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104 B 204 - Waratah 6

SUPERINTENDENT OF BROKERS AND VANCOUVER STOCK EXCHANGE

STATEMENT OF MATERIAL FACTS (#40\88)

EFFECTIVE DATE: MAY 31, 1988

(Development Company)

TUNGO RESOURCES CORPORATION

115 - 645 Fort Street, Victoria, British Columbia V8W 1G2
(604) 662-7985

NAME OF ISSUER, ADDRESS OF HEAD OFFICE AND TELEPHONE NUMBER

815 West Hastings Street, Vancouver, British Columbia V6C 3G9

ADDRESS OF REGISTERED AND RECORDS OFFICE OF ISSUER

MONTREAL TRUST COMPANY OF CANADA
510 Burrard Street, Vancouver, British Columbia V7X 1R5

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

OFFERING: 700,000 UNITS - each Unit consisting of one share without par
value and two Series "A" share purchase warrants

Estimated Price to the Public(1)	Estimated Agents' Commission	Estimated Net Proceeds to be Received by the Issuer(2)
\$0.72	\$0,054	\$0.666
\$504,000.00	\$37,800.00	\$466,200.00

- (1) The actual price to the public will be determined by the Issuer and the Agents in accordance with the rules of the Vancouver Stock Exchange.
- (2) Before deduction of the costs of the issue estimated to be \$20,000.00.

ADDITIONAL OFFERING

The Agents have agreed to purchase any of the Units which remain unsubscribed for at the conclusion of the Unit Offering, and in consideration therefor, the Issuer has agreed to allot and issue to the Agents, immediately following the Offering Day, non-transferable share purchase warrants (the "Agents' Warrants") entitling the Agents to purchase a total of 350,000 shares of the Issuer. This Statement of Material Facts also qualifies for sale up to 350,000 shares which may be acquired by the Agents pursuant to any exercise of the Agents' Warrants, any Units purchased by the Agents, and any shares acquired by the Agents pursuant to the exercise of any Series "A" share purchase warrants.

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

AGENTS

CANARIM INVESTMENT CORPORATION LTD.
2200 - 609 Granville Street
Vancouver, B. C. V7Y 1H2

MCDERMID ST. LAWRENCE LIMITED
1000 - 601 West Hastings Street
Vancouver, B. C. V6B 5E2

CONTINENTAL SECURITIES

1000 - 1055 Dunsmuir Street
Vancouver, B. C. V7X 1L4

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.

D.L.
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Group II

Presently held properties which are currently producing or being explored, or upon which exploration is planned within the next year

<u>Name of Claim</u>	<u>Record No.</u>	<u>Units</u>	<u>Record Date</u>
Waratah 4	2559	20	13 September 1992
Waratah 5	2560	20	13 September 1992
Waratah 6	2561	20	13 September 1992
Waratah 7	2562	20	13 September 1992

The properties are located in the Iskut River Area, NTS 104B/10W, 11E Laird Mining Division, British Columbia, 100 km northeast of Stewart, British Columbia.

Interest Acquired

The Issuer has the option to acquire an undivided 100% interest in the Waratah 4, 5, 6 and 7 claims from Skyline Explorations Ltd. pursuant to an agreement dated January 21, 1987. Cash consideration for this acquisition is \$150,000.00 CDN., to be paid by five equal instalments of \$25,000.00 per year due in February of 1987, 1988, 1989, 1990, 1991 and 1992 and the completion of over \$1,000,000.00 of exploration and development costs during that time. The Issuer has paid the first two instalments, a total of \$50,000.00. Pursuant to the terms of the January 21, 1987 agreement the Issuer paid to Warpax Enterprises Ltd., a wholly-owned subsidiary of McDermid St. Lawrence Limited, a finder's fee, by the issuance of a total of 100,000 shares of the Issuer. Half of the finder's fee was issued upon receipt of regulatory approval of the said agreement. The other half was issued upon the expenditure of \$250,000 by the Issuer in exploration on the Property.

Within 45 days of the exercise by the Issuer of its option, the Issuer will notify Skyline that Skyline has the right to earn an undivided 50% interest in the property by contributing 50% of all future expenditures on the property. Within 90 days of such notice Skyline shall advise if it elects to earn its 50% interest. Upon receipt of the advice that Skyline will earn its 50% interest, the parties will form a joint venture. Each party will have one vote for each percentage interest in the joint venture. If at any time either party fails to contribute its share of future expenditures in the property its interest in the joint venture shall be adjusted proportionately to a percentage that its contribution represents to the total expenditures made after the exercise of the option.

Description of Exploration to Date

The following is mostly extracted from the Summary Report of Equity Engineering Ltd. dated December 1987, which is available for inspection at the head office and at the registered office of the Issuer.

The Summary Report refers to a previous report on the Waratah property prepared by Pamicon Developments Ltd. dated February 1987 (the "Geological Report"). The Geological Report is available for inspection as set out in Item 9, "Particulars of Any Other Material Facts".

The earliest recorded work in the general area dates back to 1907 when the first claims were staked to cover galena-sphalerite veins on Mt. Johnny Flats. This area is now staked by Skyline Explorations Ltd. as part of the Reg property in which several zones containing copper, lead, zinc, gold and silver have been exposed through extensive prospecting, diamond drilling, and trenching. In the fall of 1982, the area represented by the Waratah project was staked by Skyline following the successful Reg drilling program which indicated positive drill intersections.

The property, which is located five kilometers northeast of the Stonehouse Gold deposit being developed by Skyline Explorations Ltd. ("Skyline"), was staked by Skyline in 1982.

In 1983, a Dighem III airborne survey was flown over the area. The 1984 field program saw completion of soil geochemistry, prospecting, linecutting and trenching, followed by ground geophysics in 1985. These surveys have outlined three gold occurrences and several other geophysical/geochemical anomalies.

The limited soil geochemistry program was very successful in both outlining anomalous areas along reconnaissance lines and extending the Lake Showing by way of grid sampling. In addition, at least two other anomalous zones were discovered in the grid area. These anomalies lie along the EM conductor encountered during the 1983 airborne survey. Four of these northeasterly-trending geophysical anomalies exist. They are characterized by weak magnetic and low resistivity responses.

The property is underlain by Mesozoic mafic volcanics with minor intercalated sedimentary strata. Two intrusive bodies exist on either end of the property: an orthoclase porphyry plug to the west, and a larger, quartz monzonite mass along the eastern boundary.

The 1987 field program was designed to execute the recommendations set out in the Geological Report. The Phase I program was stated in two parts: the first stage preliminary geological, geophysical and geochemical surveys followed by hand trenching of any anomalous targets in the second stage. The budgeted cost of Phase I was \$186,000. Phase II allowed for diamond drilling. Its budgeted cost was \$180,000. Both phases were completed during the 1987 exploration year.

A list of field work completed in the 1987 field program is as follows:

1. Preparation of an Orthophotographic Base: 1:5000.
2. Linecutting: 29.4 km.
3. Soil Geochemical Sampling: Cu, Pb, Zn, Ag, Au, As.
Analysis: 1,043 grid samples; 221 contour samples.

4. **Prospecting:** Prospecting traverses were conducted across most of the accessible areas on each claim. A total of 166 samples were collected for Cu, Pb, Zn, Ag and Au assay. During the course of prospecting, seven heavy mineral concentrate and four silt samples were taken for Cu, Pb, Zn, Ag, Au and As.

Almost all of the gold-bearing veins on the property have been discovered solely by prospecting. Six veins, namely the Bluff, Swamp, No. 7, Golden Arrow, Upper Gold Bug and an unnamed vein, merit further investigation to develop the potential indicated by their widths, strike potential and gold grades.

Three heavy mineral concentrate samples contained high copper, gold and arsenic levels and require follow-up work. None of the silt sample locations need to be investigated.

5. **Geological Mapping:** Detailed mapping was carried out over a 400 meter by 200 meter area covering the central baseline showings on the Waratah 6 claim. Reconnaissance mapping was conducted in areas of other significant mineralization. Detailed mapping remains to be carried out over the entire claim group.
6. **Ground Geophysics:** Magnetometer and VLF-EM surveys were completed on the cut grid at 25 meter intervals and a max-min survey (4.0 km) was detailed over the central portion of the grid. The most interesting feature on the detail grid was a strong conductor which coincided with a multi-element soil geochemical anomaly and which appears to be an extension of the No. 7 vein. Many of the VLF conductors on the main grid correlate with areas of strong soil geochemistry.
7. **Trenching:** A total of 23 trenches were blasted, mapped and sampled for Cu, Pb, Zn, Ag and Au content. Analyses were obtained for 105 rock samples.
8. **Diamond Drilling:** Twenty-four BQ holes were drilled for a total of 1038.5 metres. Seven drill site areas were felled and pads constructed to carry out this program. A total of 410 core samples were submitted for Cu, Ag, and Au analysis. Six of the samples were lost in transit to the lab.

The purpose of the 1987 drilling program was to assess the potential of three of the copper-gold veins outlined by the earlier trenching program, namely the Bluff, Swamp and No. 7 veins.

On the Bluff vein, eleven holes from three sites tested its structure over a strike length of 75.0 meters. Ten of the holes intersected quartz veining with gold values exceeding 0.200 oz/ton, with gold values ranging from 0.122 oz/ton to 0.607 oz/ton, with one hole including a high value of 2.494 oz/ton.

The Swamp vein was tested with six holes, three of which intersected the vein structure. Significant drill intercepts ranged from 0.010 oz/ton to 0.564 oz/ton, though this last value is somewhat misleading as the veinlet in which

it was found runs parallel to the core axis and is only five centimeters wide. The mineralized zones indicated by the drilling are considerably weaker than those found in the Swamp vein trenches.

At the No. 7 vein, seven holes were drilled, six of which successfully hit the main vein structure. The vein intersections are not as strong as the surface exposures, yet the vein structure has been shown to have continuity to the areas tested. Values found range from 0.056 oz/ton gold to 0.651 oz/ton gold, with a high value of 1.126 oz/ton gold included in one hole.

In summary, although the veins discovered to date are narrow, no less than eighteen separate quartz vein structures with more than 0.100 oz/ton gold have been located and individual assays exceeding 1.000 oz/ton gold are common. These veins are quartz chlorite veins mineralized with pyrite, chalcopyrite, magnetite, arsenopyrite and lesser galena and sphalerite. These veins are within the basic agglomerate unit which hosts mineralization at the Stonehouse Gold deposit and the massive sulphide zone on the Inel project.

The potential of the structures to depth and along strike remains barely investigated. As well, the sources of several strong geochemical and geophysical anomalies developed during the 1987 field programs remain to be discovered.

The exploration costs to March 31, 1988 on the Waratah property total \$821,890.

Based on the results of the 1987 work program, the Issuer has already undertaken further work on the Bluff and No. 7 Veins, drilling eleven holes. One hole testing the Bluff Vein intersected 8.2 feet assaying 0.254 oz/ton gold. The No. 7 Vein was extended 400 feet along strike with intersections of 9.8 feet grading 0.173 oz/ton gold and 2.6 feet grading 0.411 oz/ton gold. It remains open along strike and to depth.

The Issuer plans to expend \$225,000 raised under this financing on an exploration program designed to provide property-wide airborne geophysical coverage, delineate and find outcrop sources for strong geochemical anomalies discovered during the 1987 program and determine future exploration targets. It has hired Equity Engineering Ltd. to develop a detailed exploration program.

There is no plant or equipment on the property, nor is there a known body of commercial ore on the property.