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Mikado Resources Ltd.

Vancouver, British Columbia

SUMMARY ENGINEERING REPORT

Wagner Project

Slocan Mining Division

Gerrard, British Columbia

NTS : 82 K / 12

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SUMMARY

Mikado Resources Ltd. holds various interests in 14 crown grants and 10 modified grid mineral claims in the vicinity of the Healy Creek - Hall Creek summit, 11 air miles north-northeast of the village of Gerrard, British Columbia, in the Lardeau District of the Slocan Mining Division. The properties include several historically well-known prospects.

The Wagner Property, comprising certain of the crown grants, is the prospect regarded as most promising. This prospect forms the principal subject of the descriptive parts of this report and is also the principal subject of the recommendations contained herein.

The Wagner Prospect, or Wagner Mine as it was historically known, was discovered in 1893. During the period 1896-98 a 100-foot long adit was driven from which a short crosscut and an eighty foot-long winze were driven. In 1952 a road was constructed up Healy Creek and a second, 605 foot-long adit was driven on the vein from a point some 2750 feet southeast and 780 feet below the original Wagner adit. During 1981, following recession of a glacier, a third adit was driven on the vein at a point approximately 130 feet southeast and 125 feet below the original Wagner adit. Since April 1985, the access road has been significantly improved and additional underground sampling was carried out. surface exploratory work continues to this date and is ongoing.

This report describes the geology and mineral showings on the property and relates the results of all known work to date. Mr. P.J. Santos, P. Eng. reported on the property on March 9, 1985 (7), Mr. T.G. Hawkins, P. Geol. reported on April 9, 1985 (8) and Mr. Santos reported again on July 22, 1985 (9). This author has not personally examined the property. The main body of information in this report is excerpted from those of Santos and Hawkins.

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Mr. Santos, Mr. Hawkins and the author all agree that the Wagner Property has merits sufficient to justify substantial exploratory expenditures at this time.

The author recommends herein an exploratory program estimated to cost \$510,000.

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INTRODUCTION

Mikado Resources Ltd., a Vancouver, British Columbia - based exploration company, holds various interests in the Wagner Property, located within the Slocan Mining Division near the village of Gerrard, British Columbia.

The Wagner is an "old" property, discovered late in the last century. Over the intervening years extensive exploratory work was carried out at various times. The property has been examined by a large number of prospectors, geologists and engineers and was frequently reported in B. C. Minister of Mines Reports and other publications.

Extensive exploratory work has been carried out since 1981 and continues during 1985. This work and the results obtained were extensively reported by P.J. Santos, P. Eng., March 9, 1985 (7), T.G. Hawkins P. Geol., April 9, 1985 (8) and again by Santos, July 22, 1985 (9).

On March 9, 1985, Santos (7) recommended a \$246,000 two-phase exploratory program (\$46,000 + \$200,000). On April 9, 1985, Hawkins (8) recommended a \$575,000, two-phase exploratory program (\$26,000 + \$549,999). Then on July 22, 1985, after further road construction and underground and surface sampling, Santos (9) submitted a revised \$550,000, two-phase program (\$390,000 + \$160,000). Santos continues doing active work on the property.

This writer was recently commissioned by Mikado Resources Ltd. as Senior Consultant to review the reports of Santos and Hawkins, make specific recommendations for further work and to continue on in an advisory role.

This report constitutes a Summary Report of the findings of Santos and Hawkins, uses their illustrations and includes extensive excerpts from their texts and appendices, all of which are acknowledged herein. The recommendations herein are this writer's; however they include the principal work items recommended by Santos and Hawkins.

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HISTORY

The Property history is related in the following excerpt from Hawkins (8):

"The Lardeau District of British Columbia has been noted for its high grade silver and gold projects since the late 1800s and early 1900s. The Wagner Group was first discovered in 1893 along with the Abbott Group which ties on directly to the south and east of the Wagner. In 1896 and '97, B. C. Dept. of Mines reported that development was carried out in the form of a 100' tunnel and an 80' winze that exposed galena and grey copper mineralization. In 1898, high grade galena mineralization, 42" wide, was intersected in a 25' crosscut from the bottom of the winze."

"Other properties in the area underwent similar exploration and "development" and by early 1900 this area had generated enough interest to attract potential government involvement by virtue of road access. However, no government involvement developed until 1910. It was at this time that the Red Elephant gold prospect was discovered and preliminary development took place."

" In 1949 the Leadridge Mining Co. completed drilling along what is now believed to be the Wagner structure and on the Duncan and McCartney claims."

"No further work was carried out until 1952 when Sheep Creek Mines Limited completed road access up Healy Creek and drove the lower adit beneath the glacier for some 605' in an attempt to hit the Wagner structure. However, the property was abandoned in the early 1950s."

"In the late 1950s and 1970s, Granby Consolidated Mining, Smelting & Power Company and SEREM Ltd. respectively carried out programs, the latter's program being on the Bannockburn Group. Twelve hundred tons per vertical foot of 1-2% zinc and 0.5 oz silver per ton over widths of up to 35' were estimated. This mineralization is believed to be similar to the Duncan Lake occurrences of Cominco, being a "disseminated" replacement body."

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"In 1980, the Sandon Silver Syndicate and Silvex Resources Incorporated improved road access up Healy Creek and carried out a diamond drilling and mining program at the new ice level, which was some 120' vertically below the ice level originally in place in the 1898 program. Six holes were drilled from one setup; all six intersected the Wagner lode within and beneath the showings of the Duncan Knob. One hundred and thirty feet of drifting was also completed and two small crosscuts into the hangingwall were made for the purposes of drilling. A 1981 "high grade" shipment of ore was made by lessors. In 1982-83, other undocumented work was carried out, including a raise which was completed at the end of the 135' drift completed in 1981." (end of excerpt)

During April 1984, Santos (7) examined the property and took several samples in the silvex adit. He completed this sampling program during July 1985 (9). the results of these samplings are shown herein in Figure 9.

Sullivan (3) related that Lead Ridge Mining CO. represented St. Joseph Lead Co. of New York. They also carried out extensive mapping of the Wagner ore structure from the Wagner Knob, on the Duncan Crown Grant (L.3472), southeasterly to the Jewell Fraction (L.3466). They extensively sampled the surface showings on the Duncan Crown Grant (L.3472), the Lardeau Crown Grant (L.3470) and the Princess Marie and QueenMary Crown Grants (L.3475 and L.3479) and took 2 samples in the Wagner adit and winze. they also drilled five short drill holes into the southeast extension of the Wagner vein under the glacier. Two holes, one from a bedrock set-up and one from the ice, intersected mineralization but much of the core was lost through grinding and the results were inconclusive. Three other holes, drilled from the ice, were abandoned a short distance into bedrock due to bad drilling conditions and yielded no useful evidence. the results of the Lead Ridge work are shown herein in Figure 4, taken by this author from maps recently obtained from the Inspector of Mines, Nelson. Also obtained was a map showing the Sheep Creek adit on the Lardeau Crown Grant, also shown herein in Figure 4.

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LOCATION, ACCESS, TOPOGRAPHY

Santos (7) described location and access as it existed earlier this year as follows:

"The Wagner Property is located on the divide between the Trout Lake Valley and Duncan Lake Valley, in the Slocan Mining Division of British Columbia, at an elevation between 6000 feet to 8000 feet above sea level. the geographic coordinates are longitude 117°11' and latitude 50° 40'. the area is on topographic map NTS 82K."

"Access to the property is twenty-five (25) kilometers of gravel road from the property to the junction with Highway 31, five (5) kilometers south of Gerrard, British Columbia (see Plate 4). This junction is one hundred fifty (150) kilometers to the Ainsworth Mill and two hundred twenty-five (225) kilometers to the Trail smelter."

Recently Santos (9) described conditions of access as they now exists as follows:

"About two months prior to this visit, the company had embarked on an extensive road repair and rebuilding program on the 16 miles of access road to the property from Gerrard, British Columbia. This work involved the rebuilding of the bridge across the Lardeau River near Gerrard, drilling and blasting of rock overhangs and ledges, removal of numerous sloughs and slides, and grading part of the road. According to Rick Watson, a director of the company, the road reconstruction has so far cost \$135,000. It now takes about one hour and forty minutes to reach the mine, which in the past took four hours provided there were no slides on the road. The company plans to do more road work such as graveling some wet sections of the road and to install more than 25 culverts which should cut down the travel time to an hour one way."

"During the visit, road work was in progress on the glacier moraine and on the glacier itself just below the portal of the Lower Drift. Trenching was also in progress on the extension of the vein outside the Lower Drift Portal."

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The Property sits high in the Selkirk Mountains in an alpine setting. Winter snowfalls are heavy and surface work is usually restricted to the period June 1 - November 1. While the setting is one of scenic grandeur, exploration and development throughout the history of the Wagner Property was severely hampered by these constraints. In the early years access was by trails via Hall Creek and it was only in 1952 that a road of sorts was constructed by Sheep Creek Mines Ltd., from the Trout Lake Valley via Healy Creek. Improvements to this road during 1981-84, and particularly the work done by the present owners this year, have resulted in provision of suitable vehicular access. For the first time this is no longer the serious problem it had been in the past.

Property location is shown herein in Figure 1.

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PROPERTY

The Wagner ore structure, or lode system, extends from the head of Lake Creek in the southeast, northwesterly to beyond Marsh Adams Creek a distance of some 14 miles along which occur many mineral prospects.

The Mikado interests cover a length of 5 miles along this ore system and include in addition to the Wagner Property (Ella, Ould Jim, Duncan, McCartney, Lardeau), the I.X.L. Property, the Princess Marie - Queen Mary and the Francis Jewell - Jewell Fraction Property. they are very extensive holdings and each property is a likely site for exploratory work, now confined to the Wagner Property.

The properties include crown grants, held by payment of annual taxes, and mineral claims, held by location and performance of annual assessment work. They are all shown in Figure 2 herein.

Crown grants along the Wagner ore trend, listed from southeast to northwest, are as follows:

Jewell Fraction	L.3466
Francis Jewell	L.3467
Ema Fraction	L.3468
Queen Mary	L.3469
Princess Marie	L.3475
Lardo Fraction	L.3477
Lardeau	L.3470
McCartney	L.3471
Duncan	L.3472
Ould Jim	L.3473
Ella	L.3474

Crown grants, along adjacent ore trends, are as follows:

Coffin Nail #2	L.7853
Coffin Nail #1	L.7854
I.X.L.	L.7856

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Modified grid claims, listed from southeast to northwest, are as follows:

Silver King	10	Loc. No.	2651
Silver King	9	" "	2650
Silver King	8	" "	2649
Silver King	7	" "	2648
Silver King	6	" "	2647
Silver King	5	" "	2696
AG 4		" "	4300
AG 3		" "	4299
AG 2		" "	4298
AG 1		" "	4297

Mikado holds various fractional interests in the crown grants and full interest in the modified grid claims. These and other details of ownership are shown herein in Appendix I, excerpted from Hawkins (8).

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GEOLOGY & MINERAL OCCURRENCES

The following section of this report consists principally of a verbatim excerpt of Hawkins' (8) section on "Geology" and section on "1981 Project Summary", followed by an excerpt from Santos (9) describing his 1985 sampling program.

Start of excerpt by Hawkins (8)

"Regional geology prepared by P.B. Read, 1976, in GSC Open File 464, demonstrates that the Wagner prospect area is underlain by the Lower Paleozoic, Cambrian (Lardeau Group), the Hadrynian to Lower Cambrian (Hamill Group) and the Hadrynian, Windermere (Horsethief Creek Group) (Figure 3).

The Lardeau Group is a greenschist facies, regionally metamorphosed package of fine grained clastic sediments, phyllites and phyllitic limestones. Minor volcanic elements, being interbedded diabase and greenstone, appear to be located in proximity to ore deposits. The northeastern extent of the Lardeau Group is marked by the Badshot Limestone or "lime dyke," which was noted by many of the oldtime prospectors as playing a prominent role in location of ore deposits.

The Hadrynian to Cambrian Hamill Group is comprised of clastic and limey sediments and metamorphosed phyllite. Basal Proterozoic rocks in the package include slate, sandstones and pebble conglomerate. Mineral deposits that are found to occur in this suite of rocks include both high grade silver vein and Bannockburn replacement types of mineralization.

Structure in the region is also believed to have played a major role. The Marsh Adams anticline axis is believed to run northwest and through the Badshot Formation. The Ventego syncline occurs approximately 3 miles to the northeast, the axis of which also trends northeast. It is believed that these major fold structures have created the tensional shearing that has provided the zones of emplacement of the high grade mineralization. Source of mineralizing fluids may have been generated from the Kuskanax

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and Nelson Batholiths which occur some 10 to 15 miles to the southwest of the area.

Local Geology

The local geology of the adit and main Wagner mineralization is best demonstrated in Figure 4 following. (Author's Figure 5.) The showing occurs in what is regionally mapped as the contact between the grey to light green phyllite and phyllitic limestones of the Lardeau Group and the grey to white limestone of the Badshot Formation. Within the Lardeau Group package, there are two main sedimentary units, being a black fissile slate which hosts, for the most part, the quartz veins and the attendant mineralization, and the enveloping phyllite. The third prominent rock type is the quartz veining which is pervasive throughout the area, however three major quartz veins, being up to 20' across, occur in the vicinity of the Duncan Knob and the Wagner main showing. These quartz veins are emplaced along major dip, slip, shears and faults within the phyllitic and slate units. The axes of these shears trend northwesterly, parallel to the regional structural trend and in the vicinity of the Wagner property dip from 60° to 80° to the southwest. A second set of low-angle crosscutting, possibly thrust related, premineralized faults crosscut the quartz vein features, offsetting them by 10' to 15', the best example of which exists in the old 1898 adit area. Post mineral faulting, which is essentially perpendicular to the thrust fault-related shearing, provides minimal displacement within the ore zones. Sampling carried out by past explorers and sampling carried out in more recent 1981 and 1982 surveys, demonstrates average grades of the Wagner-Abbott zone of approximately 7.8 oz per ton silver, 7.2% lead, 4.3% zinc over 5.6 feet (Hawkins, 1983). Higher values are obtained in high grade chutes and several engineers have reported averages in these high grade chutes of 15-19% lead, 28-31 oz per ton silver, with documented spot assays in recent times as high as 69.1 oz per ton silver and 55.17% lead, 3.93% zinc (Hawkins, 1983).

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1981 Project Summary (Wagner Knob Area)Drilling

Figure numbers 5 & 6 (Author's Figures 6 & 7) are drill hole sections from 5 & 6 the six BQ holes that were completed on the setup to the west of the main Wagner mineralized structure. These six holes included a fan of four holes, approximately beneath the area of the portal of the new adit and two oblique angle holes further to the northwest along strike and beneath the new adit level. The purpose of drilling these holes was to demonstrate continuity of structure and also to demonstrate continuity of mineralization. The following points are summarized from Hawkins, 1983:

- 1) The average width of the vein structure is approximately 5 m along the drill core axis, a safe true width would be in the order of 4 m.
- 2) Grades demonstrated in drill holes are highly variable as expected and of course values are dependent on width of sample. Best intercepts average widths of 1.3 m with an average grade of approximately 6 oz of silver per ton across that width.
- 3) The mineralized structure continued well below the present portal level, to at least 35 m. The strength of mineralization does not appear to be decreasing.
- 4) The mineralized structure is increasing in width with depth and increasing in width to the southeast along strike and therefore out under the glacier.
- 5) The lode structure is splayed into two separate veins as shown in holes 81-1, 81-2, 81-3. Hole 81-4, which is updip from which previously mentioned holes, appears to have been stopped 5 to 10 m short of intersecting this second and lower zone. It also appears that the two zones will converge very close to, and downdip from, the intersection of 81-2 with the vein.

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- 6) The originally estimated tonnage of 31,700 (Hawkins, 1981) can be increased given the apparent increase in width. However, the grade that has been demonstrated in that entire width of material may be considered to be somewhat less. No reliable grade figure can be put on that tonnage, based on the drill holes to date given this type of mineralization. Grade related to any production will be highly dependent upon the quality and use of selective mining techniques.
- 7) The grades and widths demonstrated in drill holes are highly variable and selective mining could be successfully utilized in successfully upgrading the average grade of muck.

The following Table 2 is a summary of what are considered best intercepts from the 6 drill holes completed. Figure 7, Appendix II (Author's Figure 10) demonstrates the intersection of these holes in plan for the upper zone and the lower zone.

Further sampling on the structure, approximately 100' to the southwest of the main structure (see Figure 4) returned a grab chip sample value of 0.002 oz per ton gold, 0.1 oz per ton silver, 0.14% lead and 0.17% zinc. These very minor amounts of visible sulphide were evident across the 15' width of this sample. This may indicate an increase in values somewhere else along this trend.

Surface and Underground Sampling

Further detailed evidence from past sampling is reported in B. C. Dept. of Mines Annual Report of 1910 that states that a high percentage of galena is sandwiched between a 4-6' section estimated to carry 5-10% galena. Assays of pure galena ran as high as 100 oz per ton silver and 240 oz silver where tetrahedrite was also in evidence. In 1919, the same source reported values of 0.02 oz per ton gold, 22 oz per ton silver, 21% lead and 17.4% zinc over 2', in one of the Wagner crosscuts, presumably below the winze.

Drill Hole No.	Dip	Azimuth	Length		Structure Intercept		Best Intercept						
			Metres	(Feet)	Metres	(Feet)	Width	Ag	Au	Cu	Pb	Zn	
							Metres	(Feet)					
DDH 81-1	80°	40°	61	(200)	43-50	(140-162.5)	<u>6.52</u>	<u>0.003</u>	<u>0.11</u>	<u>3.79</u>	<u>480</u>	1.5	(5)
DDH 81-2	90°	40°	84	(274)	52-58	(170-191)	<u>2.72</u>	<u>0.003</u>	<u>0.10</u>	<u>2.04</u>	<u>3.95</u>	1.5	(5)
DDH 81-3	65°	40°	57	(187)	37-80 and 44-47	(122.5-132) and (144-153.5)	<u>7.18</u>	<u>0.003</u>	<u>0.22</u>	<u>6.34</u>	<u>6.76</u>	1.2	(4)
DDH 81-4	50°	40°	40	(130.5)	34-38	(111-125)	<u>1.73</u>	<u>0.003</u>	<u>0.03</u>	<u>1.52</u>	<u>1.60</u>	2.1	(7)
DDH 81-5	55°	15°	46	(150)	33-37	(107.5-120)	<u>16.40</u>	<u>0.015</u>	<u>0.25</u>	<u>3.04</u>	<u>14.10</u>	0.8	(2.5)
DDH 81-6	35°	15°	43	(142)	+ 33-37	(109.5-120)	<u>3.82</u>	<u>0.007</u>	<u>0.03</u>	<u>3.26</u>	<u>1.18</u>	0.9	(3)

Table 2: Drill Hole Summary (Hawkins, 1983)

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Sampling by a Mr. G. M. Guyoard, M.E., averaged from 60 or 70 samples across the principal ledge which was 10' wide, averaged 15-19% lead and 28-31 oz silver per ton:

A Mr. F.C. Bowman, in communication with Mr. C.T. Porter, owner of some crown grants in the area and manager of what was the Wagner Mines in 1918, reported:

- i) 2' of galena quartz carbonate outcrop on Duncan, 75' below post on divide, silver 42.4 oz, lead 32.2%;
- ii) 1.3' galena ore on footwall at crosscut and breast of 100' tunnel Duncan claim, gold is 0.03 oz, silver 57.6 oz, lead 40.2%;
- iii) 8' of quartz on footwall outcrop, about 25' above Duncan tunnel; Duncan claim, gold trace, silver 4.6 oz, lead 3.8%;
- iv) 1' galena and quartz on hangingwall side of vein, opposite sample #3, silver 30.2 oz, lead 25.4%.

Sampling from the bottom of the winze in the old adit taken by Eby, 1925, returned values reported to be 34.6% lead, 43.2 oz per ton silver, 6.3% zinc. The same sampler provided results of a 16" width of pure galena on the "bluff" which ran 60% lead, 70.6 oz silver, 3% zinc, 0.04 oz gold. Another professional mining engineer, White, in 1946 assayed the Wagner surface exposures and the top of the Knob, which samples returned 2.3 oz per ton silver, 1.9% lead, 1.6% zinc over 7.5' and 2.16% zinc over 2' respectively.

In summary, it is clearly evident that mineralization is consistent throughout the structure although the requirement for highgrade mineralization is dictated by location and size of potential reserves.

Underground sampling was carried out by geologists appointed by one of the creditors of Silvex Resources Corporation and the results were transmitted with Bondar-Clegg assay certificate to the writer in 1982. In correspondence

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to the resident of Silvex on June 24, 1982 the results of this work were summarized (see Figure 8) (Author's Figure 8).

In summary, the results of sampling along the vein structure underground demonstrated that:

- 1) faulting has resulted in minor offsets in strike direction of the vein;
- 2) these offsets appear to be associated with changes in grade of mineralization;
- 3) across the full 6-7 m width of the structure, the highgrade pockets within and along the structure may occur in hangingwall or footwall portions, i.e. at crosscut #1. 7.5 oz per ton silver over 1 m is considered to be very good and this section represents the highest grade across the structure at that point. therefore, unexposed portions of the vein may, in fact, demonstrate higher grades than those exposed in the drift;
- 4) the average grade of 3-7 oz per ton silver over widths greater than 1 m that are demonstrated in the drillholes, are upheld by evidence in drifting;
- 5) the highest grade values intersected by drifting were at the end of the drift, where 36.9 oz per ton silver, 81% lead and 3.93% zinc and 0.03 oz per ton gold are indicated (the widths of the samples are not known and are not reported).

Further work since that time has been completed by way of a raise up 40' from the adit floor and into the high-grade mineralization. It is reported that high-grade mineralization across widths better than 1 m has been exposed along the entire section of the raise. A rough plot of the relationship of this work with old work demonstrates that high-grade values reported in the winze completed in 1898 (see Figure 7). All of

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the post-1982 work must yet be confirmed by a professional assessment.

Ore Characteristics

Two important tests of run-of-mine muck have been made. Can-test Ltd. of Vancouver has provided semi-quantitative spectrographic analysis, the certificate for which is enclosed (Appendix I). (Author's Appendix II). A massive galena sample, believed to represent that which might be high-grade during the process of the selective mining operation, has returned 20% silica, greater than 0.3% tin, greater than 0.3% copper, 0.2% chromium, and greater than 0.3% zinc in a matrix of lead. In terms of a smelter return, these items may or may not prove to be credits.

Customs lead ore treatment was completed on November 30, 1981 by Cominco Ltd. on 15.54 short dry tons of "run-of-mine" muck believed to come from the last rounds of the drifting exercise carried out in 1981. The grade of that material was 16.4 oz per ton silver, 0.012 oz per ton gold, 0.2% copper, 12.6% lead, 4.6% zinc. The bulk of the shipment was composed of silica, being 58.6%. This suggests that the selection of material was not carefully carried out. In 1981 and based on 1981 prices, the total treatment charge of this material was approximately \$104, less silica credits of \$15, resulting in an NSR value per short dry ton of \$153. It is important to point out that Trail is not providing any credit for lead at this time and may not provide a silica credit either. This again demonstrates the extreme caution needed in selectively mining the deposit. (see Appendix I) (Author's Appendix II)

OTHER MINERAL OCCURRENCES (Figure 3)Jewel

The Jewel lode is projected as being the southeast extension of the Wagner lode and was discovered and worked in the late 1900s at the same time that Wagner was worked. Mineralization is reported to be along a 500' strike

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length and across 10-15' but is quite likely of lower grade. One average high-grade dump sample taken in 1919 by the B.C. Dept of Mines ran 0.02 oz per ton gold, 34.8 oz per ton silver, 40% lead and 8% zinc. Ore is reported to occur in carbonaceous sediments (Gunning, 1929) and also as replacement ore. F.C.Bowman (1918) reported assays of 34.3 oz per ton silver, 38.2% lead; 56.2 oz per ton silver, 60.4% lead; 0.8 oz per ton silver, 0.5% lead. Eby (1929) sampled a dump to get values of 28.7% lead, 22 oz per ton silver, 3.8% zinc; 13.4% lead, 8 oz silver, 1.9% zinc.

Abbott

The Abbott is the most southeasterly extension of the Wagner-Jewel-Abbott structure. Excellent surface showings found in 1893 resulted in the construction of a 300' tunnel, intersecting 20" of galena. Surface trenching indicated a 12-15' wide lode along a strike length of 400-500'. Both replacement and vein-type mineralization are believed to occur, being hosted in the same slates as the Jewel and Wagner. A.H. Halder (1819) sampled material that ran 0.241 oz per ton gold, 62.2 oz per ton silver, 50% lead. T.H. Fraser (1897) reported 4' widths with 50% galena and grey copper. Eby (1929) reported 1) 14' wide zone, in a lime slate contact 500' east of the divide between Hall and Abbott Creeks, running 3.9% lead, 2.2 oz per ton silver; 2) a sample of 15" streak stringer replacement in limestone, 1000' east of Hall-Abbott Creek divide; 72% lead, 21.4 oz per ton silver, 0.6% zinc; 3) average sample, big replacement in limestone above the tunnel, about 1 mile east of the divide of Hall and Abbott Creeks; 8.9% lead, 5.8 oz per ton silver, 16.1% zinc.

Bannockburn (Superior)

The Bannockburn replacement deposit lies on the northeast and opposite side of the lime dyke, as do the Abbott-Jewel-Wagner prospects. Assays reported by the government in 1897 were 35 oz per ton silver, 0.25 oz per ton gold, 70% lead. A 150' strike length of this type of material was indicated; two open pits, a and b, produced material assaying 55% lead, 27.6 oz per ton

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silver and 0.1 oz per ton gold over 4' and 36% lead, 22.8 oz per ton silver and approximately 0.1 oz per ton gold over 3', respectively. 1919 sampling by the Ministry of Mines reported results across 5' of 0.3 oz per ton gold, 27.5 oz per ton silver and 3% zinc. Gold values in this particular area appeared to be very much higher than the average. Extensive work was carried out in the 50s, 60s and 70s by Granby Consolidated Mining, Smelting and Power Co. Ltd., SheepCreek Gold Mines Ltd. and SEREM Ltd. Finally, in 1977, 3400' of strike length at 11.5' of average width and an average grade of 6.2% combined lead-zinc and 0.7 oz per ton silver were indicated. 1,252 tons per vertical foot has been estimated by the SEREM people.

Red Elephant

Reports since 1907 from the Ministry of Mines have indicated a body up to 25' in width, assaying \$3-28 in gold and 2-5% copper. One hundred and fifty feet of underground development in "schist country rock" did not prove continuity of values; a) east-west striking crosscutting quartz vein assayed \$19.20 surface, whereas values in the underground were reported only as 0.1 oz per ton gold. Silicified schist at the portal mouth assayed 1.24 oz per ton gold."

End of excerpt by Hawkins (8)

Author's Note:

The Jewel mineral occurrence described above occurs on the Francis Jewell Crown Grant, in which Mikado presently holds an interest. The Abbott, Bannockburn and Red Elephant mineral occurrences are adjacent to Mikado's present holdings. The author is advised that Mikado may acquire interests in the properties covering these occurrences in the near future, but holds no such interest at the time of writing. In any event, they are of interest in understanding various of Mikado's interests.

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Start of excerpt of Santos (9)

" The author completed the channel sampling of the entire length of the Lower Drift during this visit. The newly exposed extension of the vein southeast from the Lower Portal was also sampled. The thick, massive quartz vein located 160 feet southwest of the Lower Portal was prospected during this investigation and it was discovered that the reddish-brown-to-orange staining of the quartz vein was due to the oxidation and leaching of argentiferous galena and pyrite that occur as disseminations and streaks in certain parts of this quartz vein.

The Lower Drift was sampled by channels spaced every ten feet that were cut across the exposed width of the vein. This sampling was essentially a continuation of the sampling started by this author during a previous visit to the property in May 1984. This sampling program was conducted with the object of using the data later for ore grade control for mining purposes so that the sampling used a minimum width of no less than two feet and to as wide a width as possible without diluting the ore too much.

The results of this sampling program are plotted on the attached Plate 9 (Author's Figure 9) and the assay certificate are found in the Appendix of the report. Pertinent additional data on the samples are presented on Table 1 (see Appendix) under several categories of High Grade Ore, Medium Grade Ore, Milling Ore, and Waste.

The results of the sampling of the Lower Drift to date show that the high grade ore has a grade of .022 oz/ton Au, 31.33 oz/ton Ag, 24.49% Pb, and 7.71% Zn. A block of this high grade ore starts at thirty feet from the end of the drift (or 120 feet from the portal) and it is at least 8.25 feet thick. The footwall of this ore block has not been reached yet by the present drift.

The sampling also shows that the medium grade ore averages .007 oz/ton Au, 15.31 oz/ton Ag, 11.94% Pb, and 5.38% Zn. If combined together with the above high grade ore, the weighted average of this ore is .010 oz/ton Au, 18.77 oz/ton Ag, 14.65% Pb, and 5.88% Zn.

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In addition, the sampling shows a low grade section that is 35 feet long which averaged .005 oz/ton Au, 5.04 oz/ton Ag, 3.62% Pb, and 2.81% Zn. These ore blocks are shown on Plate 9.

The footwall and hanging wall, although mineralized, gave fairly low values in gold, silver, lead, and zinc.

Two significant pieces of information has been added to the current knowledge of the Wagner Mine. The first is that the trenching at the portal of the Lower Drift extended the ore 22 feet along strike and 10 feet down dip. A channel sample of the exposed vein assayed .005 oz/ton Au, 30.8oz/ton Ag, 24.9% Pb, and 3.48% Zn.

The other significant new information on the property was the discovery of argentiferous galena on the thick, (50') massive quartz vein located south west of the Lower Drift. Chip samples of the exposed mineralization assayed from <.001 oz/ton Au, 2.62 oz/ton Ag, 12.05% Pb, and .09% Zn to .024 oz/ton Au, 54.8 oz/ton Ag, 41.0% Pb, and 1.74% Zn. No other exploration has ever been done on this vein. This vein would be a suitable drill target in addition to the main orebody. As in the main orebody, the quartz vein is low in value in places and it is felt that this quartz does have the potential to host similar silver values.

End of excerpt by Santos (9)

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CONCLUSIONS

Santos (7) in his March 9, 1985 report recommended a two-phase exploratory program at an estimated total cost of \$246,000 (\$46,000 + \$200,000). Hawkins (8) in his April 9, 1985 report recommended a two-phase program to cost \$575,000 (\$26,000 + \$549,000). Santos (9) in his July 22, 1985 report, after observing the completion of recent work on the road and having the results of his further sampling in the Silvex adit, recommended a revised program to cost a total of \$550,000; Phase I, \$390,000 and Phase II \$160,000.

Quite obviously both of these competent "Professionals", each of which has done extensive work on the property and has an intimate understanding of its' merits, concluded that expenditures of the magnitude of \$550,000 to \$575,000 are justified.

The Wagner Vein trend, from the southeast end of vein development on the Lardeau Crown Grant, to the most northwesterly showing on the Wagner Knob, covers a total length of some 3200 feet. Of this length only about 700 feet is exposed at the Lardeau end and about 500 feet at the Wagner end. Virtually all of both exposed sections show good vein development and significant mineralization. Of the intervening 2000 foot interval, about 500 feet is covered by moraine sediments and 1500 feet is covered by ice. There is good reason to expect that much of this interval contains well developed vein structure and significant mineralization.

The potential for high grade and milling grade silver-lead-zinc ores in the Wagner Knob interval is excellent and in the Lardeau interval is good. The author agrees that expenditures of the magnitude recommended by Santos and Hawkins are justified.

It is also obvious that Mikado cannot follow two sets of recommendations at one time, albeit both writers were proposing programs of similar "thrust" but with varying emphasis and details. It is this author's function to make specific recommendations at this time which will supersede those of Santos and Hawkins. This is done in the following section of this report.

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RECOMMENDATIONS

The main "thrusts" of the recommendations of both Santos & Hawkins were: 1) drifting, crosscutting, raising and diamond drilling of the vein within the Wagner Knob, 2) surface diamond drilling of extensions of the vein under the glacier and on the Lardeau Crown Grant, and 3) improvement of road access. The author's recommendations follow the same "thrusts" with variations as to amounts to be spent on the various items of work.

The following two-phase program is recommended. It will be noted that PHase I concentrates on completion of surface work (to take advantage of summer weather) and the underground work in the Wagner adit. In Phase II the underground crews and equipemnt are moved down to the Silvex adit to complete this work. Phase II surface drilling on the Lardeau Crown grant would follow immediately upon completion of the Phase I drill holes, the idea being to have the results fromthese to guide locations of Phase II drill holes.

The author recommends that both Phase I and Phase II work be performed. Both are deemed to be justified and required and Phase II work is not contingent upon the results from Phase I. Rather it is an orderly approach to the work.

Specific recommendations are as follows: (assay cost are included in drilling and sampling)

PHASE 1:

Surface work:

Road Improvements	\$	20,000	
Sampling - Wagner		2,000	
Sampling - Lardeau		3,000	
Geological Mapping		3,000	
Prelim. Geophysical survey		5,000	
Diamond drilling - Lardeau 300' @ \$30		<u>9,000</u>	\$42,000

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Underground Work - Wagner Adit		
Access road to portal	\$3,000	
Re-hab. adit-pump winze	2,500	
Sampling	1,500	
Geologocal Mapping	<u>1,000</u>	\$ 8,000
Drifting 230' @ \$250	57,500	
Crosscutting 100' @ \$250	25,000	
Diamond drilling 1,000' @ \$20	<u>20,000</u>	102,500
Field & Crew Support		30,000
Supervision		15,000
Engineering		<u>15,000</u>
		212,500
Contingencies @ 20%		<u>41,500</u>
	Total cost - Phase I	\$254,000

PHASE II:

Surface Work		
Diamond drilling - Lardeau		\$ 18,000
Underground work - Silvex Adit		
Drifting 200' @ \$250	\$ 50,000	
Crosscutting 100' @ \$250	25,000	
Raising 60' @ \$200	12,000	
Diamond drilling 1,750 @ \$20	35,000	
Geol. mapping	2,000	
Sampling	<u>2,000</u>	126,000
Underground work - Sheep Creek Adit		
Rehabilitation	4,000	
Geol. Mapping	3,000	
Sampling	<u>2,000</u>	9,000

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Field & Crew Support	\$ 30,000
Supervision	15,000
Engineering	<u>15,000</u>
	213,000
Contigencies @ 20%	<u>43,000</u>
Total cost Phase II	\$ 256,000

Total Cost -Phase I & II \$510,000

Respectfully submitted,

McINTYRE ASSOCIATES



J.F. McIntyre, P. Eng.

August 5, 1985

McINTYRE ASSOCIATES
MINING & GEOLOGICAL CONSULTANTS
211-9250 120th Street, Surrey, B.C. V3V 4B7
Telephone (604) 588-5111

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10. Personal communication of author with Mr. Frank Pellizzari,
Vancouver, B.C. - formerly with Sheep Creek Mines Ltd.

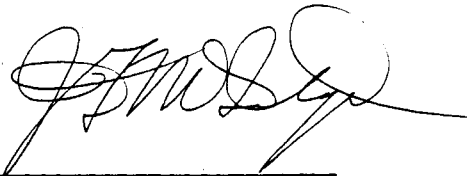
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Telephone (604) 588-5111

CERTIFICATE

I, J.F. McIntyre, hereby certify that:

1. I am a graduate with the degree of B.Sc. in Mining Engineering from the University of Alberta, 1949
2. I am a registered member, in good standing, of the Association of Professional Engineers of the Province of British Columbia.
3. I carry on practice, at this address, as a Consulting Mining Engineer.
4. I have practiced my profession continuously since 1949 and have had broad experience in mining and mining exploration in Canada, the United States and elsewhere.
5. I have not personally examined the properties of Mikado Resources Ltd. I have prepared this report principally from the 1985 reports by T.G. Hawkins, P. Geol. and P.J. Santos, P. Eng., and from information from other reports acknowledged in the Bibliography herein.
6. My sole remuneration for this report is the professional fee charged for it. I have not had nor will have any interest whatever in the property or the subject company.
7. I herewith consent to the use of this report in a Prospectus, Statement of Material Fact, or filing with any regulatory authority.

Signed:



J.F. McIntyre, P. Eng.

August 5, 1985

McINTYRE ASSOCIATES

APPENDIX I

Property Details (Hawkins 8)

PROPERTY OWNERSHIP

CROWN GRANTS

<u>Lot Number</u>	<u>Name</u>	<u>Ownership</u>	
		<u>Mikado</u> Fractional Interest	<u>Others</u> Residual Interest
3466	Jewell Fraction	24/48	Ada Odell Mosely 5/24 William Janes Gray 1/12 Old National Bank 10/48
3467	Francis Jewell	28/48	Mary Ellen Barr) 1/24 Miriam McFall Starlin) Ada Odell Moseley 1/6 Andrew Benton Stockton 1/24 William James Gray 1/12 Old National Bank 10/48
3468	EMA Fraction	24/48	Old National Bank 10/48 Ada O. Moseley 5/24 William J. Gray 1/12
3469	Queen Mary	5/12	Mary Ellen Barr) 1/24 Miriam McFall Starlin) Ada Odell Moseley 1/6 Andrew Benton Stockton) 1/24 George N. Bayne) Executor of will of Andrew Nielson Bayne 1/4 Old National Bank 1/12
3470	Lardeau	7/32	John Arthur) 1/32 Carmen Ross) Ruth L. Porter 4/32 Ada Odell Moseley) 1/4 George N. Bayne) Executor of will of Andrew N. Bayne 3/16 Alexander C. Patton 3/32 Patricia Ann Patton) James C. Patton) 3/32 Margaret Esther Kluver)



<u>Lot Number</u>	<u>Name</u>	<u>Ownership</u>	
		<u>Mikado</u> Fractional Interest	<u>Others</u> Residual Interest
3475	Princess Marie	5/12	Miriam McFall Starlin 1/24 Ada Odell Moseley 1/6 Andrew Benton Stockton 1/24 George N. Bayne, Executor of will of Andrew N. Bayne 1/4 Old National Bank 1/12
3477	Lardo Fraction	17/96	John Arthur) 1/32 Carmen Ross) Patricia Ann Patton) James C. Patton) 5/48 Margaret Esther Kluver) Ada Odell Moseley 5/24 George N. Bayne, Executor of will of 5/48 Andrew N. Bayne 3/8 Alexander C. Patton 5/48
7853	Coffin Nail #2	100%	
7854	Coffin Nail #1	100%	
7856	I.X.L.	19/20	Estate of Emerson M. Smith 1/20

		<u>Agreement Date</u>	
3471	McCartney		(Dan Duggan (Resco
3472	Duncan		(Renewable Energy Corp.)
3474	Ella		(Sold to
3473	Ould Jim	Nov. 30, 1984	(Roulette Resources Ltd.
		Jan. 29, 1985	(Optioned to Turner
		Jan. 30, 1985	(Energy & Resources Ltd.
			(Optioned to
			(Mikado Resources Ltd.
			(and Mikado Resources
			(Drill Fund Limited Partnership



LOCATED CLAIMS

<u>Number</u>	<u>Name</u>	<u>Owner</u>	<u>Expiry/Staking Date</u>
2696	Silver King 5	R. Watson	July 24, 1986/1981
2647	Silver King 6	R. Watson	July 24, 1986/1981
2648	Silver King 7	R. Watson	July 24, 1986/1981
2649	Silver King 8	R. Watson	July 24, 1986/1981
2650	Silver King 9	R. Watson	July 24, 1986/1981
2651	Silver King 10	R. Watson	July 24, 1986/1981
4297	AG 1	R. Watson	April 30, 1986/1983
4298	AG 2	R. Watson	April 30, 1986/1983
4299	AG 3	R. Watson	April 30, 1986/1983
4300	AG 4	R. Watson	April 30, 1986/1983



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APPENDIX II

1981 Assay Certificates &
Ore Shipment Settlement (Hawkins 8)

1201 Royal Bank Building
 675 West Hastings Street
 Vancouver, B.C.
 V6B 1N2

DOMINION ASSAY & CHEMISTRY LTD.

JUN 19, 1981

CERTIFICATE OF ASSAY

Samples submitted: June 15, 1981
 Results completed: June 19, 1981
 PROJECT: WAGNER

I hereby certify that the following are the results of assays made by us upon the herein described rock samples

MARKED	GOLD		SILVER		Cu	Pb	Zn				
	Ounces per Ton	Grams per Metric Ton	Ounces per Ton	Grams per Metric Ton	Percent	Percent	Percent	Percent	Percent	Percent	Percent
51354	<0.002		0.18		<0.01	0.14	0.17				
51355	0.008		39.95		0.10	36.43	1.33				

NOTE
 Rejects retained three weeks
 Pulps retained three months
 unless otherwise arranged

[Signature]
 Registered Assayer, Province of British Columbia

BONDAR-CLEGG & COMPANY LTD.

1201 - 675 West Hastings Street
Vancouver, B. C. V6B 1N2

CERTIFICATE OF ASSAY

Samples submitted: August 7, 1961
Results completed: August 14, 1961
PROJECT: SIL WAG

I hereby certify that the following are the results of assays made by us upon the herein described rock samples

MARKED	GOLD		SILVER		Cu	Pb	Zn				
	Ounces per Ton	Grams per Metric Ton	Ounces per Ton	Grams per Metric Ton	Percent	Percent	Percent	Percent	Percent	Percent	Percent
51445	0.050		69.10		0.22	55.17	3.93				

NOTE:
Rejects retained three weeks
Pulps retained three months
unless otherwise arranged.

Sawyer Consultants Inc.

Suite 1201, 675 W. Hastings Street

Vancouver, B.C.

VGB 1N2

**Can Test Ltd.**

1650 PANDORA STREET, VANCOUVER, B.C. V5L 1L6

Certificate of Assay

File No. 2718E-6

Date August 18, 1981

Attention: Mr. T. Greg Hawkins

We hereby Certify that the following are the results of assays made by us upon submitted ore samples.

Sample Identification	GOLD	SILVER	COPPER	LEAD	ZINC			
	Ounces Per Ton	Ounces Per Ton	Percent Cu	Percent Pb	Percent Zn	Percent	Percent	Percent
1) 105.5 - 120.5	L 0.002	0.06	0.01	0.01	0.03			
2) 120.5 - 123.5	L 0.002	0.42	0.01	0.35	0.61			
3) 137 - 143	L 0.002	3.46	0.09	0.76	1.28			
4) 143 - 148	0.003	6.52	0.11	3.79	4.80			
5) 148 - 155	L 0.002	0.18	0.01	0.09	0.27			
6) 155 - 162	0.002	1.00	0.03	0.63	0.97			
7) ---	0.011	15.26	0.14	10.3	1.47			
8) ---	L 0.002	0.20	0.01	0.10	0.04			
9) ---	L 0.002	0.12	0.01	0.03	0.74			

L = Less than

Note: Pulps retained three months.

Rejects retained two weeks

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Form No. 13C

CAN TEST LTD.

Provincial Assayer

Telephone 254 7278

Telex 04 54210



can test ltd.

1650 PANDORA STREET, VANCOUVER, B.C. V5L 1L6

To:

Sawyer Consultants

#1201 - 675 W. Hastings Street

Vancouver, B.C.

V6B 1N2

Certificate of Assay

File No. 2745E-6

Date August 27, 1981

Attention: Mr. T. G. Hawkins

We hereby Certify that the following are the results of assays made by us upon submitted ore samples.

Sample Identification	TIN		Sample Identification	Percent
	Percent	Sn		
Old file 2718 - 3	0.05			
- 4	0.13			
- 6	0.09			
- 7	0.27			

L = less than.

Note: Pulps retained three months.

Rejects retained two weeks.

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Saxter Consultants Inc.



can test ltd.

1650 PANDORA STREET, VANCOUVER, B.C. V5L 1L6

one 78
Telex 04 54210

Suite 1200, 675 W. Hastings St.

Vancouver, B.C.

V6B 1N2

Certificate of Assay

File No. 3081E-6

Date Aug. 31, 1981

Attention: Mr. Greg Hawkins

We hereby Certify that the following are the results of assays made by us upon submitted ore samples.

Sample Identification	GOLD	SILVER	COPPER	LEAD	ZINC	TIN	Percent	Percent
	Ounces Per Ton	Ounces Per Ton	Percent Cu	Percent Pb	Percent Zn	Percent Sn		
1) 128'-132', 81-3	0.003	7.18	0.22	6.34	6.76	0.20		
2) 124'-128', 81-3	L 0.002	0.28	0.02	0.17	0.85	L 0.01		
3) 148'-153', 81-3	0.004	3.56	0.09	2.08	1.12	0.06		
4) 168½'-174', 81-2	0.004	1.38	0.05	1.04	1.05	0.02		
5) 174'-179', 81-2	0.003	2.72	0.10	2.04	3.95	0.09		
L = Less than								

Note Pulps retained three months.

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Rejects retained two weeks.

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Form No. 13C

Howard
Provincial Assayer

To

Sawyer Consultants Inc.

Suite 1201, 675 W. Hastings Street

Vancouver, B.C.

V6B 1N2



can test ltd.

1650 PANDORA STREET, VANCOUVER, B.C. V5L 1L6

phone 7271
Telex 04 54210

Certificate of Assay

File No. 3072E-6

Date September 25, 1981

Attention: Mr. T. Greg Hawkins

Re: CAN TEST LTD. FILE NUMBER 2

We hereby Certify that the following are the results of assays made by us upon submitted ore samples.

Sample Identification	TIN		TUNGSTEN		GERMANIUM	TANTALUM & NIOBIUM	Percent	Percent	Percent	Percent
	Percent Sn	Percent W	Percent Ge	Percent Ta & Nb						
105.5 - 120.5	L 0.01	0.02	-	-	-	-				
120.5 - 123.5	L 0.01	L 0.01	-	-	-	-				
137 - 143	-	0.03	-	-	-	-				
143 - 148	-	0.02	L 0.01	L 0.01	L 0.01	L 0.01				
148 - 155	L 0.01	0.02	-	-	-	-				
155 - 162	-	0.04	-	-	-	-				
L = Less than										

Note Pulps retained three months.

CAN TEST LTD.

Rejects retained two weeks

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Form No. 13 B

Provincial Assayer



can test ltd.

To

1650 PANDORA STREET, VANCOUVER, B.C. V5L 1L6 • TELEPHONE 254 7278

Mr. Dave Pearce

SEMI QUANTITATIVE SPECTROGRAPHIC ANALYSIS CERTIFICATE

Tele 04 54210

RR #1

File No 2475E-6-0

Nelson, B.C.

Date Aug. 14/8

VIL SP4

We hereby Certify that the following are the results of semi quantitative spectrographic analysis made on ORE samples submitted.

		1	2	3	4	5	Sample Identification
Aluminum	Al	1.					Sample 1: Wagner Pb
Antimony	Sb	ND					Sample 2:
Arsenic	As	ND					Sample 3:
Barium	Ba	ND					Sample 4:
Beryllium	Be	ND					Sample 5:
Bismuth	Bi	ND					<p>Percentages of the various elements expressed in these analyses may be considered accurate to within plus or minus 35 to 50% of the amount present.</p> <p>Semi-quantitative spectrographic analytical results for gold and silver are normally not of a sufficient degree of precision to enable calculation of the true value of ores. Therefore, should exact values be required, it is recommended that these elements be assayed by the conventional Fire Assay Method. Quantitative and Fire Assays may be carried out on the retained pulp samples.</p> <p>Silicon, aluminum, magnesium, calcium and iron are normal components of complex silicates.</p> <p>MATRIX - Major constituent MAJOR - Above normal spectrographic range TRACE - Detected but minor amounts N.D. - Not detected * - Suggest assay (above 0.3%)</p> <p>All results expressed as <u>Percent</u></p> <p>Note: Pulps retained one week</p> <p>ALL REPORTS ARE THE CONFIDENTIAL PROPERTY OF CLIENTS. PUBLICATION OF STATEMENTS, CONCLUSIONS OR EXTRACTS FROM OR REGARDING OUR REPORTS IS NOT PERMITTED WITHOUT OUR WRITTEN APPROVAL. ANY LIABILITY ATTACHED HERETO IS LIMITED TO THE FEE CHARGED.</p>
Boron	B	0.01					
Cadmium	Cd	ND					
Calcium	Ca	ND					
Chromium	Cr	0.2					
Cobalt	Co	ND					
Copper	Cu	*					
Gallium	Ga	ND					
Gold	Au	ND					
Iron	Fe	2.					
Lead	Pb	MATRIX					
Magnesium	Mg	TRACE					
Manganese	Mn	0.1					
Molybdenum	Mo	ND					
Niobium	Nb	ND					
Nickel	Ni	ND					
Potassium	K	ND					
Silicon	Si	20.					
Silver	Ag	*					
Sodium	Na	4.					
Strontium	Sr	ND					
Tantalum	Ta	ND					
Thorium	Th	ND					
Tin	Sn	*					
Titanium	Ti	TRACE					
Tungsten	W	ND					
Uranium	U	ND					
Vanadium	V	ND					
Zinc	Zn	*					

CAN TEST LTD.

Handwritten signature



CUSTOM LEAD CRE COMINCO LTD. MAY 22, 1984
TRAIL, B.C.
PRELIMINARY SETTLEMENT: INLAND AU-AG RESOURCES INC

LOT NUMBER: SERIAL NUMBER: INL6
CAR NUMBERS DATE RECEIVED
TEST.

NET WET WEIGHT		MOISTURE		NET DRY WEIGHT			SHORT DRY TONS	
0 LBS		10.0000 %		20000 LBS			10.0000	
ASSAYS:	GOLD	SILVER	COPPER	LEAD	ZINC	SULPHUR	SILICA	
	0.0160	41.7500	0.2400	35.6300	5.8000	0.0000	10.0000	
	OZ/ DRY TON		%	%	%	%	%	%
ALUMINA	IRON	LIME	ANTIMONY	ARSENIC	BISMUTH	MAGNESIA	CADMIUM	
0.0000	5.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	
%	%	%	%	%	%	%	%	%

METAL PRICES: MAY 16, 1984
EXCHANGE: \$US TO \$CDN = 1.29230 STERLING TO \$US = 1.40180
LABOUR RATE = 17.620

COMINCO CDN PRICE 33.000 # 0.000 = 0.00000
US PRICE 27.000 # 1.29230 # 0.600 = 20.93526
LME PRICE 331.918 # 1.40180 / 2204.6 # 1.29230 # 0.400 = 10.90964
CALCULATED LEAD PRICE = 31.84490

PB PRICE 31.84490 - 10.00 - 0.25 (31.84490 - 25.00) = 20.13367 C/LB
ZN PRICE 090.000 / 2204.6 # 1.29230 - 15.00 = 43.89390 C/LB
AG PRICE 8.84417 # 1.29230 # .970 - 0.00000 = 11.03644 C/OZ

PAYMENTS PER TON		DEDUCTIONS		PAID FOR		
CONTENT						
Pb	713.60 LBS	57.09 LBS	656.51 LBS	= \$	132.18	LEAD
ZN	116.00 LBS	46.40 LBS	69.60 LBS	= \$	34.03	ZINC
AG	41.7500 OZ	2.9671 OZ	38.7829 OZ	= \$	429.96	SILVER
			TOTAL PAYMENT	= \$	596.17	

DEDUCTIONS		
BASIC TREATMENT CHARGE		= \$ -155.00
C.P. INDEX		= \$ -3.20
LABOUR: LABOUR RATE = 17.620		= \$ -1.20
MOISTURE		= \$ -0.80
NET DEDUCTIONS		= \$ -160.20
VALUE/S.D.T. -- F.O.D. TADANAC		= \$ 435.97
VALUE/S.D.T. # 10.0000 S.C.T.		= \$ 4359.70
ADVANCE PAYMENT		= \$ 3270.00

McINTYRE ASSOCIATES

APPENDIX III

1984-85 Assay Certificates (Santos 7&9)



KAMLOOPS RESEARCH & ASSAY LABORATORY LTD.

912 - 1 LAVAL CRESCENT - KAMLOOPS, B.C.

V2C 5r5

PHONE: (604) 372-2784 - TELEX: 048-8320

CERTIFICATE OF ASSAY

B.C. LICENSED ASSAYERS
GEOCHEMICAL ANALYSTS
METALLURGISTS

TO Mr. P. J. Santos

626 9th Ave.,

Castlegar, B.C. V1N 1M4

Certificate No. K 6314

Date May 10, 1984.

I hereby certify that the following are the results of assays made by us upon the herein described _____ samples

Kral No.	Marked	Au	Ag	Pb	Zn	Cu			
		ozs/ton	ozs/ton	percent	percent	percent			
1	10028	L.001	.26	.49	.22	.02			
2	10029	.032	30.9	24.9	6.39	.24			
3	10030	.026	40.1	34.5	11.3	.43			
4	10031	.024	47.0	34.9	8.22	.33			
5	10032	.010	11.8	9.53	1.34	.17			
6	10033	.006	12.4	11.2	9.48	.16			
7	10034	.004	16.0	12.2	17.9	.34			
8	10035	.008	13.7	11.3	5.75	.22			
L means "less than"									

NOTE:
Rejects retained three weeks

112/11/1



CERTIFICATE OF ASSAY

TO Mr. P.J. Santos626 9th Ave.,Castlegar, B.C. V1N 1M4Certificate No. K 7042Date July 19, 1985.

I hereby certify that the following are the results of assays made by us upon the herein described _____ samples

Kral No.	Marked	Au	Ag	Pb	Zn					
		ozs/ton	ozs/ton	percent	percent					
1	10176	.007	23.0	17.9	9.41					
2	10177	.017	12.8	10.2	4.45					
3	10178	L.001	4.52	3.22	4.29					
4	10179	.016	18.8	12.3	6.00					
5	10180	.004	12.4	10.0	8.64					
6	10181	.010	26.1	16.2	8.32					
7	10182	.006	3.94	2.37	2.72					
8	10183	.004	4.37	2.19	1.63					
9	10184	.011	7.9	6.90	3.72					
10	10185	.002	3.21	2.20	1.30					
11	10186	.011	22.2	17.8	3.82					
12	10187	.007	11.1	9.5	3.45					
13	10188	.005	14.4	11.5	2.39					
14	10189	.009	11.8	9.4	2.04					
15	10190	L.001	.14	.20	.15					
16	10191	L.001	.17	.13	.27					
17	10192	L.001	.03	.08	.12					
18	10193	.011	10.5	8.55	6.85					
19	10194	L.001	.06	.12	.69					
20	10195	L.001	2.62	2.05	.09					

NOTE:
Rejects retained three weeks
Dupes retained three months
unless otherwise arranged.

[Signature]
Registered Assayer, Province of British Columbia



Member
Canadian Testing
Association

KAMLOOPS RESEARCH & ASSAY LABORATORY LTD.

912 - 1 LAVAL CRESCENT — KAMLOOPS, B.C.

V2C 5P5

PHONE: (604) 372-2784 — TELEX: 048-8320

CERTIFICATE OF ASSAY

PROVINCIAL ASSAYERS
GEOCHEMICAL ANALYSTS
METALLURGISTS

TO Mr. P. J. Santos

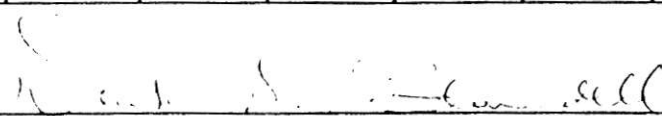
Certificate No. K 7042

Date July 19, 1985

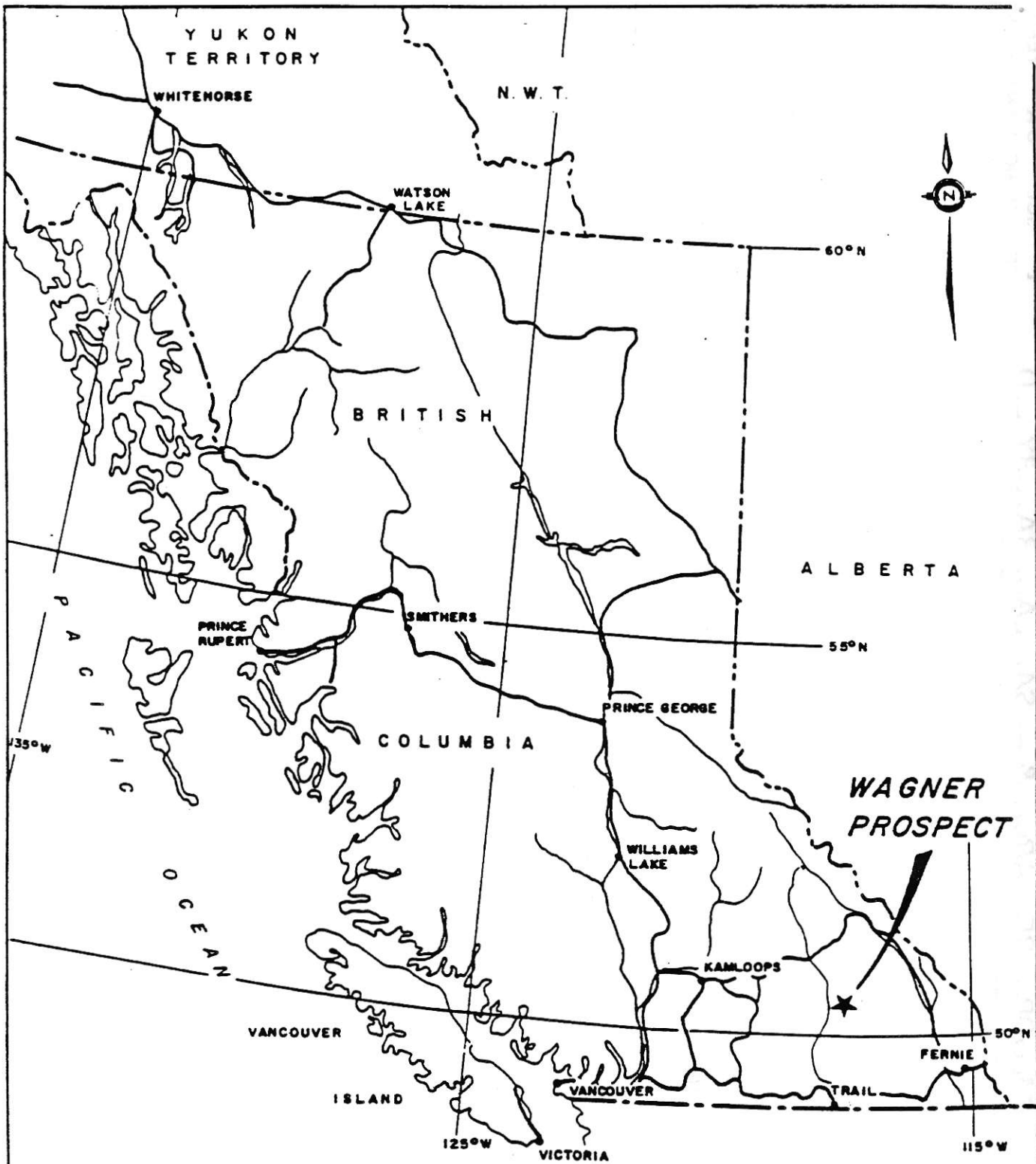
I hereby certify that the following are the results of assays made by us upon the herein described _____ samples

Kral No	Marked	Au	Ag	Pb	Zn				
		ozs/ton	ozs/ton	percent	percent				
1	10196	.005	3.35	2.27	.05				
2	10197	.024	54.8	41.0	1.74				
3	10198	.005	30.8	24.9	3.48				

NOTE:
Rejects retained three weeks
Pulps retained three months
unless otherwise arranged



Registered Assayer, Province of British Columbia



McIntyre Associates
 MINING & GEOLOGICAL CONSULTANTS SURREY, B.C.

**MIKADO RESOURCES LTD AND
 MIKADO RESOURCES DRILL FUND LIMITED
 PARTNERSHIP**

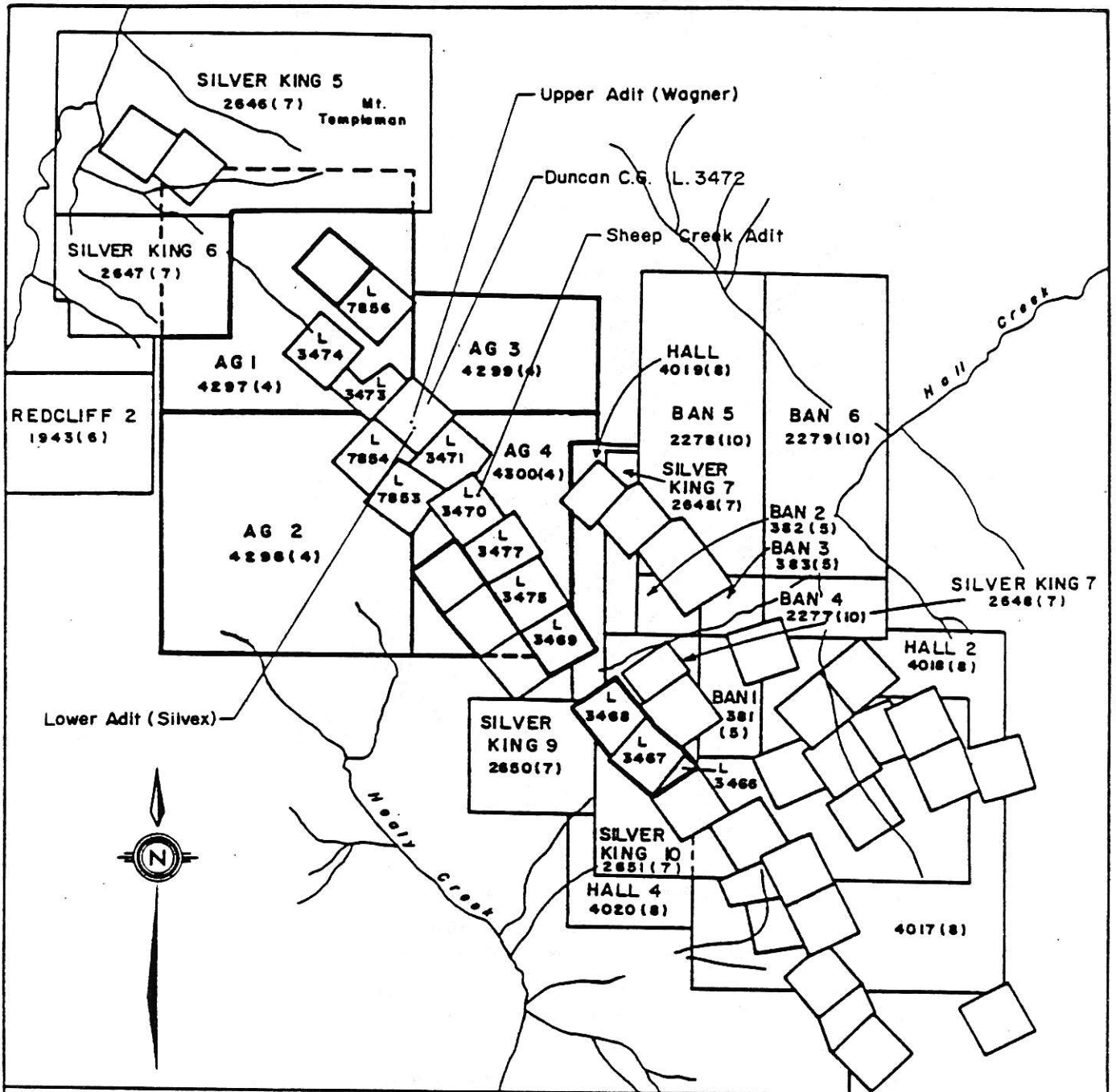
KEY MAP

**GENERAL LOCATION MAP
 WAGNER PROSPECT**


Project No: V 187	By: G. H.
Scale: 1 : 8 000 000	Drawn: J. S.
Drawing No: 1	Date: JANUARY, 1985.

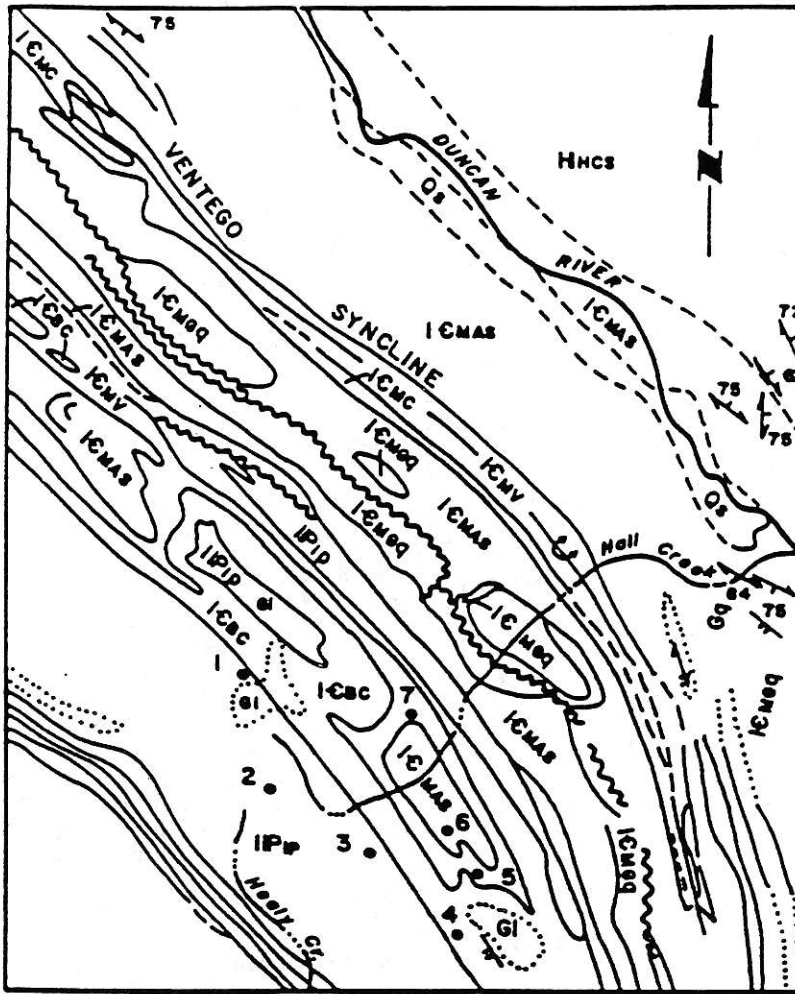
FIGURE 1 AUGUST 5, 1985

 **MPH Consulting Limited**



Reference : NTS 82 K/IE

McIntyre Associates <small>MINING & GEOLOGICAL CONSULTANTS</small>		MIKADO RESOURCES LTD. AND MIKADO RESOURCES DRILL FUND LIMITED PARTNERSHIP	
PROPERTY MAP		WAGNER PROSPECT SLOCAN MINING DIVISION, B.C. CLAIM MAP	
Project No. V 187		By G. H.	
Scale: 1:50000		Drawn: J. S.	
Drawing No. 2		Date: JANUARY, 1985.	
FIGURE 2		AUGUST 5, 1985	
		 MPH Consulting Limited	



- 1 WAGNER
- 2 LAURA J.
- 3 JEWELL
- 4 ABBOTT
- 5 SUPERIOR
- 6 BANNOCKBURN
- 7 RED ELEPHANT

LEGEND

QUATERNARY PLEISTOCENE & RECENT

Qs Glacial deposits, recent alluvium, few if any outcrops

CAMBRIAN TO DEVONIAN OR OLDER (LARDEAU GROUP)

IPip Grey and light green phyllite; minor phyllitic limestone and quartz grit.

HADRYNIAN (WINDERMERE) &/OR CAMBRIAN (HAMILL GROUP)

ICNV Green phyllite, minor grey phyllite and limestone

ICNC White to light grey limestone

ICMS MARSH ADAMS FM. White grey and brown quartzite, phyllitic quartzite, minor grey and black phyllite.

ICMeq MT. GAINER FM. (ICMeq, ICMev): White quartzite.

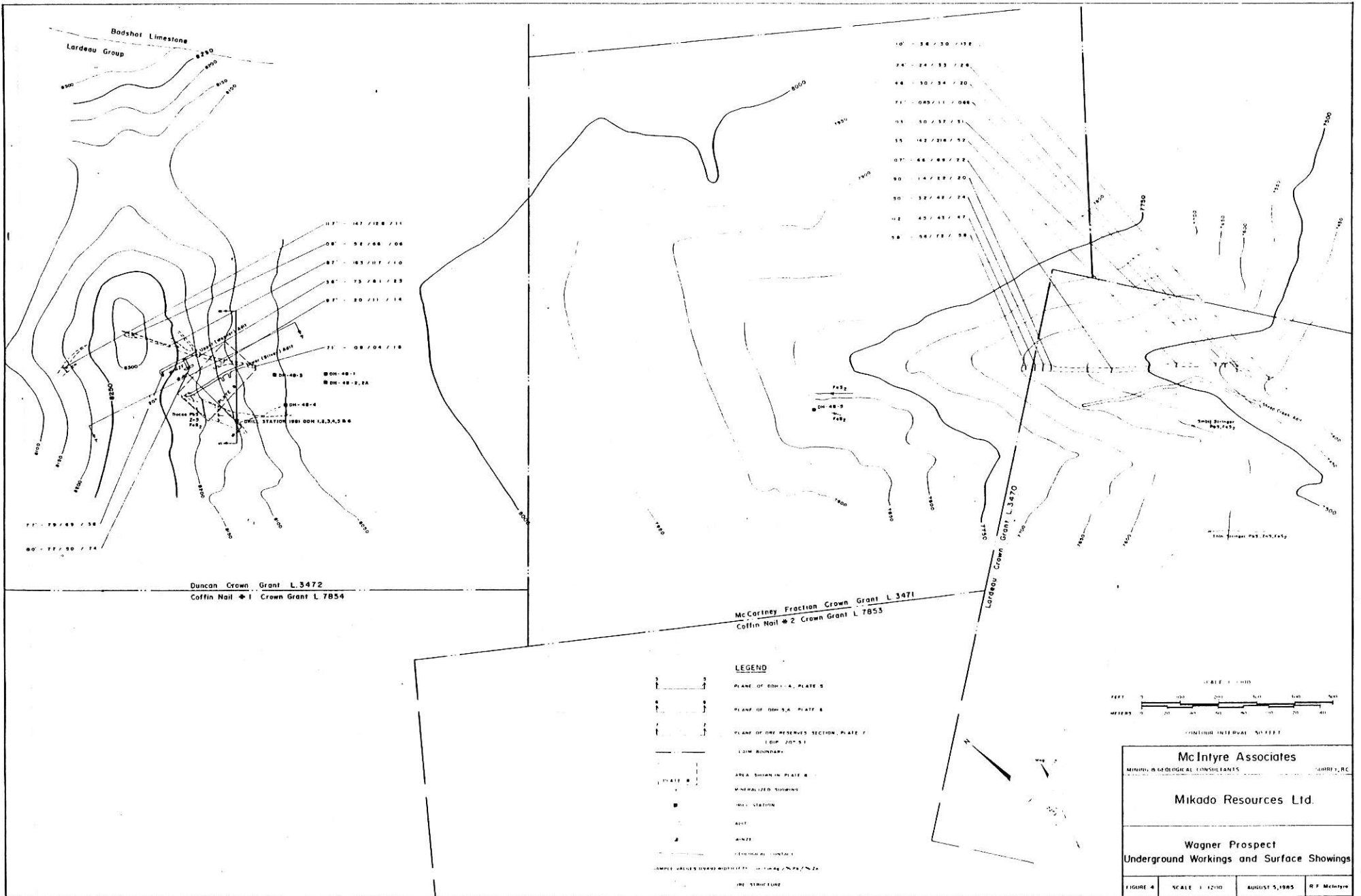
ICBC BADSHOT FM. Grey and white limestone

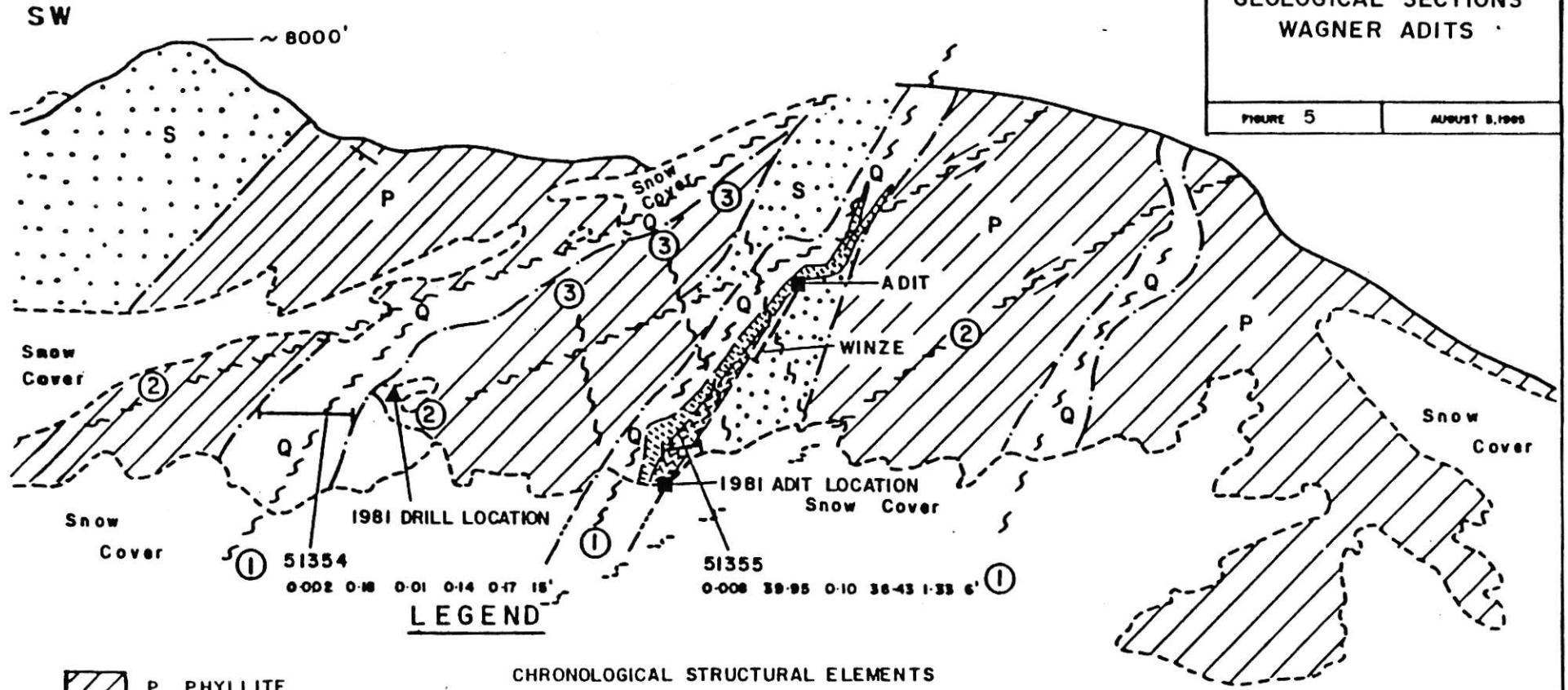
HADRYNIAN (WINDERMERE) HORSETHIEF CREEK GROUP

HHCS Undivided

GI Glacier

<p>McIntyre Associates MINING & GEOLOGICAL CONSULTANTS SURREY, B.C.</p>	<p>MIKADO RESOURCES LTD. AND MIKADO RESOURCES DRILL FUND LIMITED PARTNERSHIP</p>
<p>REGIONAL GEOLOGY MAP</p>	<p>WAGNER PROSPECT SLOCAN MINING DIVISION, B.C. REGIONAL GEOLOGY MAP</p>
<p>Project No. V 187 Gr. G.H.</p>	<p>Scale 1:250 000 Drawn J.S.</p>
<p>Figure No. 3</p>	<p>Date: JANUARY 1985</p>
<p>FIGURE 3</p>	<p>AUGUST 5, 1985</p>
<p> MPH Consulting Limited</p>	





51354	0.002	0.18	0.01	0.14	0.17	15'
51355	0.008	39.95	0.10	36.43	1.33	6'

LEGEND

- P PHYLLITE
- S SLATE
- Q QUARTZ VEIN
- L LODE
lowgrade
highgrade

CHRONOLOGICAL STRUCTURAL ELEMENTS

- 1 Premineral faults along which mineral is emplaced.
St. N 25°W Dip 70° SW
- 2 Premineral faults offsetting mineralized faults prior to mineralization.
St. N 25°W Dip 40° SW
- 3 Post mineral faults minimal displacement.
St. N 35°W Dip 75° NE

SAMPLING

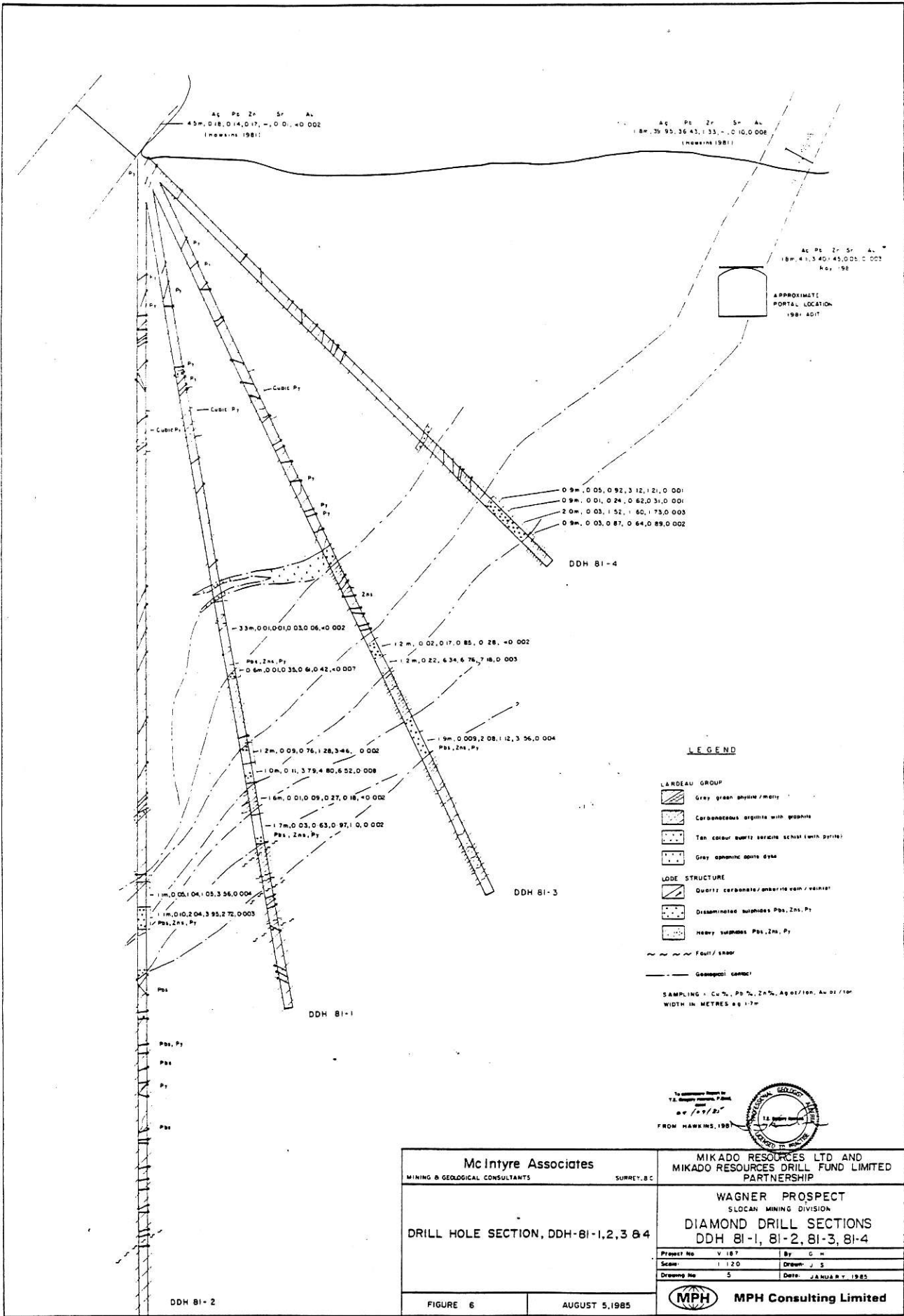
No	Au	Ag	Cu	Pb	Zn	Width
	oz/ton	oz/ton	%	%	%	
51354	0.002	0.18	0.01	0.14	0.17	15'

MIKADO RESOURCES LTD. AND
 MIKADO RESOURCES DRILL FUND LIMITED
 PARTNERSHIP

WAGNER PROSPECT
 SLOCAN MINING DIVISION, B. C.
SW-NE GEOLOGICAL SECTION
 DUNCAN CLAIM

Project No. V 187	By: G. H.
Scale: ~ 1:1200	Drawn: J. S.
Drawing No. 4	Date: JANUARY, 1985.

MPH Consulting Limited



McIntyre Associates MINING & GEOLOGICAL CONSULTANTS SURREY, B.C.		MIKADO RESOURCES LTD AND MIKADO RESOURCES DRILL FUND LIMITED PARTNERSHIP	
DRILL HOLE SECTION, DDH-81-1, 2, 3 & 4		WAGNER PROSPECT SLOCAN MINING DIVISION DIAMOND DRILL SECTIONS DDH 81-1, 81-2, 81-3, 81-4	
Project No.	V 187	By:	C.H.
Scale:	1:120	Drawn:	J.S.
Drawing No.	5	Date:	J.A. NUGA B.V. 1985
FIGURE 6		AUGUST 5, 1985	








DDH 81-6

DDH 81-5

0.6m, 0.03, 3.40, 2.43, 3.92, 0.006
 0.6m, 0.05, 0.36, 1.68, 0.73, 0.011
 0.9m, 0.03, 3.26, 1.18, 3.82, 0.007

0.8m, 0.25, 3.04, 14.10, 16.40, 0.015
 0.9m, 0.02, 0.39, 0.36, 0.53, 0.002
 0.9m, 0.14, 2.70, 5.94, 4.35, 0.004
 1.2m, 0.05, 1.66, 0.63, 2.95, 0.003

LEGEND

- LARDEAU GROUP**
-  Gray green phyllite/marls
 -  Carbonaceous argillite with graphite
 -  Tan colour quartz sericite schist (with pyrite)
 -  Gray aphanitic apite dyke
- LODE STRUCTURE**
-  Quartz carbonate/ankerite vein/veinlet
 -  Disseminated sulphides Pbs, Zns, Py
 -  Heavy sulphides Pbs, Zns, Py
- ~~~~~ Fault/shear
 --- Geological contact

SAMPLING : Cu %, Pb %, Zn %, Ag oz/ton, Au oz/ton
 WIDTH IN METRES e.g. 1.2m

To accompany Report by
 T.E. Gregory, Resource, P. Geol.
 dated
 04/01/85
 FROM HAWKINS, 1981



McIntyre Associates
 MINING & GEOLOGICAL CONSULTANTS SURREY, B.C.

DRILL HOLE SECTION, DDH 81-5,6

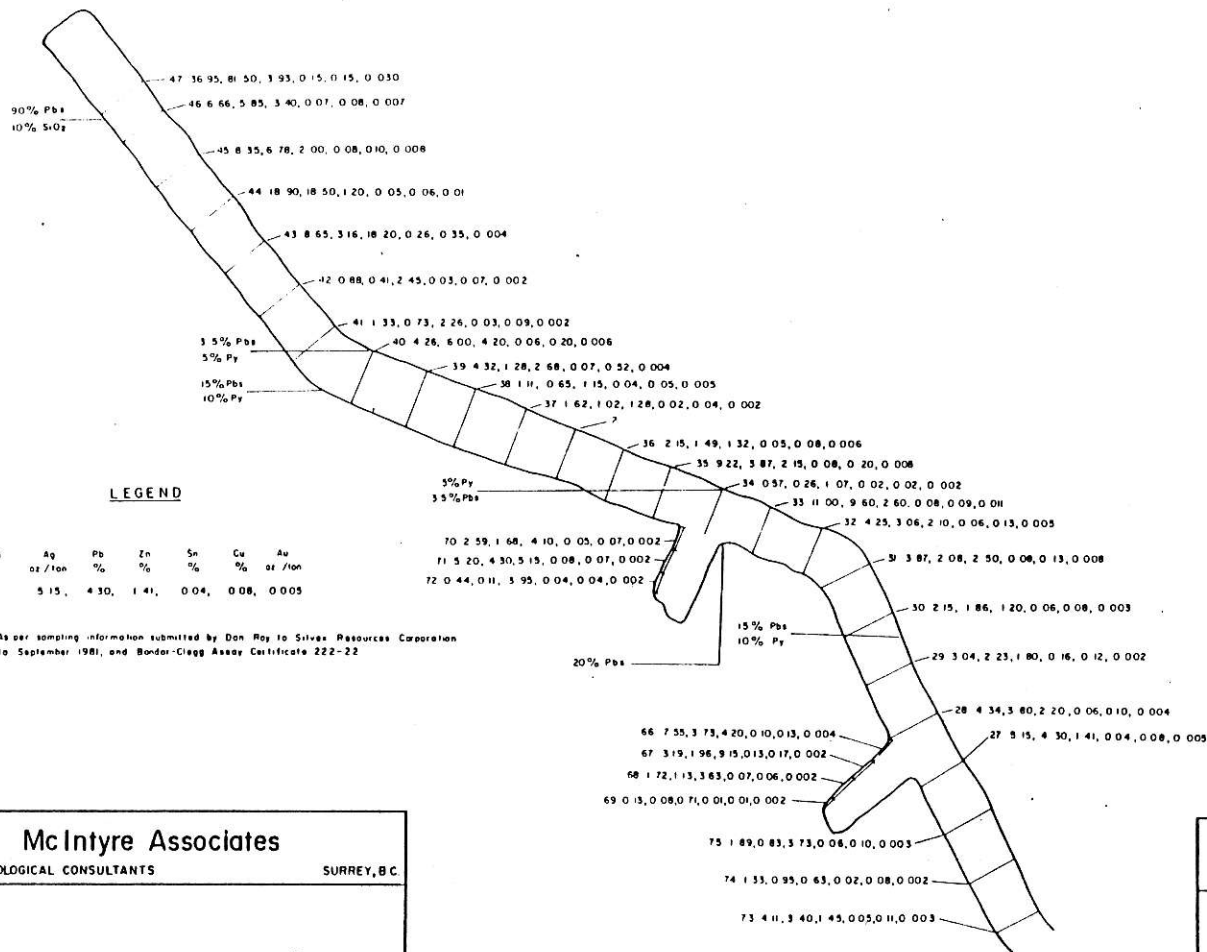
FIGURE 7 AUGUST 5, 1985

**MIKADO RESOURCES LTD AND
 MIKADO RESOURCES DRILL FUND LIMITED
 PARTNERSHIP**

**WAGNER PROSPECT
 SLOCAN MINING DIVISION
 DIAMOND DRILL SECTIONS
 DDH 81-5, DDH 81-6**

Project No	V 187	By	G.H.
Scale	1:120	Drawn	J.S.
Drawing No	6	Date	JANUARY, 1985

 **MPH Consulting Limited**



LEGEND

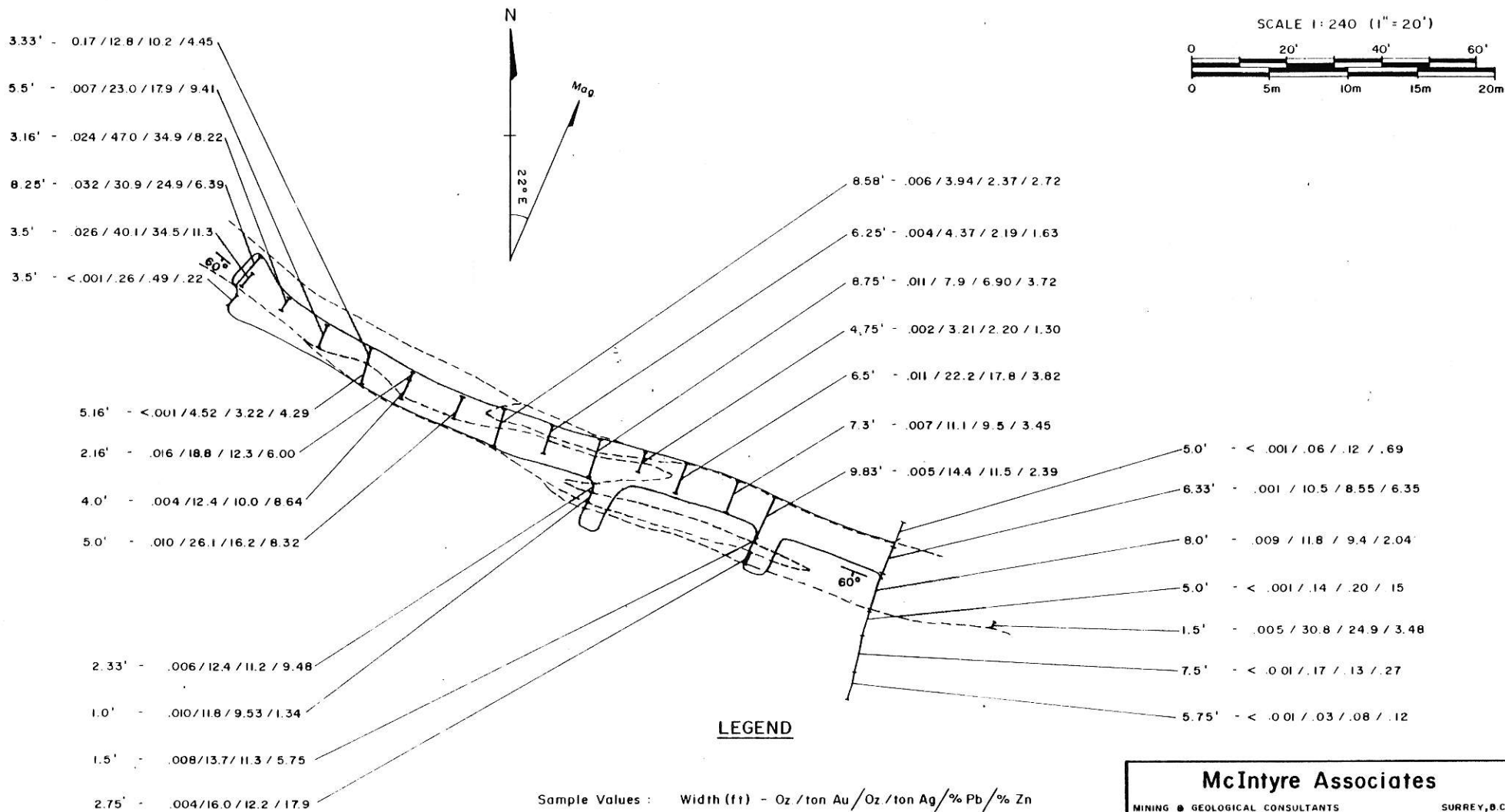
Sample No	Ag oz./ton	Pb %	Zn %	Sn %	Cu oz./ton	Au oz./ton
1537127	5.15	4.30	1.41	0.04	0.08	0.005

Notes: As per sampling information submitted by Don Roy to Silver Resources Corporation to September 1981, and Bondar-Clegg Assay Certificate 222-22

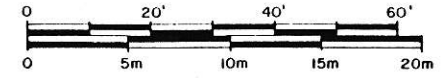
McIntyre Associates	
MINING & GEOLOGICAL CONSULTANTS	SURREY, B.C.
1981 ASSAY MAP - SILVEX ADIT	
FIGURE 8	AUGUST 5, 1985

CEN-TEC • 5403

To accompany Report by E.E. Gregory Hawkins, P. Geol., dated 01/09/85	
MIKADO RESOURCES LTD. AND MIKADO RESOURCES DRILL FUND LIMITED PARTNERSHIP	
WAGNER PROSPECT SLOCAN MINING DIVISION SAMPLING PLAN WAGNER ADIT	
Project No. V 187	By: G H
Scale: 1:125	Drawn: J S
Drawing No: 8	Date: JANUARY, 1985
MPH Consulting Limited	



SCALE 1:240 (1" = 20')



PREPARED AFTER : P.J. SANTOS, MARCH 1985.

McIntyre Associates

MINING & GEOLOGICAL CONSULTANTS

SURREY, B.C.

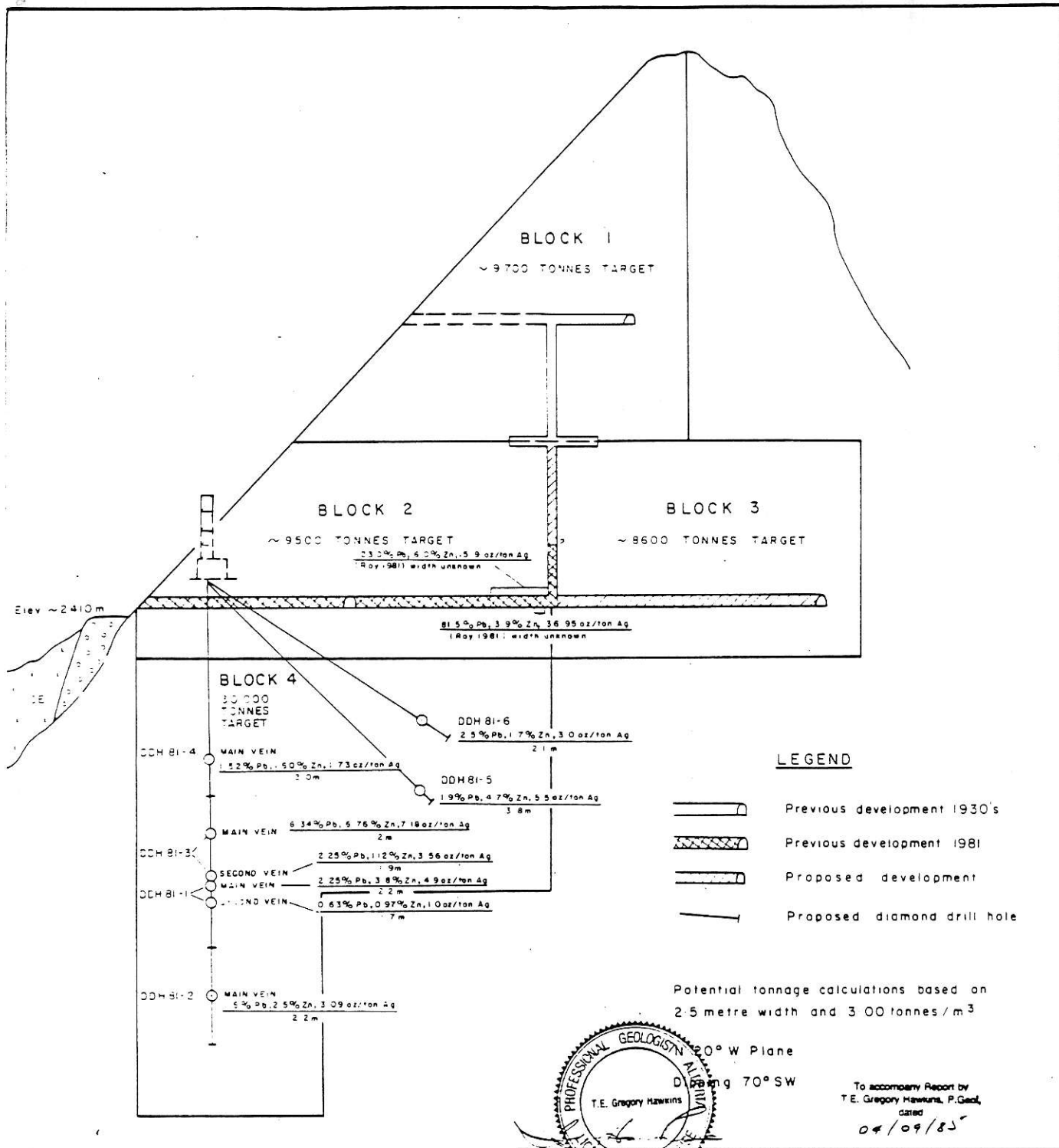
Mikado Resources Ltd.

1981 Assay Map - Silvex Adit

FIGURE 9

AUGUST 5, 1985

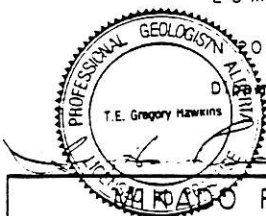
R.F. McIntyre



McIntyre Associates
 MINING & GEOLOGICAL CONSULTANTS SURREY, B.C.

**ORE RESERVES SECTION
 HAWKINS 1985**

FIGURE 10 AUGUST 5, 1985



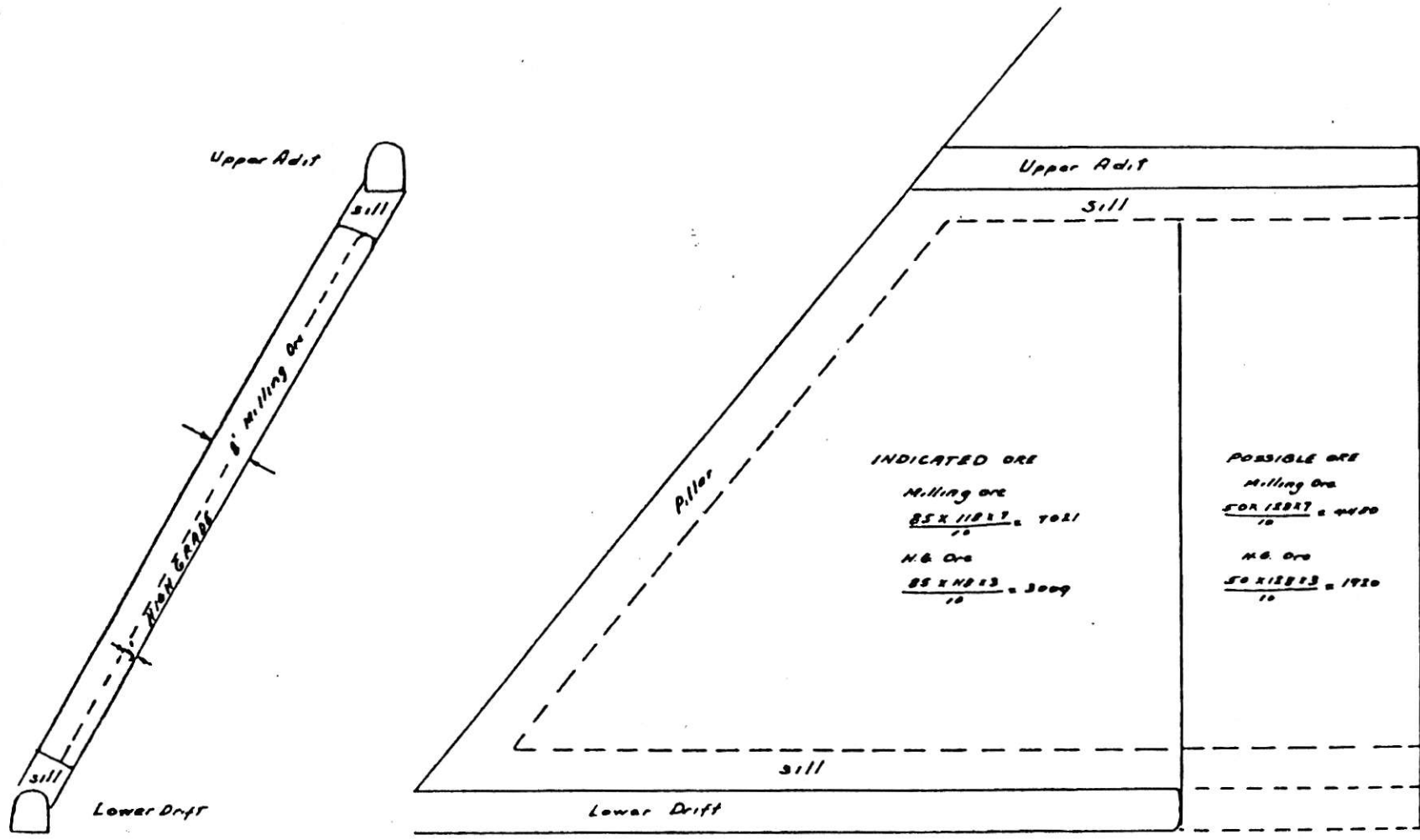
MIKADO RESOURCES LTD. AND
 MIKADO RESOURCES DRILL FUND LIMITED
 PARTNERSHIP

WAGNER PROSPECT
 SLOCAN MINING DIVISION

**NW-SE IDEALIZED SECTION
 OF 1981 WORK AND PROPOSED 1985 WORK**

Project No: 187	By: G.H.
Scale: 1:500	Drawn: J.S.
Drawing No: 7	Date: JANUARY, 1985

MPH MPH Consulting Limited



McIntyre Associates
 MINING & GEOLOGICAL CONSULTANTS SURREY, B.C.

ORE RESERVES SECTION
SANTOS 1984

FIGURE 11 AUGUST 5, 1985

TURNER ENERGY RESOURCES LTD.

WAGNER MINE
ORE BLOCKS

ANGINEL RESOURCES LTD.

DRAWN BY P.J. Santos, P.Eng.	DATE May 1984	SCALE 1" = 10m	PLATE no. 7
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CEN-TEC # 5403

