet of gravel with \$6.41 per cubic yard in gold and silver.