

THIS PROSPECTUS CONSTITUTES A PUBLIC OFFERING OF THESE SECURITIES ONLY IN THOSE JURISDICTIONS WHERE THEY MAY BE LAWFULLY OFFERED FOR SALE AND THEREIN ONLY BY PERSONS PERMITTED TO SELL SUCH SECURITIES.

NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HEREUNDER AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

PROSPECTUS:

DATED: August 7, 1985

MIKADO RESOURCES LTD.

822923

8930 Oak Street, Vancouver, British Columbia V6P 4B7
("Mikado")

300 Units each Unit consisting of 1,000 Common Shares of Mikado Resources Ltd.

PRICE: \$2,500 per Unit

	Units	Price to Public	Agent's Commission	Net Proceeds to Mikado*
Per Unit	1	\$ 2,500	\$ 187.50	\$ 2,312.50
Total	300	\$750,000	\$56,250.00	\$693,750.00

*Before deduction of the costs of the issue estimated to be \$20,000.

THERE IS NO CURRENT MARKET FOR THE COMMON SHARES OF MIKADO.

A PURCHASE OF THE SECURITIES OFFERED BY THIS PROSPECTUS MUST BE CONSIDERED AS SPECULATION. THE PROPERTIES IN WHICH MIKADO HAS AN INTEREST ARE IN THE EXPLORATION STAGE ONLY AND ARE WITHOUT A KNOWN BODY OF COMMERCIAL ORE.

ONE OR MORE OF THE DIRECTORS OF MIKADO MAY HAVE AN INTEREST, DIRECT OR INDIRECT IN OTHER NATURAL RESOURCE COMPANIES. REFERENCE SHOULD BE MADE TO "DIRECTORS AND OFFICERS" ON PAGE 17.

UPON COMPLETION OF THIS OFFERING THIS ISSUE WILL REPRESENT 9.84% OF THE COMMON SHARES OF MIKADO THEN OUTSTANDING AS COMPARED TO 59.51% THAT WILL THEN BE OWNED BY THE CONTROLLING PERSONS, PROMOTERS, DIRECTORS AND SENIOR OFFICERS OF MIKADO AND ASSOCIATES OF THE AGENT. SEE PRINCIPAL HOLDERS OF SECURITIES.

NO PERSON IS AUTHORIZED BY MIKADO TO PROVIDE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS IN CONNECTION WITH THE ISSUE AND SALE OF THE UNITS OFFERED BY MIKADO.

THE VANCOUVER STOCK EXCHANGE HAS CONDITIONALLY LISTED THE COMMON SHARES BEING OFFERED PURSUANT TO THIS PROSPECTUS. LISTING IS SUBJECT TO MIKADO FULFILLING ALL THE LISTING REQUIREMENTS OF THE VANCOUVER STOCK EXCHANGE ON OR BEFORE FEBRUARY 17, 1986, INCLUDING PRESCRIBED DISTRIBUTION AND FINANCIAL REQUIREMENTS. LISTING WILL NOT TAKE PLACE UNTIL AT LEAST 250,000 SHARES OFFERED HEREUNDER HAVE BEEN ISSUED.

THIS PROSPECTUS ALSO QUALIFIES FOR SALE TO THE PUBLIC, AT THE MARKET PRICE FOR THE SHARES AT THE TIME OF THE SALE, ANY SHARES OF MIKADO WHICH THE AGENT MAY ACQUIRE PURSUANT TO THE AGENT'S WARRANTS.

YORKTON SECURITIES INC., AS AGENT, CONDITIONALLY OFFERS THESE SECURITIES SUBJECT TO PRIOR SALE, IF, AS AND WHEN ISSUED BY MIKADO AND ACCEPTED BY IT IN ACCORDANCE WITH THE CONDITIONS CONTAINED IN THE AGENCY AGREEMENT REFERRED TO UNDER "PLAN OF DISTRIBUTION".

Name and Address of Agent

Yorkton Securities Inc.
Suite 800 - 609 Granville Street
P.O. Box 1350
Vancouver, British Columbia V7Y 1G5

EFFECTIVE DATE: August 21, 1985

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MIKADO RESOURCES LTD.

Mikado Resources Ltd. (herein referred to as "Mikado") was incorporated as a private, non-reporting company under the Company Act of the Province of British Columbia on April 16, 1981, by registration of its Memorandum and Articles. Upon the issuance of the receipt for this Prospectus by the Superintendent of Brokers for British Columbia, Mikado will become a reporting company.

The head office of Mikado is located at 8930 Oak Street, Vancouver, British Columbia, V6P 4B7. The registered and records offices of Mikado are situated at 1700 - 1075 West Georgia Street, Vancouver, British Columbia, V6E 3G2.

THE OFFERING

Mikado, by its Agent, hereby offers (the "Offering") to the public three hundred (300) units (the "Units") at a price of \$2,500 per Unit. Each Unit comprises 300 Common shares in the capital of Mikado (the "Initial Shares") and the right to earn 700 Common shares in the capital of Mikado (the "Earned Shares") (the Initial Shares and the Earned Shares being collectively referred to as the "Mikado Shares"). The Offering will take place on two days (such days being the "First Offering Day" and the "Second Offering Day" respectively) determined by the Agent and Mikado, with the consent of the Exchange, within a period of one hundred and eighty (180) days from the date on which the Mikado Shares are conditionally listed on the Vancouver Stock Exchange (the "Exchange") and will be made in accordance with the rules and policies of the Exchange. On the First Offering Day there will be a distribution of the Initial Shares, being a total of 90,000 shares, through the facilities of the Exchange. On the Second Offering Day, which will take place after each subscriber has earned at least 534 Earned Shares per Unit, there will be a distribution of the Earned Shares earned to that date through the facilities of the Exchange. THE MIKADO SHARES WILL NOT BE LISTED AND POSTED FOR TRADING UNTIL A TOTAL OF AT LEAST 250,000 MIKADO SHARES HAVE BEEN ISSUED. THAT IS, IN ADDITION TO THE INITIAL SHARES, EACH SUBSCRIBER WILL HAVE TO EARN AT LEAST 534 EARNED SHARES PER UNIT PRIOR TO THE CONDITION ON LISTING BEING REMOVED.

Any remaining Earned Shares not earned by the Second Offering Day will not be distributed through the facilities of the Exchange but will be issued directly to the subscribers at such time as they are earned.

Mikado will allocate the purchase price (\$2,500) paid by a subscriber (the "Subscriber") for each Unit firstly to the Subscriber's purchase of the Initial Shares at a price of \$1.05 per share. The balance of the purchase price paid by a Subscriber (\$2,185) will be used by the Subscriber to earn the Earned Shares by incurring exploration expenditures which Mikado believes will qualify as Canadian Exploration Expense (CEE) under the Income Tax Act (Canada) (see "Income Tax Aspects"). Mikado will provide its services in assisting the Subscriber to incur such qualifying expenditures. The incurring of CEE will allow the Subscriber to deduct the amount of such expenses against his income from other sources, as described under "Income Tax Aspects". The expenditure of the proceeds of the Offering that will be used to incur CEE is as described in "Use of Proceeds".

Investors wishing to subscribe for Units must execute a Subscription Agreement in the form enclosed with this Prospectus and deliver the same, together with their subscription funds to the Agent at Suite 800 - 609 Granville Street P.O. Box 1350 Vancouver, British Columbia V7Y 1G5 (See "Nature of Transaction").

Subscriptions will be received, subject to rejection or allotment, in whole or in part, and the right is reserved to close the subscription books at any time without notice. A confirmation of the acceptance of a subscription will be forwarded to the subscriber upon its acceptance by Mikado.

PLAN OF DISTRIBUTION

Nature of Transaction

The steps in the transaction shall be as follows:

1. The Subscriber shall deliver an executed Subscription Agreement and cash in the amount of \$2,500 to the Agent and upon acceptance of the subscription by Mikado the Subscriber shall obtain one (1) Unit;
2. The Agent shall pay, out of the subscription proceeds for each Unit, the sum of \$315.00 to Mikado and in consideration therefor Mikado shall issue to the Subscriber the 300 Initial Shares (such shares will be distributed through the facilities of the Exchange on the First Offering Day);

3. The Agent shall pay the balance of the subscription proceeds for each Unit, being \$2,185, to Guardian Estates & Agencies Ltd. Guardian Estates & Agencies Ltd. shall hold the funds so paid as agent for the Subscriber.
4. Mikado, as agent for the Subscriber, shall apply to Price Waterhouse for release to Mikado of the funds held by Guardian Estates & Agencies Ltd. Such application shall detail the use to which the released funds shall be put, and upon certification by Price Waterhouse that such proposed expenditure of funds will constitute CEE, Guardian Estates & Agencies Ltd. shall release funds to Mikado.
5. The Subscriber, through its agent Mikado, shall incur, on behalf of and for the benefit of Mikado, expenses which Mikado anticipates will constitute CEE.
6. The Subscriber will earn the 700 Earned Shares in consideration for the Subscriber incurring a total of \$2,185 CEE. At such time as at least 534 Earned Shares have been earned such Earned Shares will be distributed through the facilities of the Exchange on the Second Offering Day. Any remaining Earned Shares will be issued to the Subscriber once the total CEE has been incurred.

Appointment of Agent

Pursuant to an agency agreement (the "Agency Agreement") dated August 7, 1985 between Mikado and the Agent, Mikado has appointed Yorkton Securities Inc. (the "Agent") as its agent to offer the Units for sale to the public subject to the terms and conditions contained in the Agency Agreement. The Agent will receive a commission of 7.5% (\$187.50 per Unit) of the aggregate subscriptions accepted. The total commission payable to the Agent on the sale of all 300 Units is \$56,250 which amount Mikado intends to pay out of the proceeds of the issuance of the Initial Shares (see Use of Proceeds).

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

The Agent has agreed to purchase any Units not sold at the conclusion of the Offering. In consideration therefor, the Agent has been granted non-transferable share purchase warrants (the "Agent's Warrants") entitling it to purchase up to seventy-five thousand (75,000) common shares in the capital of Mikado at any time up to the close of business ninety (90) days from the listing of Mikado Shares on the Exchange or one year from the date of this Prospectus, whichever is earlier, at a price of two dollars and seventy-five cents (\$2.75) per share.

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

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

Mikado has granted the Agent the right of first refusal to provide future equity financing to Mikado for a period of twelve (12) months from the Effective Date.

There are no payments in cash, securities or other consideration being made, or to be made, to a promoter, finder or any other person or company in connection with the Offering.

The directors, officers and other insiders of Mikado may purchase Units from this Offering.

The Vancouver Stock Exchange has conditionally listed the Mikado Shares being offered pursuant to this Prospectus. Listing is subject to Mikado fulfilling all the listing requirements of the Vancouver Stock Exchange on or before February 17, 1986, including prescribed distribution and financial requirements. Listing will not take place until at least 250,000 shares offered hereunder have been issued.

Additional Offering

The Prospectus also qualifies for sale to the public at the market price prevailing at the time of the sale, any

common shares in the capital of Mikado which may be acquired on the exercise of the Agent's Warrants at any time up to ninety (90) days from the date of the listing of the Mikado Shares on the Exchange but not more than one year from the date of this Prospectus. Mikado will not receive any proceeds from the sale of any such shares by the Agent, all of which proceeds will in such event accrue to the Agent.

DESCRIPTION OF BUSINESS AND PROPERTY OF MIKADO

Description of Business

The principal business of Mikado is the acquisition, exploration and development of natural resource properties.

As at the date of this prospectus Mikado does not hold any property interests other than the interests described below. However, in deciding to commit further funds to the Wagner Property and Sue Claims, Mikado considered the following other properties from November, 1982 to September, 1984:

(a) Bull/Feather Creek - Atlin Mining District, B.C.

Mikado acquired the property from Oliver T. Berg on September 7, 1983 pursuant to an option agreement under which \$10,000 was paid to Mr. Berg. An additional \$13,216 was spent on exploration work. This property was abandoned when recoveries and gold prices dropped such that the property became no longer viable.

(b) Kelsey - California

Mikado spent the sum of \$4,917 negotiating the acquisition of this property from Cushionrail International Inc. in February, 1983 but a satisfactory agreement could not be reached.

(c) Thistle Creek - Dawson Mining District, Y.T.

Mikado expended \$8,720 in February, 1984 on an engineering report for this property on which it had obtained an option from Mr. Jack Edgar. However, private funds could not be raised to bring this placer venture to production and it was determined to be an inappropriate venture for public funding.

(d) Lac Ste. Marie - Thunder Bay Mining District, Ont.

Mikado staked 71 claims for \$14,250 in this area. Mikado was initially interested in this northern Ontario property during the excitement generated by the Hemlo area discoveries, but decided that the risk/reward ratio was unsatisfactory in view of the projected high development costs.

(e) Lincoln - Atlin Mining District, B.C.

Mikado staked 10 claims on this property in April, 1983 expending the sum of \$7,037 on staking and engineering. Mikado decided not to proceed after receiving the engineer's report.

(f) Jack Claims - Idaho

Mikado staked 100 claims with a co-venturer, First Northern Mortgage Ltd. in June, 1983 at a cost to Mikado of \$5,000. Both parties decided not to proceed because interest in the area died.

Mikado Resources Drill Fund Limited Partnership

Pursuant to the provisions of a limited partnership agreement dated October 18, 1984 (the "Limited Partnership Agreement"), Mikado became the General Partner of Mikado Resources Drill Fund Limited Partnership (the "Partnership"). The Certificate forming the Partnership was filed with the office of the Registrar of Companies on October 18, 1984.

By the terms of the Limited Partnership Agreement, Mikado's capital contribution to the Partnership comprised 180,000 shares of Turner Energy and Resources Ltd. at an agreed value of \$0.60 per share (the "Partnership Turner Shares") and 250,000 shares of Mikado with a nominal value (the "Partnership Mikado Shares").

The Limited Partnership Agreement provides for a maximum of ten limited partners who shall contribute \$25,000 for each limited partnership interest in the Partnership subscribed for. The subscribers to the Partnership (the "Limited Partners") and their respective capital contributions are as follows:

<u>Name</u>	<u>Capital Contribution</u>
270520 B.C. Ltd.	\$25,000
Barry D. Butler	\$25,000
Patrick C. Fisher	\$25,000
Larry Osachoff	\$25,000
Lowell P. Schmidt	\$25,000
Samuel C. Steele	\$25,000
Richard J. Watson (director & officer of Mikado)	\$75,000
Druval W. Westcott	\$25,000

The total capital contributions of the Limited Partners to the Partnership was, therefore, \$250,000. As stated by the Limited Partnership Agreement, the Partnership was formed

for the business purpose of carrying out the exploration and development of the Sue Claims (see "Sue 1 and Sue 2 Mineral Claims"). Of the \$250,000 of Limited Partners' capital contributions to the Partnership, the Partnership expended \$242,554 on the exploration of the Sue Claims and the remainder on organization and general and administrative expenses of the Partnership. The Partnership has no interest in the Sue Claims.

The expenditure by the Partnership on the exploration of the Sue Claims was an expenditure which qualified as an expenditure entitling Mikado to earn an interest in the Sue Claims (see "Sue 1 and Sue 2 Mineral Claims - Terms of Acquisition"). The expenditure by the Partnership on the exploration of the Sue Claims was an expenditure by the Partnership of Canadian Exploration Expenses ("CEE") (See Income Tax Aspects) entitling the Limited Partners to claim CEE deductions pursuant to the terms of the Income Tax Act (Canada). Mikado, as General Partner of the Partnership, was not entitled to CEE deductions with respect to the expenditure by the Partnership on the exploration of the Sue Claims.

As provided by the Limited Partnership Agreement, a Limited Partner had the right to call for the transfer by the Partnership of his proportionate interest in the Partnership interest in the Partnership Turner Shares and the Partnership Mikado Shares. All Limited Partners exercised their right with respect to such shares with the result that the following persons were the transferees of the following Partnership Turner Shares and Partnership Mikado Shares:

<u>Transferee</u>	<u>Partnership Turner Shares</u>	<u>Partnership Mikado Shares</u>
270520 B.C. Ltd.	18,000	25,000
Barry D. Butler	18,000	25,000
Patrick C. Fisher	18,000	25,000
Larry Osachoff	18,000	25,000
Lowell P. Schmidt	18,000	25,000
Samuel C. Steele	18,000	25,000
Richard J. Watson	54,000	75,000
Druval W. Westcott	<u>18,000</u>	<u>25,000</u>
	180,000	250,000

As of the Effective Date of the Prospectus, the interests of the partners in the Partnership have no economic value in that the Partnership has no assets and no liabilities.

Description of Properties

Mikado has an interest in the properties described below and intends to seek and acquire additional properties worthy of exploration and development:

Wagner Property

Description of Property

The Wagner property (the "Wagner Property") consists of four Crown granted mineral claims located in the Slocan Mining Division of the Province of British Columbia, the details of which are as follows:

<u>Claim Name</u>	<u>Lot Number</u>
McCartney	3471
Duncan	3472
Ella	3474
Ould Jim	3473

Terms of Acquisition

Roulette Resources Ltd. of 8930 Oak Street, Vancouver, British Columbia is the registered owner of the Wagner Property.

Pursuant to an agreement (the "Wagner Agreement") dated November 30, 1984 Resco Renewable Energies Systems Corp. ("Resco") of 315 Ross Street, Salmon Arm, British Columbia sold the Wagner Property to Roulette Resources Ltd. ("Roulette") of 8930 Oak Street, Vancouver, British Columbia in consideration for \$600,000 payable as follows:

- (a) \$10,000 on November 30, 1984 (which has been paid by Roulette);
- (b) \$40,000 on or before January 15, 1985 (which has been paid by Roulette);
- (c) \$50,000 on or before July 15, 1985 (which has been paid by Roulette);
- (d) \$500,000 payable by way of shares in the capital of Mikado valued at the greater of \$1.00 or the issue price to the public pursuant to a first prospectus of Mikado if such prospectus is receipted prior to July 15, 1985 (200,000 shares in the capital of Mikado at a price of \$2.50 per share have been transferred from Roulette to a trustee for Resco and subsequently to Resco).

Pursuant to an agreement between Roulette and Turner Energy & Resources Ltd. ("Turner") of 8930 Oak Street, Vancouver, British Columbia made as of January 29, 1985 and amended by letter agreement dated May 28, 1985 (collectively the "Turner Agreement") Roulette assigned its interest in the Wagner Agreement to Turner in consideration for 30% of the net proceeds in each calendar year up to a maximum of \$250,000 per calendar year and a maximum of \$1,250,000 in total after payment of preproduction expenses and 2% of the net smelter returns from the Wagner Property.

By agreements dated January 30, 1985 and August 6, 1985 between Turner and Mikado (collectively the "January 30, 1985 Agreement") Turner granted Mikado an option to purchase an undivided 70% interest in the Wagner Agreement, Turner Agreement and the Wagner Property in consideration for the sum of \$50,000 (which has been paid) and the first year's work commitments on the Wagner Property. The first years' work commitments amount to an expenditure of approximately \$510,000. On completion of the first year's work commitment further work done on the Wagner Property will be carried out by Turner and Mikado in accordance with their proportionate interests in the property.

Mikado's interest in the Net Proceeds, as defined in the January 30, 1985 agreement, in any commercial production from the Wagner Property is, after repayment of pre-production expenses, subject to the 30% net proceeds payable to Roulette pursuant to the Turner Agreement. The January 30, 1985 agreement provides that the Net Proceeds will be distributed:

- (a) 100% to Mikado until Mikado has been repaid the pre-production expenses; and
- (b) thereafter, 30% to Roulette until Roulette has received \$250,000 from the Net Proceeds as provided in the Turner Agreement and the remaining 70% shall be distributed 49% to Mikado and 21% to Turner; and
- (c) after Roulette has received \$250,000 from 30% of the Net Proceeds, the Net Proceeds shall be distributed 70% to Mikado and 30% to Turner.

Acquisition of Additional Claims

By letter agreement dated February 27, 1985 between Inland Au-Ag Resources Ltd. ("Inland") and Richard J. Watson, as amended and initialled by the parties, Inland agreed to sell the following claims located in the Slocan Mining Division to

Richard Watson in consideration for the sum of \$1,000 payable on execution of the agreement; \$2,000 and 20,000 common shares in the capital of Turner on registration of the Bills of Sale in the name of Richard Watson and 20,000 common shares in the capital of Turner thirty days thereafter:

<u>Claim Name</u>	<u>Record Number</u>
Ag 1	4297
Ag 2	4298
Ag 3	4299
Ag 4	4300
Silver King 5	2646
Silver King 6	2647
Silver King 7	2648
Silver King 8	2649
Silver King 9	2650
Silver King 10	2651

In fact, Mr. Watson paid \$4,502 and transferred 37,500 of his shares in the capital of Turner to complete the transaction. Mr. Watson subsequently entered into an agreement with Mikado dated July 25, 1985 whereby he sold the claims to Mikado for 50,000 common shares in the capital of Turner.

These claims will form part of the interest under the Turner Agreement pursuant to the provisions in respect of after acquired properties and Turner will be obliged to provide 30% of the purchase price for a 30% interest therein.

In addition, by letter dated March 20, 1985, the Public Trustee for the Province of British Columbia, as Committee of the Estate of Cutler Thomas Porter accepted Mikado's offer to purchase the Crown grants held in the name of Cutler Thomas Porter (which Crown grants are described in a letter to the Public Trustee from the Mineral Revenue Branch included in the Wagner Geological Report contained herein) in consideration for \$25,000. In fact, the consideration paid for these Crown grants was \$23,000.

Relationships of Parties to the Transactions

Resco is not an associate or an affiliate of Roulette, Mikado or Turner.

Roulette is a nonreporting company incorporated in the province of British Columbia of which Richard J. Watson is the sole shareholder, the director and President.

Turner is not an associate or an affiliate of Roulette or Mikado. At the time of the above referenced agreements there were no common directors or officers of Turner and either of Roulette or Mikado. However, since then, James Simpson, a director of Turner, has become a director and President of Mikado.

Inland Au-Ag Resources Ltd. is not an associate or affiliate and has no directors or officers in common with any of Roulette, Turner or Mikado.

Location and Access

The Wagner Property is located on the divide between the Trout Lake Valley and Duncan Lake Valley in the Slocan Mining Division at an elevation between 6,000 feet to 8,000 feet and the Wagner Crown Grant which hosts the main showing is located at 117°13' longitude and 50°40' latitude. There is four-wheel drive road access to the property. Mikado has had a caterpillar D8K working on improving the access road since May 1, 1985. The road repair and rebuilding program has involved the rebuilding of a 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. It has reduced the travelling time to reach the mine by approximately two hours and twenty minutes. Mikado intends to further improve the road to further cut down the travel time and to reduce the necessity of future road repairs.

History and Development

Pursuant to the Wagner Summary Engineering Report described below the Wagner Property was first discovered in 1893. 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. Further work was carried out in 1952 by Sheep Creek Mines Limited but the property was abandoned in the early 1950's. In the late 1950's and 1970's Granby Consolidated Mining, Smelting and Power Company and Serem Ltd. respectively carried out programs on the Wagner Property. In 1980 the Sandon Silver Syndicate and Silvex Resources Incorporated improved road access at Healy Creek and carried out a diamond drilling and mining program. In 1982 to 1983 other undocumented work was carried out.

To the date of this Prospectus, Mikado has incurred expenditures of \$150,644 on exploration and development work on the Wagner Property. This includes expenditures for road work, stripping, trenching and sampling.

There is no underground or surface plant or equipment on the Wagner Property.

Engineering Report

Details of the Wagner Property are contained in a summary engineering report (the "Wagner Report") dated August 5, 1985, prepared by Mr. J.F. McIntyre P. Eng. and which report is attached to and forms part of the Prospectus. In the Wagner Report Mr. McIntyre describes the geology and mineral showings on the Wagner Property and relates the results of all known work to date. Mr. McIntyre states in his conclusions that "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." Mr. McIntyre recommends a two phase program for exploration and development work on the property as an orderly approach to the work. The second phase is not contingent upon the results from Phase I. Phase I concentrates on completion of surface work and the underground work in the Wagner adit. Phase II includes surface drilling on the Lardeau crown grant and underground work on the Silvex and Sheep Creek adits. Mikado intends to complete Phases I and II with the proceeds derived from this Offering.

The Wagner Property is without a known body of commercial ore and the proposed program is an exploratory search for ore.

Sue 1 and Sue 2 Mineral Claims

Description

The property consists of two mineral claims, the Sue 1 and Sue 2 mineral claims, in the Liard Mining Division, the details of which are as follows:

<u>Claim Name</u>	<u>Record Number</u>	<u>Number of Units</u>	<u>Expiry Date</u>
Sue 1	2655	20	January, 1990
Sue 2	2656	20	January, 1990

Terms of Acquisition

Turner Energy & Resources Ltd. ("Turner") of 8930 Oak Street, Vancouver, British Columbia is the registered and beneficial owner of the Sue 1 and Sue 2 mineral claims (the "Sue Claims"). Turner acquired the Sue Claims from SMR Investments Ltd. of 216 - 8055 Anderson Road, Richmond, British Columbia and Rapitan Resources Inc. of 2121 West 5th Avenue, Vancouver,

British Columbia pursuant to an agreement dated June 26, 1984 in which Turner agreed to purchase a 100% interest in the Sue Claims in consideration for the following:

- (a) \$10,000 cash; (which has been paid);
- (b) 12,000 shares in the capital of Turner; (which have been issued); and
- (c) 150,000 shares in the capital of Turner issuable in three instalments: 50,000 on regulatory approval of the agreement, 50,000 on or before December 31, 1984 and 50,000 on or before July 1, 1985; (all of which have been issued).

Matthew W. Jones of C112,255 West 1st Street, North Vancouver, British Columbia, V7M 3G7 was also a party to the June 26, 1984 agreement. He had previously been granted an option to purchase the Sue Claims but had assigned his interest to Turner. In view of his instrumentality in Turner acquiring the Sue Claims, Turner agreed to issue to him 50,000 shares in the capital of Turner in instalments, of which 40,000 have been issued.

SMR Investments Ltd., Rapitan Resources Inc. and Mathew W. Jones are not related to either Turner or Mikado.

Pursuant to an agreement made and dated for reference the 21st day of August, 1984 and a subsequent agreement executed in December, 1984 and deemed to be effective August 30, 1984 (collectively called the "Sue Agreements") each between Mikado and Turner, Mikado could earn a 14% undivided working interest in the Sue Claims by spending \$50,000 on exploration work thereon. In addition Mikado was granted the exclusive right and option to earn an additional 25% undivided working interest in the Sue Claims in consideration for Mikado spending or causing to be spent \$250,000 on exploration on the Sue Claims on or before December 31, 1985. The sum of \$242,554 was spent on mineral exploration on the Sue Claims by the Partnership of which Mikado is the General Partner prior to December 31, 1984. (See "Mikado Resources Drill Fund Limited Partnership"). Mikado has spent or caused to be spent a total of \$290,578 on exploration work on the Sue Claims. While Mikado will not acquire the additional 25% undivided working interest until it has spent or caused to be spent a further \$9,422 on exploration, Mikado will be spending a portion of the proceeds from this offering on the Sue Claims which will be more than sufficient to meet this requirement (see "Use of Proceeds").

The Sue Agreement further provides that having made the aforesaid \$250,000 expenditure, Mikado shall be entitled to elect, on or before March 1, 1986, to earn an additional 21% undivided working interest in the Sue Claims by spending an additional \$750,000 on exploration work on the Sue Claims. A minimum of \$375,000 is to be spent by Mikado in 1986 with the balance (if any) to be spent in 1987. In the event Mikado spends less than \$750,000 it shall earn a proportionate interest in the property up to the maximum 21% additional interest. In the event Mikado spends the \$750,000 it will have a 60% interest in the Sue Claims.

Location and Access

The Sue Claims are located approximately 85 kilometers west-southwest of the town of Watson Lake, Yukon Territories. The claims are accessible by truck on a gravel road which branches south from the Alaska Highway at mile 701, follows southwest along the Tootsie River Valley and branches to the northwest to the west central portion of the Claims area.

History and Development

Pursuant to the Geological Report described below the Sue Claims cover a known tungsten and silver-lead showing covered by the JCS 1 and 2 mineral claims staked by DuPont of Canada Exploration Ltd. in 1979. DuPont conducted a geological mapping and geochemical soil sampling program over the JCS property followed by a bulldozer trenching program but the JCS claims were subsequently allowed to lapse.

During the late summer and fall of 1984 an exploration program was carried out by Mikado involving preliminary bulldozer trenching and sampling to test a known silver-lead occurrence located in the west central portion of the Sue Claims. After receiving encouraging results the program was expanded to include a vector pulse electromagnetic survey and soil sampling survey conducted by Glen E. White Geophysical Consulting and Services Ltd. and subsequently a bulldozer trenching and 2,000 foot diamond drilling program directed by Pamicon Developments Ltd. and managed by Mr. James H. Simpson.

In October, 1984 a survey of the claim boundaries was conducted by Robert Allen and Company, Professional Land Surveyors.

Mikado and the Partnership spent a total of \$289,955 on the 1984 exploration program of the Sue Claims.

There is no underground or surface plant or equipment on the Sue Claims.

Geological Report

Details of the Sue Claims are contained in a geological report (the "Geological Report") dated January, 1985 prepared by Messrs. R.J. Darney and R. Yorston, Geologists, and Mr. C.K. Ikona, P. Eng., of Pamicon Developments Ltd. which report is attached to and forms part of this Prospectus.

The Geological Report concludes that "the combined widespread geochemical and geophysical anomalies coupled with known silver-lead-zinc and tungsten mineralization makes the Sue Claims an excellent exploration target and worthy of further investigation."

It is recommended that a staged exploration program combining surface geological mapping, geochemistry trenching and diamond drilling be conducted in the 1985 season. Mikado intends to proceed with Phase I of the staged exploration program on the completion of the Offering (see "Use of Proceeds").

The property is without a known body of commercial ore and the proposed program is an exploratory search for ore.

USE OF PROCEEDS

The net proceeds to be derived by Mikado from the sale of the Initial Shares will be \$94,500 which funds are to be expended on administrative costs including the following:

(a) estimated costs of this issue, including legal, audit and printing costs	\$20,000
(b) Vancouver Stock Exchange listing fee (held in trust by Guardian Estates & Agencies Ltd.)	2,300
(c) commission payable to Agent	56,250
(d) unallocated working capital	<u>15,950</u>
	<u>\$94,500</u>

Mikado, as agent for the Subscriber, intends that the balance of the issue price of the Units, being an aggregate

amount of \$655,500, shall be expended on the following exploration and development programs:

(a)	to carry out the Phase I program of the staged exploration program on the Sue 1 and Sue 2 Claims in the Liard Mining Division, as recommended by Pamicon Developments Ltd.	\$137,000
(b)	to carry out the Phase I of the work program on the Wagner Property as recommended by J.F. McIntyre, P. Eng.	\$254,000
(c)	to carry out Phase II of the work program on the Wagner Property as recommended by J.F. McIntyre, P. Eng.	\$256,000
(d)	unallocated working capital to be used for exploration and development work	<u>\$ 8,500</u>
	TOTAL	<u>\$655,500</u>

As at the date of this Prospectus, Mikado had approximately \$25,463 in working capital and the working capital upon completion of the Offering would then be \$49,913.

Mikado, pursuant to the recommendations of a qualified engineer or geologist, may abandon in whole or in part any of its properties or may alter, as work progresses, the recommended work programs, or may make arrangements for the performance of all or any portion of such work by other persons or companies and may use any money so diverted for the purpose of conducting work or examining other properties acquired by Mikado after the date of this Prospectus, although Mikado has no present plans in this regard. If any such event occurs during the primary distribution of the shares referred to in this Prospectus, an amendment to this Prospectus will be filed. If any such event occurs subsequent to completion of the primary distribution, shareholders will be notified.

In the event of any material change in the affairs of Mikado during the primary distribution of the Units offered by this Prospectus, an amendment to this Prospectus will be filed. Following completion of the primary distribution of the securities offered by this Prospectus, shareholders will be notified of changes in the affairs of Mikado in accordance with the requirements of the appropriate regulatory authorities.

DIRECTORS AND OFFICERS

The names, addresses and principal businesses or occupations in which each of the directors and officers of Mikado have been engaged during the immediately preceding five years are as follows:

<u>Name and Address</u>	<u>Occupation for last 5 years</u>	<u>Office held with Mikado</u>
James H. Simpson 520 Garibaldi Drive Kamloops, B.C. V2E 2A9	Director of Turner 1984 to date; President of Sun Resources Corporation 1980 to date; Mining Engineer for Silvex Resources Inc. 1979 to 1981.	President and Director
Richard J. Watson #31-4900 Cartier Place Vancouver, B.C. V6M 4H2	Mechanical Contractor; President of Monarch Mechanical Ltd. since 1973; President of Park Distributors Ltd. since 1979; former director of Turner August, 1980 to March, 1983; director of Silvex Resources Inc. since July 19, 1985.	Secretary and Director
E. Allan Tipman 112 Westover Drive, S.W. Calgary, Alberta T3C 2S6	Petroleum Consultant since 1975	Director
Leslie G. Taylor 10856 N. Tomahawk Road Parker, Colorado 80134	President of Taylor Mining Enterprises Company since 1968; President of Taylor Energy 1973 to date; President of Aberdeen Minerals Limited; Director of Silver Hart Mines Ltd.	Director

The directors of Mikado also serve as directors of other natural resource companies and to the extent that such companies may participate in properties or ventures in which Mikado may participate, the directors of Mikado may have a conflict of interest in negotiating and concluding the terms and degree of such participation, if any. In such instances the

directors shall consider all the circumstances including the financial position of Mikado.

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

No remuneration has been paid to the senior officers and directors of Mikado in their capacity as such.

PROMOTERS

Richard J. Watson, Secretary and a director of Mikado and James H. Simpson, President and a director of Mikado are the promoters of Mikado under the definition of promoter set out in subsection 1(1) of the Securities Act of British Columbia.

Mr. Watson personally owns 639,526 common shares in the capital Mikado. He purchased the one common share initially subscribed for at a price of \$0.20 and subsequently purchased 340,000 shares at a price of \$0.15 per share and 49,525 shares at a price of \$1.00 per share. He received 75,000 shares pursuant to his 1984 acquisition of three limited partnership interests of the Partnership at a purchase price of \$25,000 per limited partnership interest. In addition Mr. Watson has purchased 375,000 shares at a price of \$0.01 per share which shares are currently held in escrow by Guardian Estates & Agencies Ltd. Mr. Watson subsequently sold 200,000 shares at a price of \$0.25 per share. Two non-reporting companies, Monarch Mechanical Ltd. and Park Distributors Ltd. of which Mr. Watson is the director, officer and controlling shareholder have purchased 1,642,385 and 137,615 common shares respectively at \$0.15 and \$0.20 per share. Monarch Mechanical Limited subsequently sold 270,000 shares at a price of \$0.25 per share and 100,000 shares at a price of \$1.00 per share and 750,000 shares at a price of \$0.01 per share.

Mr. Simpson has purchased 375,000 shares at a price of \$0.01 per share which shares are currently held in escrow by Guardian Estates & Agency Ltd.

SHARE CAPITAL STRUCTURE

Mikado has only one kind and class of shares being common shares without par value and each share ranks equally as to dividends, voting rights, participation in assets and in all other respects.

<u>Designation of Security</u>	<u>Amount authorized</u>	<u>Amount outstanding as per unaudited balance sheet contained herein</u>	<u>Amount outstanding as of August 7, 1985</u>	<u>Amount to be outstanding on completion of this Offering</u>
Common Shares	20,000,000	2,750,001	2,750,001	3,050,001
Agent's Warrants	75,000	Nil	Nil	75,000
Incentive options				
Directors	152,500	152,500	152,500	152,500
Employees	152,500	152,500	152,500	152,500

Other than the foregoing, Mikado has no outstanding securities convertible into common shares and no outstanding loans.

PRIOR SALES

The following 1,750,000 common shares of Mikado have been issued within the past twelve months. Prior thereto 1,000,001 shares had been issued by Mikado.

<u>No. of Common Shares</u>	<u>Price per Share</u>	<u>Commission Paid</u>	<u>Consideration Received</u>
500,000	\$0.20	nil	\$100,000
250,000	\$0.01	nil	\$ 2,500
750,000	\$0.01	nil	\$ 7,500
250,000	\$1.00	nil	\$250,000

ESCROW SHARES

As of the date of this Prospectus, the following shares in the capital of Mikado issued for one cent per share to the principals of Mikado are deposited in escrow with Guardian Estates & Agencies Ltd., Suite 404, 470 Granville Street, Vancouver, British Columbia, V6C 1V8, subject to release or transfer only with the prior written consent of the

Superintendent of Brokers for British Columbia or the Vancouver Stock Exchange.

<u>Designation of Class</u>	<u>Number of Escrowed Shares</u>	<u>Percentage of Class</u>
Common	750,000	27.27%

These shares have been issued to the following principals of Mikado in the amounts set opposite their names:

<u>Name of principal</u>	<u>Number of escrowed shares</u>
Richard J. Watson	375,000
James H. Simpson	375,000

In the event the escrowed shares or any of them have not been released within 10 years from the date of the receipt issued by the Superintendent of Brokers for British Columbia for this Prospectus they shall be cancelled forthwith. The complete text of the escrow agreement is available for inspection at the office of the escrow agent, Guardian Estates & Agencies Ltd., Suite 404, 470 Granville Street, Vancouver, British Columbia, V6C 1V8.

POOLED SHARES

The following shares of Mikado issued for cash are deposited in pool with Guardian Estates & Agencies Ltd., Suite 404, 470 Granville Street, Vancouver, British Columbia, pursuant to a voluntary Pooling Agreement dated for reference August 6, 1985 under the terms of which such shares are pooled and will not be sold or transferred during the course of the primary distribution of the shares of Mikado under this Prospectus and thereafter will be released only as follows:

- (a) 25% on the date the Mikado Shares are listed for trading on the Vancouver Stock Exchange (the "Listing Date");
- (b) 25% at the end of each three, six and nine month period from the Listing Date.

<u>Designation of Class</u>	<u>No. of Shares Pooled</u>
Common shares	1,750,001

If the shares are not listed for trading on the Vancouver Stock Exchange within twelve months of the date of this Prospectus and the sale of shares hereunder has ceased, then the above pooled shares shall be released.

PRINCIPAL HOLDERS OF SECURITIES

- (a) As of the date of this Prospectus, only the following persons own, of record or beneficially, more than ten percent of the issued equity shares of Mikado:

<u>Name and Address</u>	<u>Designation of Class</u>	<u>Type of Ownership</u>	<u>Number of Shares Owned</u>	<u>Percentage of Class</u>
Monarch Mechanical Ltd. 8930 Oak Street, Vancouver, B.C.	Common	Direct	522,385	18.99%
Richard J. Watson	Common	Direct	639,526	23.25%
James H. Simpson	Common	Direct	375,000	13.65%

- (b) As of the date of this Prospectus, the percentage of equity shares of Mikado beneficially owned, directly or indirectly by all directors and senior officers of Mikado are:

<u>Designation of Class</u>	<u>Percentage of Class</u>
Common	61.09% *

*Inclusive of shares held by Monarch Mechanical Ltd. and Park Distributors Ltd.

- (c) The following is a comparison of the number of shares held by the controlling persons, promoters, directors and senior officers of Mikado with the number of shares outstanding after giving effect to the issue of Units:

	<u>Common shares outstanding</u>	<u>Common shares held by controlling persons, promoters, directors and senior officers*</u>	<u>Percentage of outstanding shares held by controlling persons, promoters, directors and senior officers*</u>
On Sale of Shares	3,050,001	1,680,001	55.08%
On Sale of Shares and exercise of Agent's Warrants and Incentive Options	3,430,001	1,985,001	57.87%

*Inclusive of shares held by Park Distributors Ltd.

- (d) As at the date of this prospectus, each of Messrs. Barry Butler, Lowell Schmidt, and Peter Loretto, Associates of the Agent, beneficially own 50,000, 50,000 and 35,000 shares of Mikado respectively. 25,000 Mikado shares were acquired by each of Messrs. Butler and Schmidt upon the purchase of limited partnership interests of the Partnership in 1984. In addition Mr. Butler acquired a further 20,000 Mikado shares from treasury at \$1.00 per share. Finally, each of Messrs. Butler and Schmidt acquired 60,000 Mikado shares from Monarch Mechancial Ltd., 10,000 at a price of \$0.25 per share and 50,000 at a price of \$1.00 per share. Subsequently Mr. Butler transferred 55,000 shares at a price of \$1.00 per share to an unrelated party and Mr. Schmidt transferred 35,000 shares to Mr. Loretto at a price of \$1.00 per share.

OPTIONS TO PURCHASE SECURITIES

Under a Director's Incentive Option Agreement dated for reference May 24, 1985, Mikado has granted to Mr. Richard J. Watson, a director of Mikado, incentive options to purchase a total of 152,500 shares in the capital of Mikado at a price of two dollars and fifty cents (\$2.50) per share exercisable in whole or in part on or before May 24, 1987. The optionee must be a director of Mikado at the time of exercise or have ceased

to be a director of Mikado not more than 30 days before exercise. If the optionee dies while a director of Mikado or within 30 days thereafter, his personal representatives may exercise his option within one year of his death.

Under an Employee's Incentive Option Agreement dated for reference May 24, 1985, Mikado has granted to Mr. James H. Simpson, an employee of Mikado incentive options to purchase a total of 152,500 shares in the capital of Mikado at a price of two dollars and fifty cents (\$2.50) per share exercisable in whole or in part before May 24, 1987. The optionee must be an employee of Mikado at the time of exercise or have ceased to be an employee of Mikado not more than 30 days before the exercise. If the optionee dies while an employee of Mikado or within 30 days thereafter his personal representatives may exercise his option within one year of his death.

DIVIDEND RECORD

No dividends have been paid on any shares of Mikado since the date of incorporation nor are any presently planned to be paid.

INCOME TAX ASPECTS

The following is a general summary of the income tax consequences for Subscribers who are resident in Canada and who are not considered traders or dealers in securities and who incur expenses in respect of mineral exploration in consideration for the issue of Units in accordance with the terms of this Prospectus. The summary which follows is limited to the consequences under the Income Tax Act (Canada) and the Regulations pursuant thereto (the "Act") as they read on May 22, 1985, as well as to the published administrative position of the Department of National Revenue at that time. Except where specifically mentioned, the following summary does not consider the effect of the May 23, 1985 federal budget provisions on the income tax consequences for a Subscriber. The tax consequences for Subscribers vary according to whether the Subscriber is an individual, a trust or a corporation, the province or provinces in which a limited partner resides or carries on business and generally, his own particular circumstances. The summary does not address the tax consequences for subscribers who are partnerships or who are corporations whose principal business encompasses resource activities (referred to in the Act as principal business corporations). The following summary of income tax consequences is therefore of a general nature only and is not intended to constitute advice to any particular

Subscriber. An income tax ruling has not been obtained from the Department of National Revenue in respect to this offering of Units nor is it intended that an application for an income tax ruling will be made. Subject to the foregoing, it is the opinion of Price Waterhouse, Chartered Accountants, income tax advisors to Mikado Resources Ltd., that the following summary fairly presents the general income tax consequences of investment in Units of this offering by most Subscribers who subscribe for Units. EACH PROSPECTIVE INVESTOR SHOULD SEEK INDEPENDENT ADVICE REGARDING THE TAX CONSEQUENCES OF THE INVESTMENT IN UNITS, BASED UPON SUCH INVESTOR'S OWN PARTICULAR CIRCUMSTANCES, STATUS AND PLACE OF RESIDENCE.

MIKADO RESOURCES LTD. DOES NOT WARRANT THE AMOUNT OR THE DEDUCTIBILITY OF THE CANADIAN EXPLORATION EXPENSES INCURRED BY THE SUBSCRIBERS PURSUANT TO THIS OFFERING OR THE ALLOCATION OF THE OFFERING PRICE BETWEEN THE INITIAL SHARES AND CANADIAN EXPLORATION EXPENSES.

General

The Act contains provisions entitling a Subscriber to claim deductions in respect of Canadian Exploration Expenses ("CEE") incurred by the Subscriber pursuant to an agreement between the Subscriber and Mikado Resources Ltd. (the "flow-through share agreement") whereby such expenses are incurred solely as consideration for shares of Mikado Resources Ltd. This provision does not apply if the shares issued by Mikado Resources Ltd. are "prescribed shares".

Prescribed Shares

The 700 Earned Shares received in consideration for a Subscriber incurring exploration expenditures must not be prescribed shares in order to qualify as flow-through shares. A share will be considered to be a prescribed share if-

1. the issuing corporation or certain related persons may be required to redeem, acquire or cancel, in whole or in part, the share or to reduce its paid-up capital at any time within five years from the date of its issue;
2. the issuing corporation or certain related persons may be required to provide any form of guarantee with respect to the share that could take effect within five years from the date of issuing the share;

3. the share is convertible at any time within five years from the date of its issue, directly or indirectly, into debt or into a share that, if issued, would be a prescribed share;
4. the owner of the Earned Shares, alone or with certain related parties, controls or has the right to control the issuing corporation directly or indirectly, and the issuing corporation has the right to redeem, purchase or otherwise acquire the share within five years from the date of its issue; or
5. at the time the share was issued, the existence of the issuing corporation was, or there was an arrangement under which it could be, limited to a period that was within five years from the date of its issue.

The Earned Shares of Mikado Resources Ltd. issued pursuant to this Prospectus will qualify as flow-through shares and accordingly a Subscriber will be entitled to add the expenditures he incurs pursuant to the flow-through share agreement to his Cumulative Canadian Exploration Expense account.

Canadian Exploration Expense ("CEE")

CEE with respect to mineral exploration and mineral resource property pre-development expenditures is defined in the Act as any expense made or incurred after May 6, 1974 that is-

1. any expense incurred for the purpose of determining the existence, location, extent or quality of a mineral resource in Canada (referred to hereinafter as mineral exploration expenditures), and
2. any expense incurred after November 16, 1978 and prior to the commencement of commercial production to bring a mineral resource in Canada into production (referred to hereinafter as pre-production development expenditures).

Subscribers will increase the amount of their Cumulative Canadian Expense Account (CCEE) by their portion of the Subscription Price (\$2,185 per Unit) expended to incur expenses qualifying as CEE. Subscribers may deduct from income an amount not exceeding the lesser of CEE incurred by them and the amount of their CCEE account at the end of the year. Deductions claimed by Subscribers in respect of CEE reduce their CCEE

account. To the extent that a Subscriber does not deduct the balance in his CCEE at the end of a particular taxation year, the positive balance remaining will be carried forward indefinitely and will be available for deduction in respect thereof in subsequent taxation years in accordance with the terms of the Act. If the CCEE, calculated at the end of a particular year is in a negative balance, the amount will be required to be added to the Subscriber's income, resulting in a CCEE balance of nil.

Effect on Mikado Resources Ltd.

CEE expenses incurred in connection with this issue of flow-through shares are not considered exploration expenses of Mikado Resources Ltd. However, all future profits earned from the exploration programme would accrue to, and be accounted for, by the corporation.

As a result, Mikado Resources Ltd. receives no income tax deductions with respect to the exploration expenses incurred under the flow-through share agreement, as the benefits of these expenses accrue solely for the benefit of the subscribers of this issue.

Depletion Allowance

A Subscriber will be entitled to a deduction in respect of earned depletion allowance. A Mining Exploration Depletion Allowance claim will be deductible by an individual from income from any source. This deduction will be limited to the lesser of-

1. 25% of the Subscriber's net income for the year (after deducting CEE but computed on the assumption that no depletion allowance or other deductions under section 65 of the Act were allowed) in excess of the aggregate amounts claimed as earned depletion allowance, frontier exploration allowance and supplementary depletion allowance (as defined in the Regulations), and
2. his Mining Exploration Depletion Base as at the end of the year (before deducting the Mining Exploration Depletion Base Allowance for the year).

A Subscriber is entitled to add an amount equal to one-third of the CEE he incurs after April 19, 1983 in respect of mining exploration expenditures, other than certain expenditures in

respect of overhead expenses, to his Mining Exploration Depletion Base. CEE incurred in respect of pre-production development expenditures does not result in an addition to a Subscriber's Mining Exploration Depletion Base. To the extent that a Subscriber receives assistance or a benefit, whether such amount is by way of a grant, subsidy, rebate, forgivable loan, deduction from royalty or tax rebate of royalty, investment allowance or any other form of assistance or a benefit in respect of expenditures that are included in computing a Subscriber's Mining Exploration Depletion Base, one-third of such assistance or benefit is deducted from his Mining Exploration Depletion Base.

Any undeducted amount of the Mining Exploration Depletion Base may be deducted in subsequent taxation years subject to the same limitations outlined above.

Disposition of Flow-through Shares

A flow-through share issued after November 12, 1981 will be capital property unless the acquisition and disposition of the share is in the course of an adventure in the nature of trade, or unless the share is inventory of a dealer or trader in securities. A Subscriber who is not a trader or dealer in securities, a bank, trust company, a credit union, an insurance corporation, a corporation whose principal business is the lending of money or purchasing of debt obligations or a combination there, or a non-resident can elect pursuant to subsection 39(4) of the Act to deem all Canadian securities held by him to be capital property. Canadian securities, as defined in the Act, include the shares of capital stock of a corporation resident in Canada.

The adjusted cost base of the Earned Shares is deemed to be nil. On the acquisition of the Earned Shares, if the Subscriber owns other shares of Mikado Resources Ltd., the adjusted cost base of all shares, including the Earned Shares, will be divided equally among all shares. Any proceeds received on disposition of a share in excess of its adjusted cost base will result in either a capital gain or an income gain, depending on the Subscriber's circumstances.

Unclaimed deductions in respect of CEE of the Subscriber are not transferable to a person acquiring the shares from the initial Subscriber.

Dividends

Any dividend received by a Subscriber of shares will be treated as dividends from a taxable Canadian Corporation. An individual, resident in Canada, in receipt of a dividend will be subject to the normal gross-up and dividend tax credit rules.

After-tax Cost

A table is attached which illustrates the tax deductions available to a Subscriber of one Unit who is an individual, assuming that Subscriber is taxed at the top marginal tax rate in British Columbia of 53.5% (this marginal tax rate assumes that the individual surtaxes imposed in the May 23, 1985 federal budget are enacted in the form set out in the Notice of Ways and Means Motion to amend the Income Tax Act tabled in the House of Commons at that time) and that all Earned Shares have been earned.

	<u>Initial shares</u>	<u>Earned shares</u>	<u>Total</u>
Number of shares	<u>300</u>	<u>700</u>	<u>1,000</u>
Income tax deduction per Unit			
CEE		\$2,185	\$2,185
Mining Exploration Depletion Allowance		<u>\$ 728</u>	<u>\$ 728</u>
		<u>\$2,913</u>	<u>\$2,913</u>
Unit issue cost	\$ 315	\$2,185	\$2,500
Income tax savings (at 53.5% marginal tax rate)	<u> </u>	<u>\$1,558</u>	<u>\$1,558</u>
Net after-tax cost of unit	<u>\$ 315</u>	<u>\$ 627</u>	<u>\$ 942</u>
Net after-tax cost per share	<u>\$ 1.05</u>	<u>\$ 0.90</u>	<u>\$ 0.94</u>
Adjusted cost base per share	<u>\$ 1.05</u>	<u>\$ -</u>	<u>\$ 0.32</u>

May 23, 1985 Federal Budget

Certain of the proposals introduced by the Minister of Finance in his budget speech of May 23, 1985 could affect the income tax consequences for persons who subscribe for Units. A surtax was proposed for 1985 and 1986 which could increase the tax rate applied to a Subscriber's taxable income in those years. An individual minimum tax is to be introduced on January 1, 1986. As the details of such a minimum tax are not yet determined, it is not possible to predict its consequences for a Subscriber.

A lifetime capital gains exemption was introduced which would exempt from income tax up to \$250,000 of an individual's net eligible taxable capital gains realized after 1984. This exemption is to be phased in over the period from 1985 to 1990 when the full \$250,000 exemption will be available. The exemption for 1985 is \$10,000 and for 1986 it is up to a cumulative limit of \$25,000. A taxpayer's net taxable capital gain is one-half of the difference between capital gains and capital losses realized in the taxation year less net capital losses realized after 1984 carried over from other years claimed in the year.

It should be recognized that the foregoing budget provisions are not yet law and there is no assurance that they will be enacted by Parliament in a manner that reflects the intent set out in the Notice of Ways and Means Motion to amend the Income Tax Act and the discussion paper on a minimum tax that were tabled in the House of Commons at the time of the budget speech. Each prospective investor should seek independent advice regarding the possible effects of the May 23, 1985 federal budget on the income tax consequences of an investment in Units based upon such investor's particular circumstances, status and place of residence.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditor of Mikado is Bruce T. Hamilton, Chartered Accountant, #818 - 470 Granville Street, Vancouver, British Columbia, V6C 1V5.

The transfer agent and registrar for the Mikado Shares is Guardian Estates & Agencies Ltd., Suite 404 - 470 Granville Street, Vancouver, British Columbia V6C 1V8

MATERIAL CONTRACTS

There are no material contracts entered into by Mikado other than as disclosed in this Prospectus. The contracts described in this Prospectus may be inspected during business hours at the office of Mikado, 8930 Oak Street, Vancouver, British Columbia.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The exploration and development of the Sue 1 and 2 Claims was all carried out through Monarch Mechanical Ltd. ("Monarch"), a company of which Richard J. Watson is the director, officer and controlling shareholder, including the work recorded by the Partnership. Monarch organized and

expedited the field work, paid the accounts subject to reimbursement, and received a fee of 15%, aggregating about \$31,600, on the field costs incurred for and recorded by the Partnership. Mikado has agreed to a fee of 10% to 15% on cost should Monarch continue to perform this work and Mikado intends to avail itself of this service in the 1985 field season.

The organization of the exploration and development work on the Wagner Property was carried out through Monarch Mechanical Ltd. ("Monarch"), a company of which Richard J. Watson is the director, officer and controlling shareholder. Monarch received a fee of \$14,438 for its services. In addition, Monarch contracted with Mikado to rebuild a bridge on the road access to the Wagner Property for the sum of \$20,000. Mikado intends to continue to use Monarch's services at a fee of 10% to 15% on field costs.

Mikado has paid to Mr. Simpson the sum of \$27,500 for engineering services and expenses in connection with his services on the Wagner Property.

Other than the foregoing, there are no transactions entered into by Mikado prior to the date of this Prospectus which would materially affect Mikado and in which any director, officer or principal shareholder of Mikado or any associate or affiliate of the foregoing has any material interest, direct or indirect, other than as disclosed herein.

PENDING LEGAL PROCEEDINGS

Mikado is not subject to pending legal proceedings nor are such proceedings known to be contemplated.

SPECULATIVE NATURE OF SECURITIES

The securities offered by this Prospectus are considered speculative due to the nature of Mikado's business. In particular, the following factors should be considered by any prospective investor:

1. Exploration for minerals is a speculative venture involving risk. Expenditures made on mineral prospects may not result in the discovery of commercial quantities of ore.
2. There are no known commercial reserves present on or in Mikado's properties.

3. The marketability of minerals acquired by Mikado will be affected by numerous factors beyond the control of Mikado. The exact effect of these factors, which include mineral market fluctuations, cost and availability of processing equipment and government regulation (including regulations pertaining to royalties, importing and exporting and environmental protection) cannot be accurately predicted.

4. There is no present established market for the Common Shares in the capital of Mikado.

5. The income tax treatment of exploration expenses has a material effect on the advisability of an investment in Units. The return on a Subscriber's investment in Units is subject to changes in tax laws. There can be no assurance that income tax laws will not be changed in a manner which will fundamentally alter the tax consequences to investors of holding or of disposing of Mikado shares. See Income Tax Aspects.

6. An advance income tax ruling has not been obtained from the Department of National Revenue with respect to the Offering nor is it intended that an application for an income tax ruling will be made. Accordingly, Mikado cannot and does not warrant the amount or the deductibility of the Canadian Exploration Expenses incurred by a Subscriber pursuant to this offering or the allocation of the price for each Unit between the Initial Shares and the Canadian Exploration Expenses.

OTHER MATERIAL FACTS

There are no material facts relating to the offering of securities under this Prospectus other than as set out herein.

STATUTORY RIGHTS OF RESCISSION

Sections 60 and 61 of the Securities Act of the Province of British Columbia provide, in effect, that where a security is offered to the public in the course of primary distribution:

- (a) a purchaser has the right to rescind a contract for the purchase of a security, while still the owner thereof, if a copy of the last prospectus, together with financial statements and reports and summaries of reports relating to the securities as filed with the Superintendent of Brokers for British Columbia, were not delivered to him or his agent prior to delivery to

either of them of the written confirmation of the sale of the security. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell the security within 60 days of the date of delivery of the written confirmation but no action shall be commenced after the expiration of three months from the date of service of such notice;

- (b) a purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the prospectus or any amended prospectus offering such security contains an untrue statement of material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after the expiration of 90 days from the later of the date of such contract or the date on which such prospectus or amended prospectus is received or is deemed to be received by him or his agent.

Reference is made to the said Act for the complete text of the provisions under which the foregoing rights are conferred and the foregoing summary is subject to the express provisions thereof.

MIKADO RESOURCES LTD.
(A British Columbia Company)

INTERIM FINANCIAL STATEMENTS
FOR THE FIVE MONTHS ENDED JUNE 30, 1985

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BRUCE T. HAMILTON
Chartered Accountant
Vancouver, B.C.

Unaudited

Bruce T. Hamilton

Chartered Accountant

#818 - 470 Granville Street,
Vancouver, B.C., V6C 1V5
Telephone 669-3436

COMMENTS ON UNAUDITED
INTERIM FINANCIAL INFORMATION

To the Directors
Mikado Resources Ltd.
Vancouver, B.C.

I have prepared the accompanying unaudited interim financial information comprising the balance sheet, the statements of deferred exploration and development, deferred administration, loss and deficit, and changes in financial position for the five months ended June 30, 1985, from the records of Mikado Resources Ltd. and from other information supplied to me by the company, and have reviewed such interim financial information. My review, which was made in accordance with standards established for such reviews, consisted primarily of enquiry, comparison and discussion.

I have not performed an audit and consequently do not express an opinion on this interim financial information. The most recent audited financial statements issued to shareholders on which I have expressed an opinion were for the year ended January 31, 1985.

Vancouver, B.C.
August 6, 1985


Chartered Accountant



MIKADO RESOURCES LTD.
(A British Columbia Company)
Interim Balance Sheet
June 30, 1985


ASSETS

<u>Current</u>		
Banks	\$ 53,489	
Accounts receivable	23,815	
Prepaid	<u>16,482</u>	93,786
<u>Investment in Mineral Properties</u>		
Claims - Note 3	66,100	
Deferred exploration and development - Statement 2	280,031	
Deferred administration - Statement 3	43,036	
Other investments - Note 5	<u>69,369</u>	458,536
<u>Fixed</u>		
Office furniture and fixtures	422	
Less: accumulated depreciation	<u>143</u>	<u>279</u>
		<u>\$ 552,601</u>

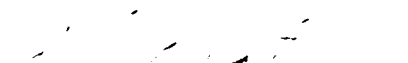
LIABILITIES

<u>Current</u>		
Accounts payable	\$ 15,250	
Monarch Mechanical Ltd. - Note 7	<u>41,103</u>	56,353
<u>Shareholders' Equity</u>		
Share Capital:		
Authorized: 20,000,000 shares, no par value		
Allotted: 2,750,001 - Note 6	510,000	
Deficit - Statement 4	<u>13,752</u>	<u>496,248</u>
		<u>\$ 552,601</u>

Approved by the directors:



Director



Director

Unaudited

Statement 2

MIKADO RESOURCES LTD.
Interim Statement of Deferred Exploration and Development
For the Five Months Ended June 30, 1985

<u>Property</u>	<u>Wagner</u>	<u>Sue 1 and 2</u>	<u>Total</u>
Clearing, road and bridge construction, surface trenching and other field work - Note 7	\$121,356	-	121,356
Other	<u>702</u>	<u>380</u>	<u>1,082</u>
Total for the period	122,058	380	122,438
Balance - beginning of period	<u>2,025</u>	<u>155,568</u>	<u>157,593</u>
<u>Total - Statement 1</u>	<u>124,083</u>	<u>155,948</u>	<u>\$280,031</u>

Statement 3

MIKADO RESOURCES LTD.
Interim Statement of Deferred Administration
For the Five Months Ended June 30, 1985

<u>Expenditures</u>		
Accounting and audit	\$ 11,114	
Bookkeeping and office	4,000	
Depreciation	25	
Legal	7,167	
Other	3,066	
Printing and advertising	2,131	
Promotion and travel	<u>2,399</u>	
Total for the period		29,902
Balance - beginning of period		<u>13,134</u>
<u>Total - Statement 1</u>		<u>\$ 43,036</u>

Unaudited

Statement 4

MIKADO RESOURCES LTD.
Interim Statement of Loss and Deficit
For the Five Months Ended June 30, 1985

Income

Interest income	\$ 68
Less: sale of shares - Note 5	<u>6,681</u>
Net loss for the period	6,613
Balance - beginning of period	<u>7,139</u>
<u>Deficit - Statement 1</u>	<u>\$ 13,752</u>

Statement 5

MIKADO RESOURCES LTD.
Interim Statement of Changes in Financial Position
For the Five Months Ended June 30, 1985

Source

Share capital - cash	\$250,000
Interest income	<u>68</u>
	250,068

Use

Mineral properties	66,100	
Deferred exploration and development	122,438	
Deferred administration (less depreciation)	29,877	
Investments - Note 5	<u>14,763</u>	<u>233,178</u>

<u>Increase in Working Capital</u>	16,890
Balance - beginning of period	<u>20,543</u>

<u>Working Capital</u>	<u>\$ 37,433</u>
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Working Capital comprises:

Current assets	\$ 93,786
Current liabilities	<u>56,353</u>
	<u>\$ 37,433</u>

Unaudited

MIKADO RESOURCES LTD.
Notes to the Interim Financial Statements
June 30, 1985

1. Nature and continuance of operations

These financial statements have been prepared on a going-concern basis which assumes the Company can realize assets and discharge liabilities in the ordinary course of business for the foreseeable future. However, the Company is in the development stage. The continued operations and the recoverability of amounts shown for resource properties and related deferred costs are dependent on confirmation of its interest in the underlying mineral claims in accordance with industry practice, and on its ability to raise capital to complete its development programs and to locate economically recoverable reserves.

Consequently, loss per share computations have little significance until the Company does become a going concern.

2. Accounting policies

In common with most mining companies in the exploration and development stages, the Company defers all direct expenditures on properties and related administration expenditure. At such time as the Company abandons or loses its interest in any property, the accumulated expenditure and the attributable administration expenditures are written off. If any property reaches commercial production, the applicable deferred expenditures will be amortized over the estimated productive life of the property. Accordingly, amounts shown for claims and deferred expenditures represent costs to date, and do not necessarily reflect present or future values.

Fixed assets are recorded at cost and related depreciation is at 20% on a declining-balance basis.

3. Claims and options

(a) Sue 1 and 2 - Liard Mining Division, B.C.

The Company may earn the following interest in these 40 units in return for expenditure on exploration and development:

- (i) 14% for the expenditures of \$50,000;
- (ii) a further 25% for \$250,000 by December 31, 1985;
- (iii) a further 21% for \$750,000 by December 31, 1987;

or a total of a 60% interest for the aggregate expenditure of \$1,050,000

In addition to the direct expenditure of \$48,024 on Statement 2, an additional \$242,544 was spent in 1984 by the drill fund, which was formed for this purpose (see Note 4) so that to date qualifying expenditures on the property aggregate \$290,568. Accordingly, on spending a further \$9,432 Mikado will have earned a 39% interest.

(b) Wagner Prospect - Slocan Mining District, B.C.

The Company has an option to earn a 70% interest in an agreement to acquire four Crown-granted mineral claims for \$50,000, and payment of the first year's work program estimated to cost \$510,000.

Unaudited

MIKADO RESOURCES LTD.
Notes to the Interim Financial Statements (Continued)
June 30, 1985

The property is subject to a 2% net smelter royalty and any net proceeds are to be distributed as follows:

- (i) 100% to Mikado until recovery of pre-production expenses;
- (ii) then 49% to Mikado until \$1,250,000 (maximum \$250,000 per year) has been paid under a 30% net proceeds royalty;
- (iii) subsequently, 70% to Mikado.

Cash payment per agreement 50,000

Interests in ten additional claims contiguous to the group were purchased for \$23,000, of which 30% is recoverable from the co-venturer. 16,100

A number of "defensive" claims were staked during the period to protect the road right-of-way.

After June 30, 1985 a further 10 claims were acquired by a reimbursement to a director of 50,000 Turner shares (Note 5).

Statement 1 \$ 66,100

4. Mikado Resources Drill Fund Limited Partnership

The Company is the general partner in this limited partnership formed to meet the 1985 exploration work commitment on the Sue 1 and 2 property (Note 3), which was carried out in 1984.

The limited partners contributed \$250,000 (most of which was expended directly on the property), whereas Mikado issued 250,000 shares and transferred 180,000 of its Turner shares. Both the Turner and Mikado shares contributed by Mikado (the general partner) have all been distributed to the limited partners, who hold no further interest in the Sue claims. Mikado's equity in the partnership of \$107,924 is included in deferred exploration and development.

By using the partnership as a financing vehicle for the exploration and development expenditures, Mikado has foregone, in favour of the limited partners, the tax deductibility of such expenditures.

5. Investments

As a result of joint ventures with, and disbursements on behalf of, Turner Energy & Resources Ltd., Mikado received shares of Turner as debt settlement and still retains 211,594 shares at a cost of \$69,368 (market value of \$95,217). After June 1985, 50,000 shares were used to acquire additional claims (Note 3(b)).

Unaudited

MIKADO RESOURCES LTD.
Notes to the Interim Financial Statements (Continued)
June 30, 1985

6. Share Capital

Previously allotted share capital comprises:	Shares	\$
For cash	2,250,001	257,500
Drill fund investment	250,000	2,500
	2,500,001	260,000
Allotted during period:		
For cash	250,000	250,000
<u>Total - Statement 1</u>	<u>2,750,001</u>	<u>\$ 510,000</u>

Of the above total, 750,000 shares are to be held in escrow subject to the requirements of the regulatory authorities.

7. Related party transactions

The exploration and development of the Wagner prospect was carried out through Monarch Mechanical Ltd. (which is controlled by a Mikado director) which organized and expedited the field work, paid the accounts subject to reimbursement, and received a fee of 10% to 15% on field costs. This charge aggregated \$14,438 and is included in exploration and expenses. Mikado has agreed to a fee of 10% to 15% on cost should Monarch continue to perform this work and the Company intends to avail itself of this service in the 1985 field season.

In addition, also included in field costs, Monarch had a contract to rebuild a bridge for \$20,000 and \$27,500 was paid for engineering services and expenses of Mr. J. Simpson, who became a director during the period.

8. Subsequent events

The Company had signed an agency agreement and is currently qualifying a prospectus to sell 300,000 shares at \$2.50 each to net \$693,750. Seventy percent of these shares are to be issued on a "flow through" basis, which means that Mikado will forego, in favour of the holders of such shares, the tax deductibility arising out of the exploration and development expenditures made out of the proceeds of such shares. In addition, the agent for the offering is to have a warrant to buy a further 75,000 shares at \$2.75 each, and the prospectus incorporates regulatory approval for director and employee incentive options to buy an aggregate of 305,000 shares at \$2.50 until May, 1987.

9. Contingency

A letter of guarantee for \$2,000 has been lodged with the Ministry of Energy, Mines, and Petroleum Resources.

Unaudited

MIKADO RESOURCES LTD.
(A British Columbia Company)

FINANCIAL STATEMENTS
FOR THE YEARS ENDED JANUARY 31, 1985, 1984 AND 1983

I N D E X

Auditor's report	
Balance sheet	Statement 1
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Notes to the financial statements	

BRUCE T. HAMILTON
Chartered Accountant
Vancouver, B.C.

Bruce T. Hamilton

Chartered Accountant

#818 - 470 Granville Street,
Vancouver, B.C., V6C 1V5
Telephone 689-3436

AUDITOR'S REPORT

To the Directors
Mikado Resources Ltd.
Vancouver, B.C.

I have examined the balance sheet of Mikado Resources Ltd., as at January 31, 1985, 1984 and 1983 and the statements of deferred exploration and development, deferred administration, loss and deficit, and changes in financial position for the periods then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Company as at January 31, 1985, 1984 and 1983, and the results of its operations and the changes in financial position for the periods then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

Vancouver, B.C.
May 15, 1985, except as to
Notes 4(b), 7, and 10 which are
as at August 6, 1985.


Chartered Accountant



MIKADO RESOURCES LTD.
 (A British Columbia Company)
Balance Sheet
 January 31, 1985, 1984 and 1983

ASSETS

	<u>1985</u>	<u>1984</u>	<u>1983</u>
<u>Current</u>			
Bank	\$ 262	312	13,749
Accounts receivable - Note 7	<u>47,904</u>	<u>180,187</u>	<u>57,765</u>
	<u>48,166</u>	<u>180,499</u>	<u>71,514</u>
 <u>Investment in Mineral Properties</u>			
Claims - Note 4	-	14,917	1,000
Deferred exploration and development - Statement 2	157,593	31,914	-
Deferred administration - Statement 3	13,134	4,634	1
Other investments - Note 7	<u>61,287</u>	<u>-</u>	<u>-</u>
	<u>232,014</u>	<u>51,465</u>	<u>1,001</u>
 <u>Fixed</u>			
Office furniture and fixtures	422	422	250
Less: accumulated depreciation	<u>118</u>	<u>42</u>	<u>-</u>
	<u>304</u>	<u>380</u>	<u>250</u>
	<u>\$280,484</u>	<u>232,344</u>	<u>72,765</u>

LIABILITIES

<u>Current</u>			
Accounts payable	\$ 11,184	523	265
Monarch Mechanical Ltd. - Note 9	<u>16,439</u>	<u>19,821</u>	<u>-</u>
	<u>27,623</u>	<u>20,344</u>	<u>265</u>
 <u>Shareholders' Equity</u>			
Share Capital:			
Authorized: 20,000,000 shares, no par value			
Allotted: 2,500,001 - Note 8	260,000	212,000	72,500
Deficit - Statement 4	<u>7,139</u>	<u>-</u>	<u>-</u>
	<u>252,861</u>	<u>212,000</u>	<u>72,500</u>
	<u>\$280,484</u>	<u>232,344</u>	<u>72,765</u>

Approved by the directors:

 Director

 Director

Statement 2

MIKADO RESOURCES LTD.

Statement of Deferred Exploration and Development
For the Years Ended January 31, 1985, 1984 and 1983

	Wagner Prospect	Sue 1 and 2	Other	1985	1984	1983
<u>Property</u>						
Assay and staking	\$ -	-	3,000	3,000	7,500	-
Drilling program - Note 9	-	43,953	-	43,953	-	-
Engineering	2,025	-	2,750	4,775	20,505	-
Other	-	-	-	-	3,909	-
Total for the year	2,025	43,953	5,750	51,728	31,914	-
Drill fund - Note 5	-	107,924	-	107,924	-	-
Balance-beginning of year	-	3,691	28,223	31,914	-	-
	2,025	155,568	33,973	191,566	31,914	-
Written off - Note 6	-	-	33,973	33,973	-	-
<u>Total - Statement 1</u>	<u>2,025</u>	<u>*155,568</u>	<u>-</u>	<u>\$157,593</u>	<u>31,914</u>	<u>-</u>

(*Additional work was carried out on the Sue claims. See Note 4(a))

Statement 3

MIKADO RESOURCES LTD.

Statement of Deferred Administration
For the Years Ended January 31, 1985, 1984 and 1983

	1985	1984	1983
<u>Expenses</u>			
Accounting and audit	\$ 5,500	-	-
Drill fund expense	2,330	-	-
Depreciation	76	42	-
Legal	6,827	130	-
Office services and supplies	-	3,529	-
Sundry	50	932	1
Total for the year	14,783	4,633	1
Balance - beginning of year	4,634	1	-
	19,417	4,634	1
Written off - Statement 4	6,283	-	-
<u>Total - Statement 1</u>	<u>\$ 13,134</u>	<u>4,634</u>	<u>1</u>

MIKADO RESOURCES LTD.

Loss and Deficit

For the Years Ended January 31, 1985, 1984 and 1983

	<u>1985</u>	<u>1984</u>	<u>1983</u>
<u>Income</u>			
Net gain on share transactions	\$ 41,597	-	-
Interest income	<u>20,687</u>	<u>-</u>	<u>-</u>
	<u>62,284</u>	<u>-</u>	<u>-</u>
Less: Resource properties written off			
Claims - Note 6	29,167	-	-
Deferred exploration - Statement 2	33,973	-	-
Deferred administration - Statement 3	<u>6,283</u>	<u>-</u>	<u>-</u>
	<u>69,423</u>	<u>-</u>	<u>-</u>
<u>Loss and deficit - Statement 1</u>	<u>\$ 7,139</u>	<u>-</u>	<u>-</u>

MIKADO RESOURCES LTD.

Statement of Changes in Financial Position

For the Years Ended January 31, 1985, 1984 and 1983

	<u>1985</u>	<u>1984</u>	<u>1983</u>
<u>Source</u>			
Share capital - cash	\$ 45,500	139,500	72,500
- Drill fund	<u>2,500</u>	<u>-</u>	<u>-</u>
	48,000	139,500	72,500
Net gain on share transactions	41,597	-	-
Interest income	<u>20,687</u>	<u>-</u>	<u>-</u>
	<u>110,284</u>	<u>139,500</u>	<u>72,500</u>
<u>Use</u>			
Mineral properties	14,250	13,917	1,000
Deferred exploration and development	51,728	31,914	-
Deferred administration (less depreciation)	14,707	4,591	1
Investments	169,211	-	-
Office furniture and fixtures	<u>-</u>	<u>172</u>	<u>250</u>
	<u>249,896</u>	<u>50,594</u>	<u>1,251</u>
<u>Increase (Decrease) in Working Capital</u>	(139,612)	88,906	71,249
Balance - beginning of year	<u>160,155</u>	<u>71,249</u>	<u>-</u>
<u>Working Capital</u>	<u>\$ 20,543</u>	<u>160,155</u>	<u>71,249</u>
<u>Working Capital comprises:</u>			
Current assets	48,166	180,499	71,514
Current liabilities	<u>(27,623)</u>	<u>(20,344)</u>	<u>(265)</u>
	<u>\$ 20,543</u>	<u>160,155</u>	<u>71,249</u>

MIKADO RESOURCES LTD.
Notes to the Financial Statements
January 31, 1985, 1984 and 1983

1. Nature and continuance of operations

These financial statements have been prepared on a going-concern basis which assumes the Company can realize assets and discharge liabilities in the ordinary course of business for the foreseeable future. However, the Company is in the development stage. The continued operations and the recoverability of amounts shown for resource properties and related deferred costs are dependent on confirmation of its interest in the underlying mineral claims in accordance with industry practice, and on its ability to raise capital to complete its development programs and to locate economically recoverable reserves.

Consequently, loss per share computations have little significance until the Company does become a going concern.

2. Incorporation

The Company was incorporated on April 16, 1981, but was inactive until November, 1982.

3. Accounting policies

In common with most mining companies in the exploration and development stages, the Company defers all direct expenditures on properties and related administration expenditure. At such time as the Company abandons or loses its interest in any property, the accumulated expenditure and the attributable administration expenditures are written off. If any property reaches commercial production, the applicable deferred expenditures will be amortized over the estimated productive life of the property. Accordingly, amounts shown for claims and deferred expenditures represent costs to date, and do not necessarily reflect present or future values.

Fixed assets are recorded at cost and related depreciation is at 20% on a declining-balance basis.

4. Claims and options

(a) Sue 1 and 2 - Liard Mining Division, B.C.

The Company may earn the following interest in these 40 units in return for expenditure on exploration and development:

- (i) 14% for the expenditures of \$50,000;
- (ii) a further 25% for \$250,000 by December 31, 1985;
- (iii) a further 21% for \$750,000 by December 31, 1987;

or a total of a 60% interest for the aggregate expenditure of \$1,050,000

In addition to the direct expenditure of \$47,644 on Statement 2, an additional \$242,544 was spent by the drill fund, which was formed for this purpose (see Note 5) so that to date qualifying expenditures on the property aggregate \$290,188. Accordingly, on spending a further \$9,812 Mikado will have earned a 39% interest.

MIKADO RESOURCES LTD.
Notes to the Financial Statements (Continued)
January 31, 1985, 1984 and 1983

(b) Wagner Prospect - Slocan Mining District, B.C.

The Company has an option to earn a 70% interest in an agreement to acquire four Crown-granted mineral claims for \$50,000 (paid in May, 1985), and payment of the first year's work program estimated to cost \$510,000.

The property is subject to a 2% net smelter royalty and any net proceeds are to be distributed as follows:

- (i) 100% to Mikado until recovery of pre-production expenses;
- (ii) then 49% to Mikado until \$1,250,000 (maximum \$250,000 per year) has been paid under a 30% net proceeds royalty;
- (iii) subsequently, 70% to Mikado.

After the year end, interests in twenty additional claims contiguous to the group were purchased for \$23,000 and the reimbursement to a director of 50,000 Turner shares (see Note 7), of which 30% is recoverable from the co-venturer.

5. Mikado Resources Drill Fund Limited Partnership

The Company is the general partner in this limited partnership formed to meet the exploration work commitment on the Sue 1 and 2 property (Note 4).

The limited partners contributed \$250,000 (most of which was expended directly on the property) whereas Mikado issued 250,000 shares and transferred 180,000 of its Turner shares.

Mikado's equity represents:

Turner shares at agreed value	\$ 108,000
Mikado shares at nominal value	<u>2,500</u>
	110,500
General partner's share of losses	<u>2,576</u>
Balance - Statement 1	<u><u>\$ 107,924</u></u>

Both the Turner and Mikado shares contributed by Mikado (the general partner) have all been distributed to the limited partners, who hold no further interest in the Sue claims.

By using the partnership as a financing vehicle for the exploration and development expenditures, Mikado has foregone, in favour of the limited partners, the tax deductibility of such expenditures.

MIKADO RESOURCES LTD.
Notes to the Financial Statements (Continued)
January 31, 1985, 1984 and 1983

6. Mineral Properties Abandoned

	<u>Acquisition Cost</u>	<u>Direct Expenditures</u>
(a) Bull/Feather Creeks - Atlin Mining District, B.C. Recoveries and gold prices dropped such that the property became no longer viable.	\$ 10,000	13,216
(b) Kelsey - California Net travel, negotiations and legal on the property investigation.	4,917	-
(c) Thistle Creek - Dawson Mining District, Y.T. The Company expects to recover some or all of this expenditure from a co-participant but the matter is under negotiation.	-	8,720
(d) Lac Ste. Marie - Thunder Bay Mining District, Ont. The Company was initially interested in this northern Ontario property during the excitement generated by the Hemlo area discoveries, but decided that the risk/reward ratio was unsatisfactory in view of the projected high development costs.	14,250	-
(e) Lincoln - Atlin Mining District, B.C. Decided not to proceed after receiving the engineer's report.	-	7,037
(f) Jack Claims - Idaho The Company staked 100 claims with a co-venturer. Both parties decided not to proceed.	-	5,000
<u>Totals - Statements 2 and 4</u>	<u>\$ 29,167</u>	<u>33,973</u>

7. Investments

As a result of joint ventures with, and disbursements on behalf of, Turner Energy & Resources Ltd., Mikado received shares of Turner as debt settlement and still retains 218,880 shares at a cost of \$61,287 (market value of \$49,720). As an incentive to the limited partners, 180,000 shares were turned over to the drill fund (see Note 7).

MIKADO RESOURCES LTD.
Notes to the Financial Statements (Continued)
January 31, 1985, 1984 and 1983

After the 1985 year end, 100,000 of the shares were sold for \$20,000, a further 101,214 shares were received to liquidate \$38,461 of the balance of \$43,461 included in accounts receivable, and 50,000 shares were used to acquire additional claims (Note 4(b)).

8. Share Capital

Allotted share capital comprises:	<u>Shares</u>	<u>\$</u>
For cash - @ .01¢	750,000	\$ 7,500
- @ .15¢	1,000,000	150,000
- @ .20¢	500,001	100,000
Drill fund investment - Note 5	<u>250,000</u>	<u>2,500</u>
<u>Total - Statement 1</u>	<u>2,500,001</u>	<u>\$ 260,000</u>

Of the above total, 750,000 shares are to be held in escrow subject to the requirements of the regulatory authorities.

9. Related party transactions

The exploration and development of Sue 1 and 2 was all carried out through Monarch Mechanical Ltd. (which is controlled by Mr. R.J. Watson, Mikado's then sole director), including the work recorded in the drill fund (Note 5). Monarch organized and expedited the field work, paid the accounts subject to reimbursement, and received a fee of 15%, aggregating about \$31,600, on the field costs incurred for and recorded by the drill fund. Mikado has agreed to a fee of 10% to 15% on cost should Monarch continue to perform this work and the Company intends to avail itself of this service in the 1985 field season.

Mr. R.J. Watson was at one time a director of Turner Energy & Resources Ltd. from which position he withdrew in March, 1983. After that date, Mikado acquired the Bull Creek leases (Note 6) and the Sue and Wagner prospects (Note 4) from Turner. Turner acquired its interest in the Wagner prospect from Roulette Resources Ltd., which is Mr. Watson's company, in consideration for the net smelter and net proceeds royalties described in Note 4(b). Roulette bought the property from a third party for \$600,000, payable \$100,000 in cash and \$500,000 by way of shares in Mikado valued at the greater of \$1.00 or the issue price to the public of Mikado's first prospectus or, based on \$2.50 a share, 200,000 shares.

In May 1985, Mr. J. Simpson, a Turner director since mid-1984, became a director of Mikado.

Mr. Watson purchased three of the ten units of the drill fund and, in common with the other limited partners, will enjoy the tax deductibility of the qualifying expenditures related to his \$75,000 cash investment.

MIKADO RESOURCES LTD.
Notes to the Financial Statements (Continued)
January 31, 1985, 1984 and 1983

10. Subsequent events

A private placement of 250,000 Mikado shares at \$1.00 each was made after the 1985 year end.

Subsequently, the Company signed an agency agreement and is currently qualifying a prospectus to sell 300,000 shares at \$2.50 each to net \$693,750. Seventy percent of these shares are to be issued on a "flow through" basis, which means that Mikado will forego, in favour of the holders of such shares, the tax deductibility arising out of the exploration and development expenditures made out of the proceeds of such shares. In addition, the agent for the offering is to have a warrant to buy a further 75,000 shares at \$2.75 each, and the prospectus incorporates regulatory approval for director and employee incentive options to buy an aggregate of 305,000 shares at \$2.50 until May, 1987.

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

Mikado Resources Ltd.

Vancouver, British Columbia

SUMMARY ENGINEERING REPORT

Wagner Project

Slocan Mining Division

Gerrard, British Columbia

J.F. McIntyre, P. Eng.

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211-0250 120th Street, Surrey, B.C. V3V 4B7
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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 Qagner 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 htis 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 (Hörsethief 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	
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	
Geological 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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P.J. Santos, P. Eng., Anginel Resources Ltd., for Turner
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10. Personal communication of author with Mr. Frank Pellizzari,
Vancouver, B.C. - formerly with Sheep Creek Mines Ltd.

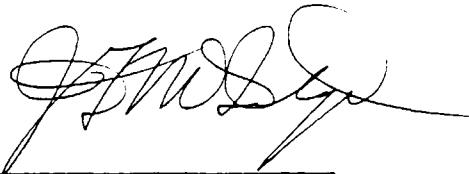
McINTYRE ASSOCIATES
MINING & GEOLOGICAL CONSULTANTS
211-9250 120th Street, Surrey, B.C. V3V 4B7
Telephone (604) 588-5111

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)



Lot NumberNameOwnership

	<u>Mikado</u>	<u>Others</u>
	Fractional Interest	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

Agreement Date

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



McINTYRE ASSOCIATES

APPENDIX II

1981 Assay Certificates &
Ore Shipment Settlement (Hawkins 8)

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

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	<0.007		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

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

CERTIFICATE OF ASSAY

Samples submitted: August 7, 1981
Results completed: August 14, 1981

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	Percent	Percent	Percent
	Ounces Per Ton	Ounces Per Ton	Percent Cu	Percent Pb	Percent Zn			
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: Pulp retained three months

Rejects retained two weeks

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Form No. 13 C

CAN TEST LTD.

Provincial Assayer

To:

Sawyer Consultants

#1201 - 675 W. Hastings Street

Vancouver, B.C.

V6B 1N2

Attention: Mr. T. G. Hawkins



can test ltd.

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

Telephone 254 7278

Telex 04 54210

Certificate of Assay

File No. 2745F-6

Date August 27, 1981

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.

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Rejects retained two weeks.

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Saxter Consultants Inc.



can test ltd.

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

one 7H
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 Pulp retained three months

CAN TEST LTD.

Rejects retained two weeks

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Form No. 13C

Stewart
Provincial Assayer

To

Sawyer Consultants Inc.

Suite 1201, 675 W. Hastings Street

Vancouver, B.C.

V6B 1N2

Attention: Mr. T. Greg Hawkins



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

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				
148 - 155	L 0.01		0.02	-	-				
155 - 162	-		0.04	-	-				
L = Less than									

Note Pulps retained three months.

Rejects retained two weeks.

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Form No. 13 B

CAN TEST LTD.

Provincial Assayer



can test ltd.

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

SEMI QUANTITATIVE SPECTROGRAPHIC ANALYSIS CERTIFICATE

Telex 04 54210

To Mr. Dave Pearce

RR #1

Nelson, B.C.

VIL SP4

File No 2475E-6-0

Date Aug. 14/8

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

		1	2	3	4	5
Aluminum	Al	1.				
Antimony	Sb	ND				
Arsenic	As	ND				
Barium	Ba	ND				
Beryllium	Be	ND				
Bismuth	Bi	ND				
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	20.				
Silicon	Si	*				
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	*				

Sample Identification

Sample 1: Wagner Pb

Sample 2:

Sample 3:

Sample 4:

Sample 5:

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

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.

Silicon, aluminum, magnesium, calcium and iron are normal components of complex silicates.

MATRIX - Major constituent
 MAJOR - Above normal spectrographic range
 TRACE - Detected but minor amounts
 N.D. - Not detected
 * - Suggest assay (above 0.3%)

All results expressed as Percent

Note: Pulps retained one week

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CAN TEST LTD.

[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	35.6800	5.8000	0.0000	10.0000	
OZ/ DRY TCN		%	%	%	%	%	
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

PB PRICE 31.84490 - 10.00 - 0.25 (31.84490 - 25.00) = 31.84490
 ZN PRICE C90.000 / 2204.6 # 1.29230 - 15.00 = 43.99390 \$/LB
 AG PRICE 8.84417 # 1.29230 # .970 - 0.00000 = 11.03644 \$/OZ

PAYMENTS PER TCN	CONTENT	DEDUCTIONS	PAID FOR		
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.C.D. TADANAC	= \$	435.97
VALUE/S.D.T. # 10.0000 S.C.T.	= \$	435.70
ADVANCE PAYMENT	= \$	3270.00

CAN TEST LTD

[Handwritten signature]

McINTYRE ASSOCIATES

APPENDIX III

1984-85 Assay Certificates (Santos 7&9)



KAMLOOPS RESEARCH & ASSAY LABORATORY LTD.

B.C. LICENSED ASSAYERS
GEOCHEMICAL ANALYSTS
METALLURGISTS

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

V2C 5P5

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

CERTIFICATE OF ASSAY

TO Mr. P. J. Santos
526 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

12/11



912-1 LAVAL CRESCENT — KAMLOOPS, B.C.

V2C 5P5

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

CERTIFICATE OF ASSAY

TO Mr. P.J. Santos
626 9th Ave.,
Castlegar, B.C. V1N 1M4

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	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
Pulps retained three months
unless otherwise arranged

Registered Assayer, Province of British Columbia



KAMLOOPS RESEARCH & ASSAY LABORATORY LTD.

912 - 1 LAVAL CRESCENT — KAMLOOPS, B.C.
 V2C 5P5
 PHONE: (604) 372-2784 — TELEX: 048-8320

**REGISTERED ASSAYERS
 GEOCHEMICAL ANALYSTS
 METALLURGISTS**

CERTIFICATE OF ASSAY

TO Mr. P. J. Santos

Certificate No. K 7042

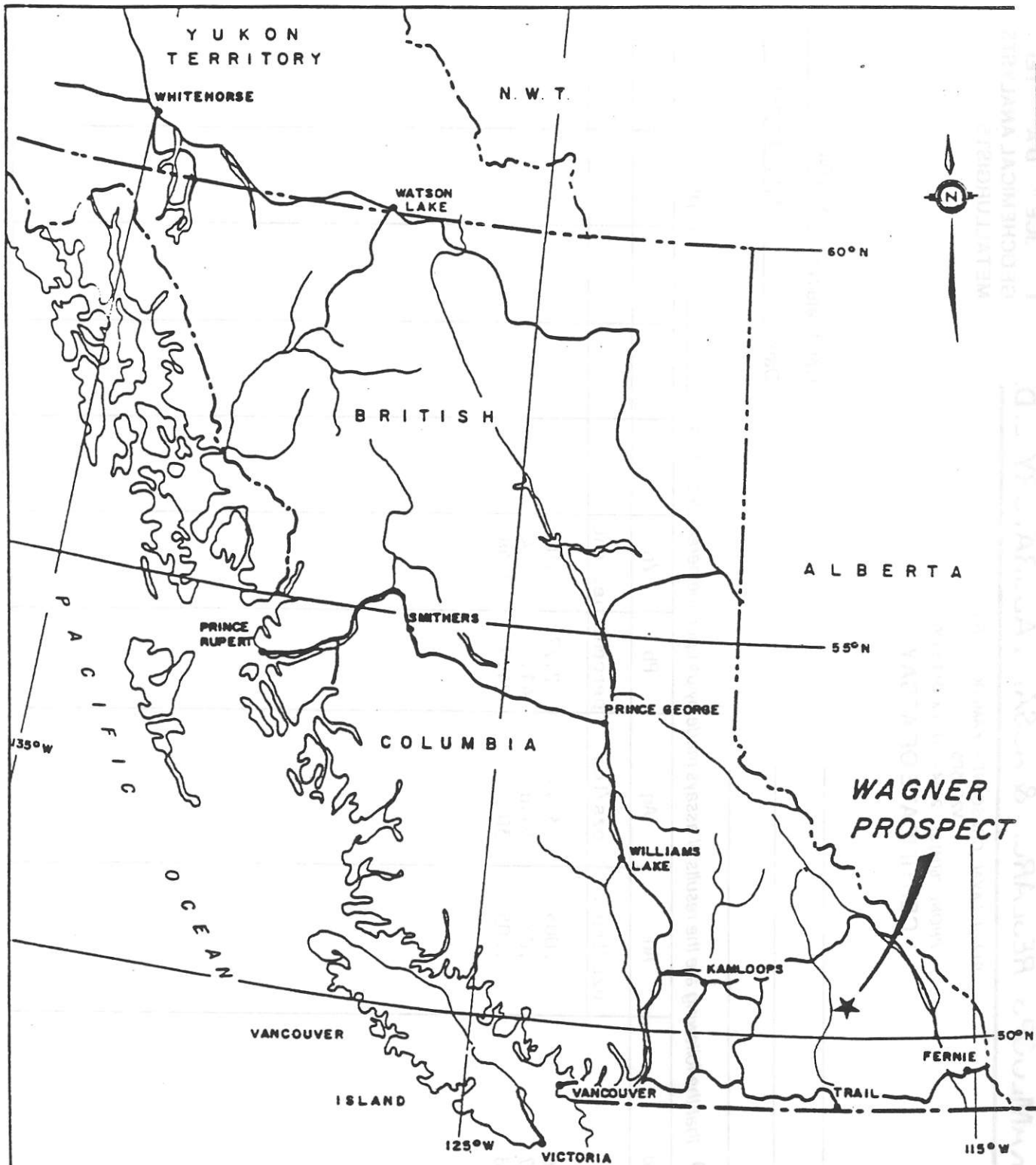
Date July 19, 1985


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

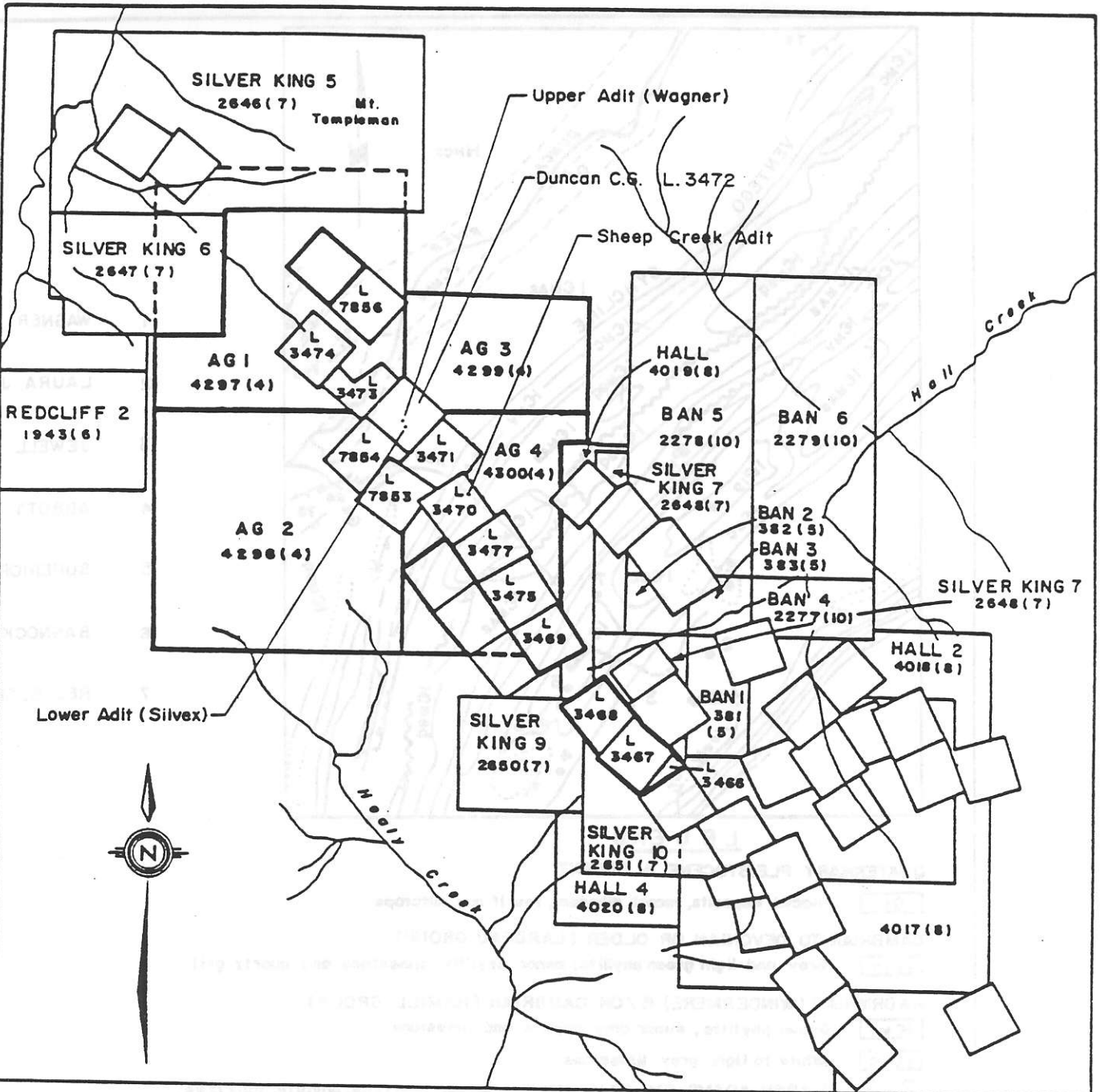
Kral No	Marked	Au	Ag	Pb	Zn				
		ozs/ton	ozs/ton	percent	percent				
1	10196	.005	3.35	2.27	.05				
2	10197	.024	54.8	41.0	1.74				
3	10198	.005	30.8	24.9	3.48				

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


[Signature]
 Registered Assayer, Province of British Columbia



McIntyre Associates MINING & GEOLOGICAL CONSULTANTS		SURREY, B.C.	
KEY MAP		MIKADO RESOURCES LTD AND MIKADO RESOURCES DRILL FUND LIMITED PARTNERSHIP	
		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, 1988.
FIGURE 1	AUGUST 5, 1985	 MPH Consulting Limited	



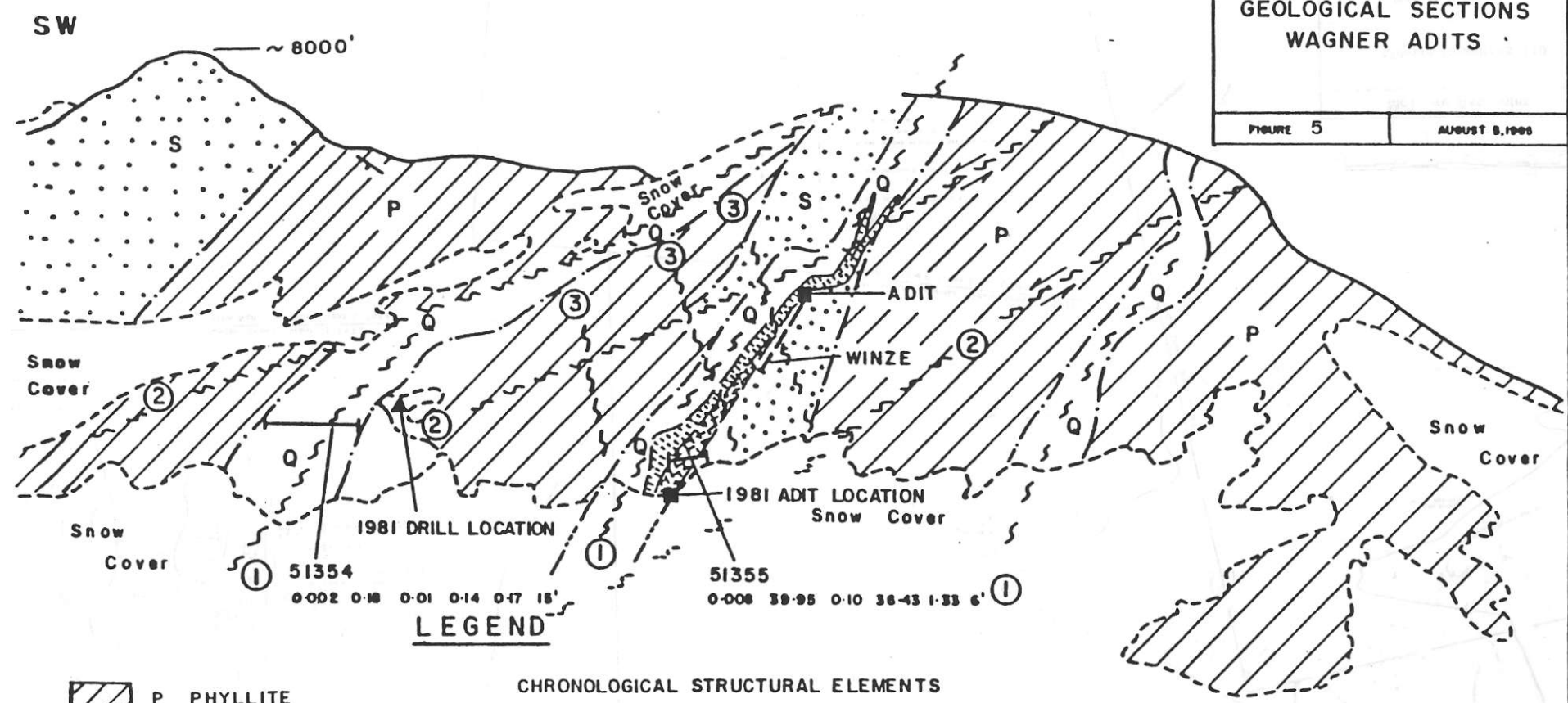
Reference : NTS 82 K/1E

McIntyre Associates MINING & GEOLOGICAL CONSULTANTS SURREY, B.C.		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:	1:50 000	Drawn:	J. S.
Drawing No.	2	Date:	JANUARY, 1985.
FIGURE 2	AUGUST 5, 1985	 MPH Consulting Limited	

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

GEOLOGICAL SECTIONS
 WAGNER ADITS

FIGURE 5
 AUGUST 8, 1985



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

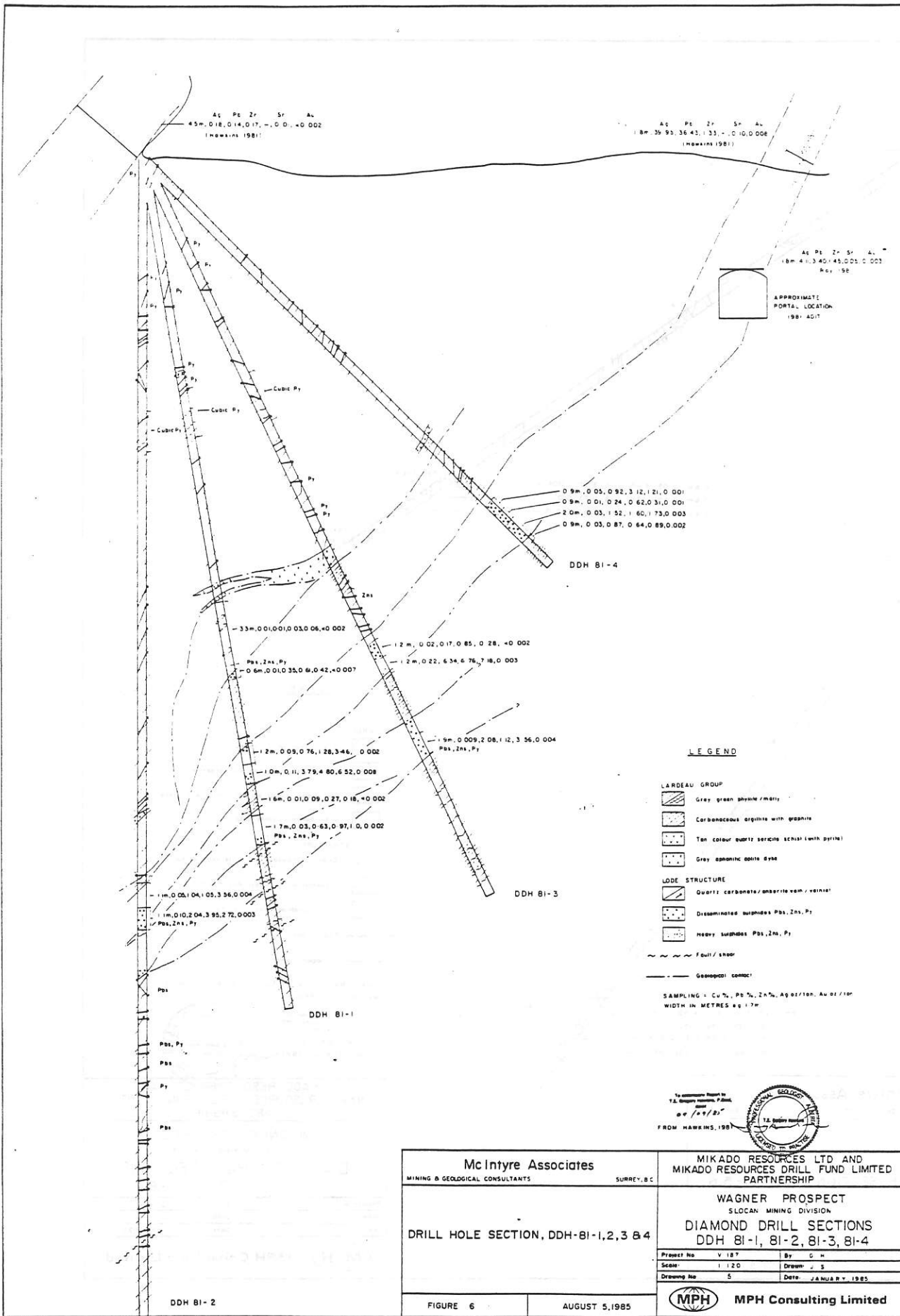
No	Au	Ag	Cu	Pb	Zn	Width
	oz/ton	oz/ton	%	%	%	
51354	0.002	0.18	0.01	0.14	0.17	15'

MIKADO RESOURCES LTD. AND
 MIKADO RESOURCES DRILL FUND LIMITED
 PARTNERSHIP

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

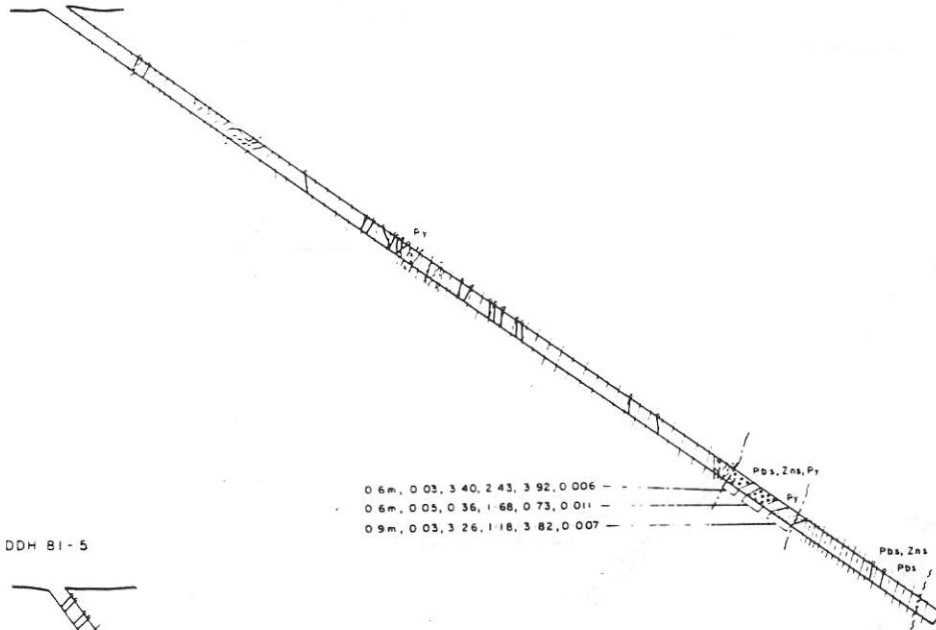
Project No	V 187	By	G. H.
Scale	~ 1:1200	Drawn	J. S.
Drawing No.	4	Date	JANUARY, 1985.

MPH Consulting Limited

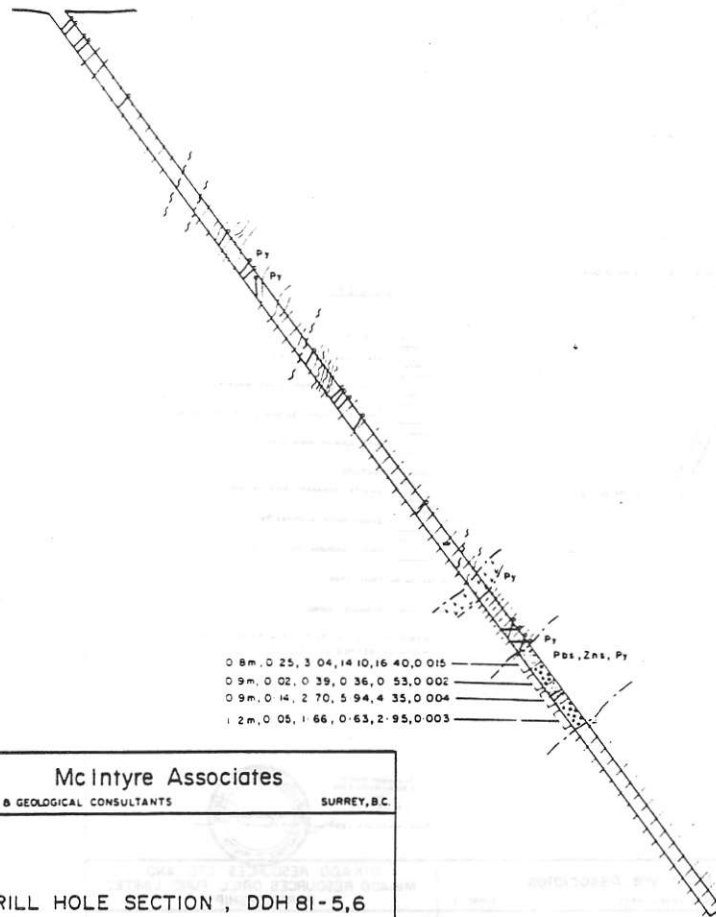


McIntyre Associates MINING & GEOLOGICAL CONSULTANTS		MIKADO RESOURCES LTD AND MIKADO RESOURCES DRILL FUND LIMITED PARTNERSHIP	
DRILL HOLE SECTION, DDH-81-1, 2, 3 & 4		WAGNER PROSPECT SLOCAN MINING DIVISION DIAMOND DRILL SECTIONS DDH 81-1, 81-2, 81-3, 81-4	
Project No	V-187	By	G.H.
Scale	1:120	Drawn	J.S.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

DDH 81-6



DDH 81-5



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, Geologist, P.Eng.
dated

04/04/85
FROM HAWKINS, 1981



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

DRILL HOLE SECTION, DDH 81-5,6

FIGURE 7 AUGUST 5, 1985

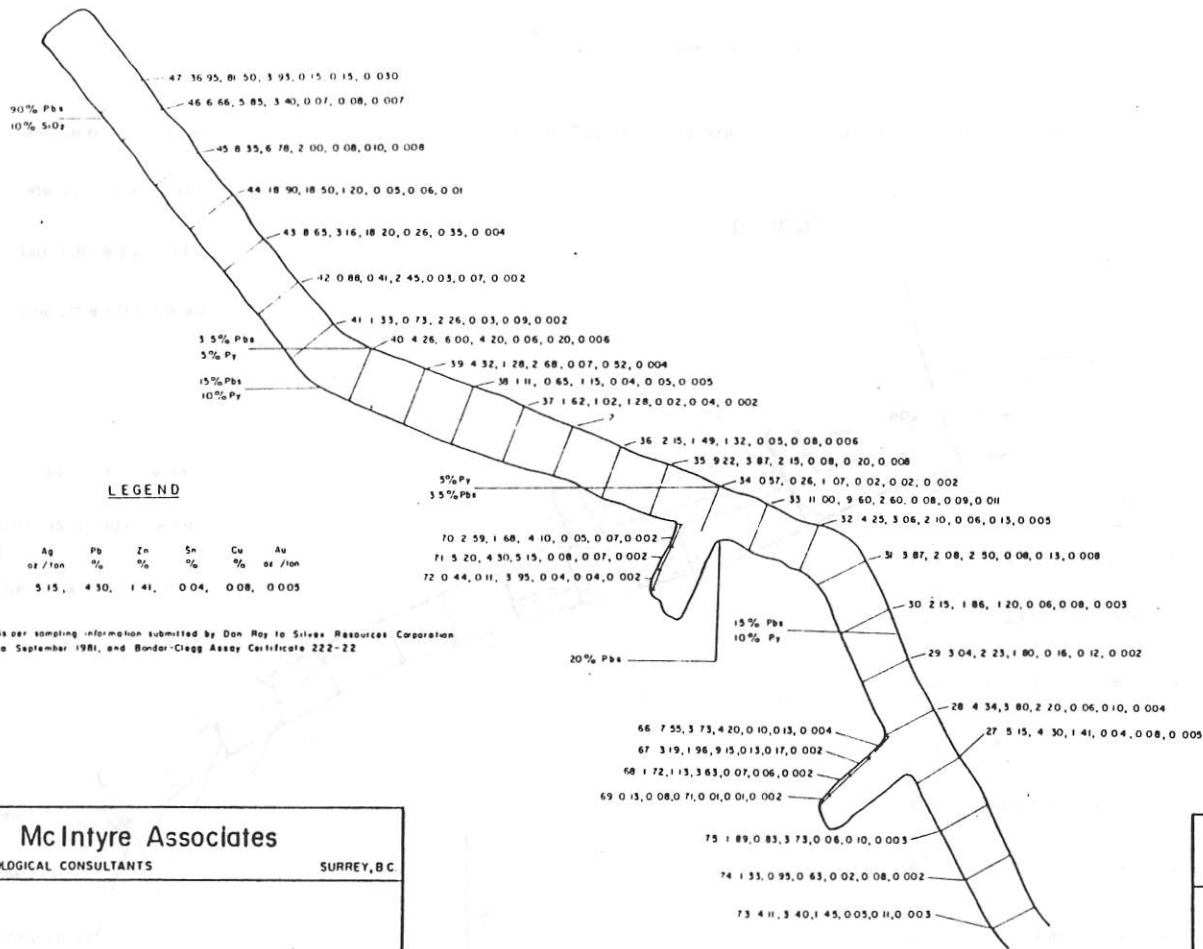
MIKADO RESOURCES LTD. AND
MIKADO RESOURCES DRILL FUND LIMITED
PARTNERSHIP

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



To accompany Report by
 T.E. Gregory, HANCOCK, P. DODD,
 dated
 01/09/85

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


1981 ASSAY MAP - SILVEX ADIT

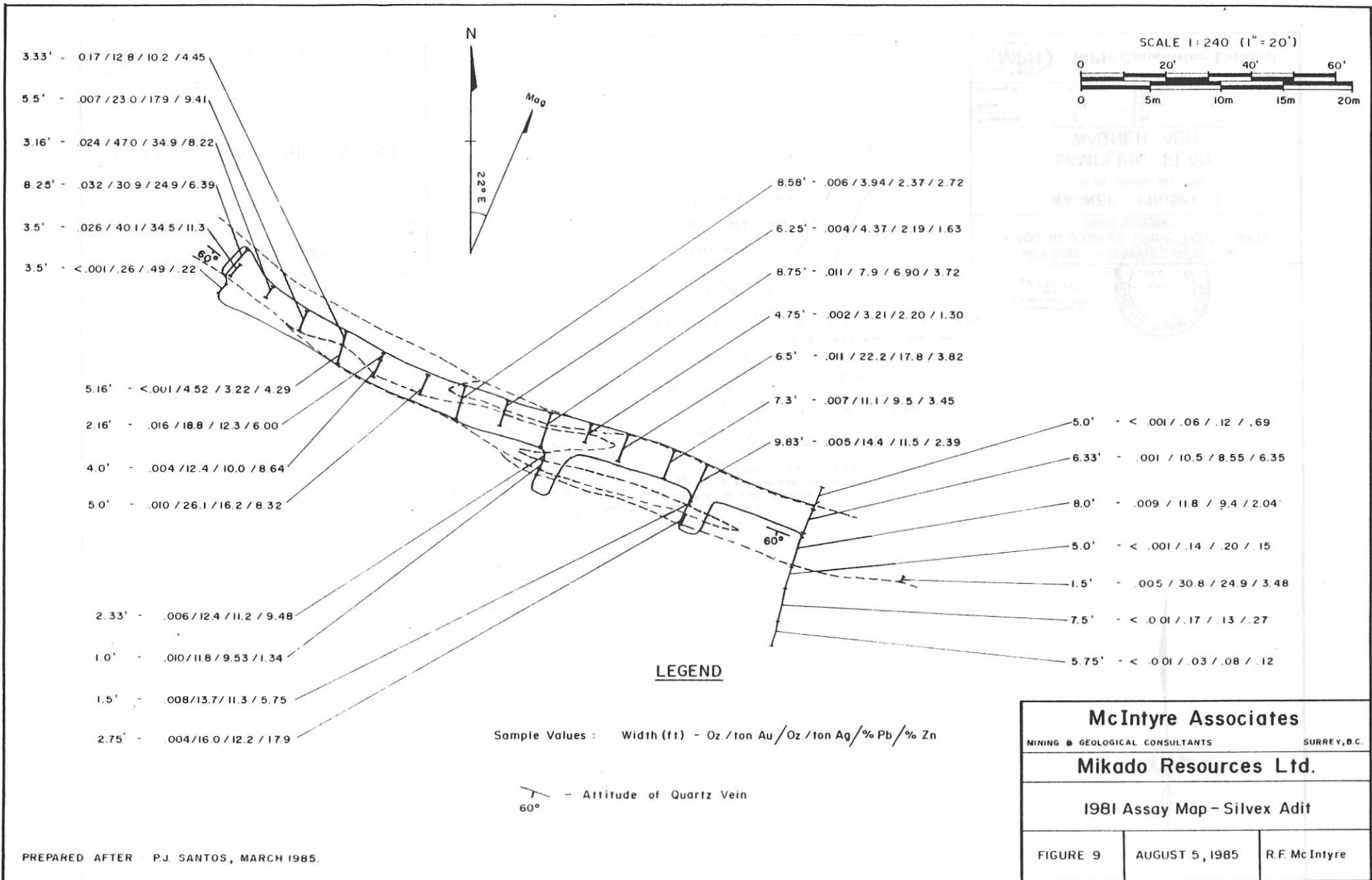
FIGURE 8
 AUGUST 5, 1985

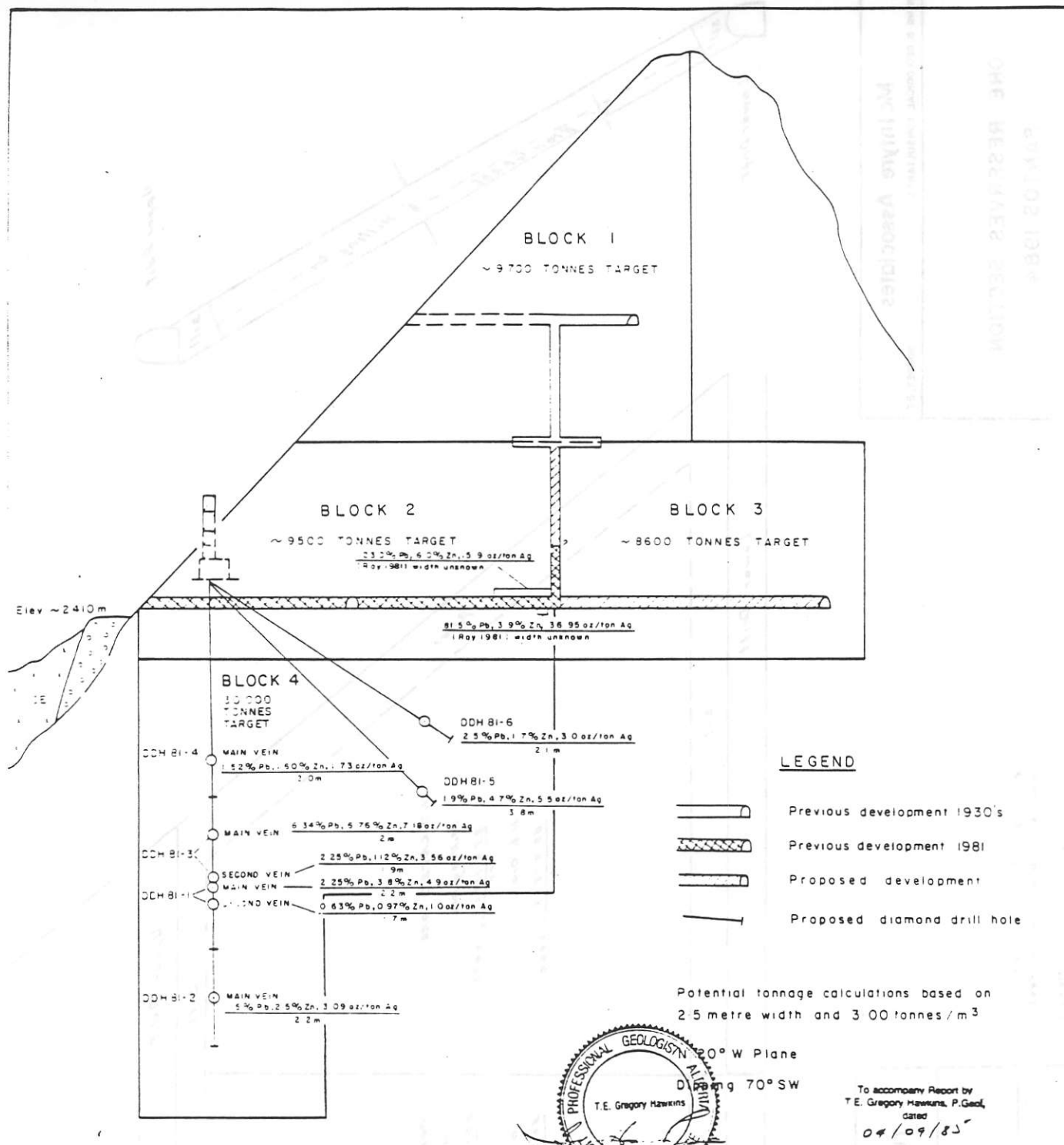
**MIKADO RESOURCES LTD. AND
 MIKADO RESOURCES DRILL FUND LIMITED
 PARTNERSHIP**

WAGNER PROSPECT
 SLOCAN MINING DIVISION
SAMPLING PLAN
WAGNER ADIT

Project No:	V 187	By:	G H
Scale:	1:25	Drawn:	J S
Drawing No:	B	Date:	JANUARY, 1985

 **MPH Consulting Limited**





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

ORE RESERVES SECTION
HAWKINS 1985

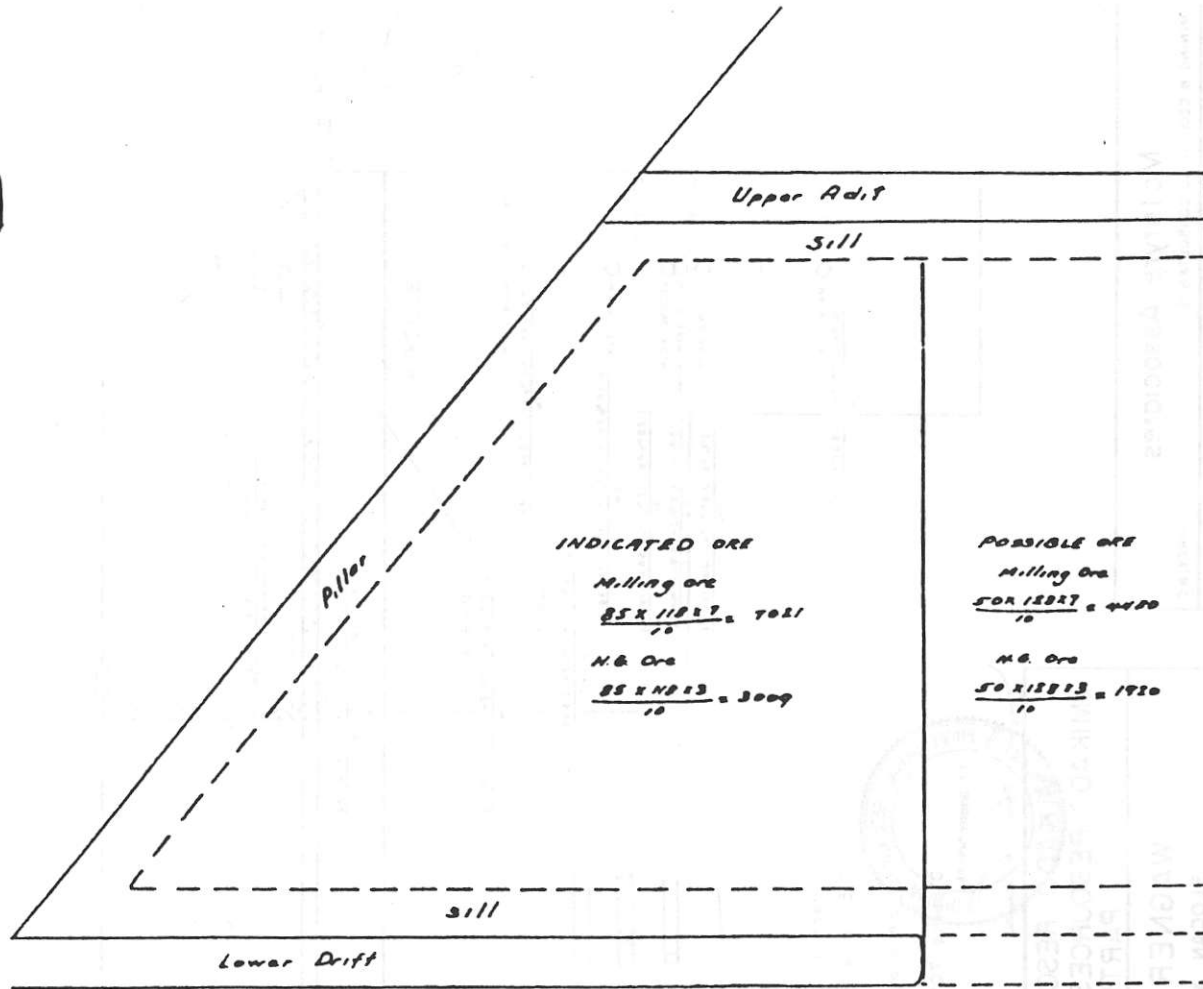
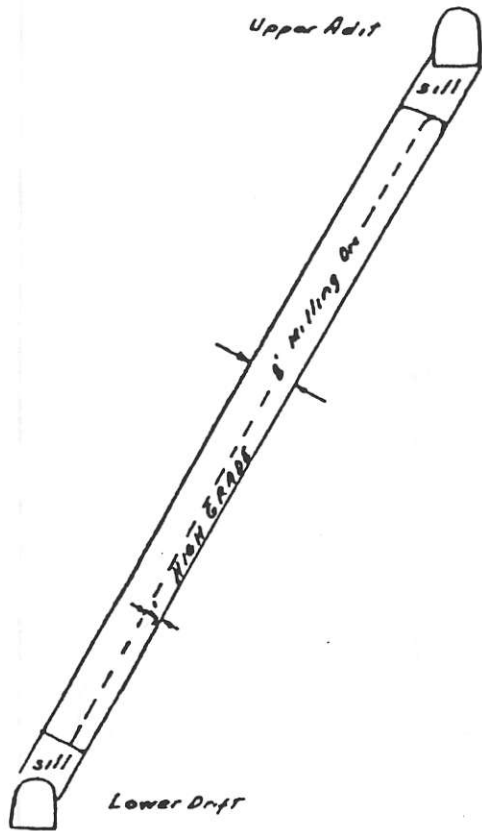
MIKADO RESOURCES LTD. AND
MIKADO RESOURCES DRILL FUND LIMITED
PARTNERSHIP

WAGNER PROSPECT
SLOCAN MINING DIVISION
NW-SE IDEALIZED SECTION
OF 1981 WORK AND PROPOSED 1985 WORK

Project No.	V 87	By:	G H
Scale:	1 500	Drawn:	J S
Drawing No:	7	Date:	JANUARY, 1985



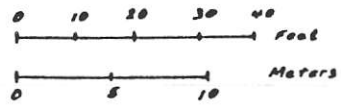
MPH Consulting Limited



ONE RESERVES SECTION
 HAWKINS 1983

MPH
 MPH Consulting Limited

McIntyre Associates	
MINING & GEOLOGICAL CONSULTANTS	SURREY, B.C.
<p>ORE RESERVES SECTION</p> <p>SANTOS 1984</p>	
FIGURE II	AUGUST 5, 1985



TURNER ENERGY RESOURCES LTD.			
WAGNER MINE			
ORE BLOCKS			
ANGINEL RESOURCES LTD.			
DRAWN BY	DATE	SCALE	PLATE
P. J. Santos, P. Eng.	May 1984	1" = 10M	no. 7
CEN-TEC # 5403			

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GEOLOGICAL REPORT
ON THE
SUE 1 and SUE 2 MINERAL CLAIMS

N.T.S. 104 0/16W
Liard Mining Division

for

Mikado Resources Ltd.
Vancouver, B.C.

by

R.J. Darney, Geologist
R. Yorston, Geologist
C.K. Ikona, P.Eng.

January, 1985

1.0 INTRODUCTION

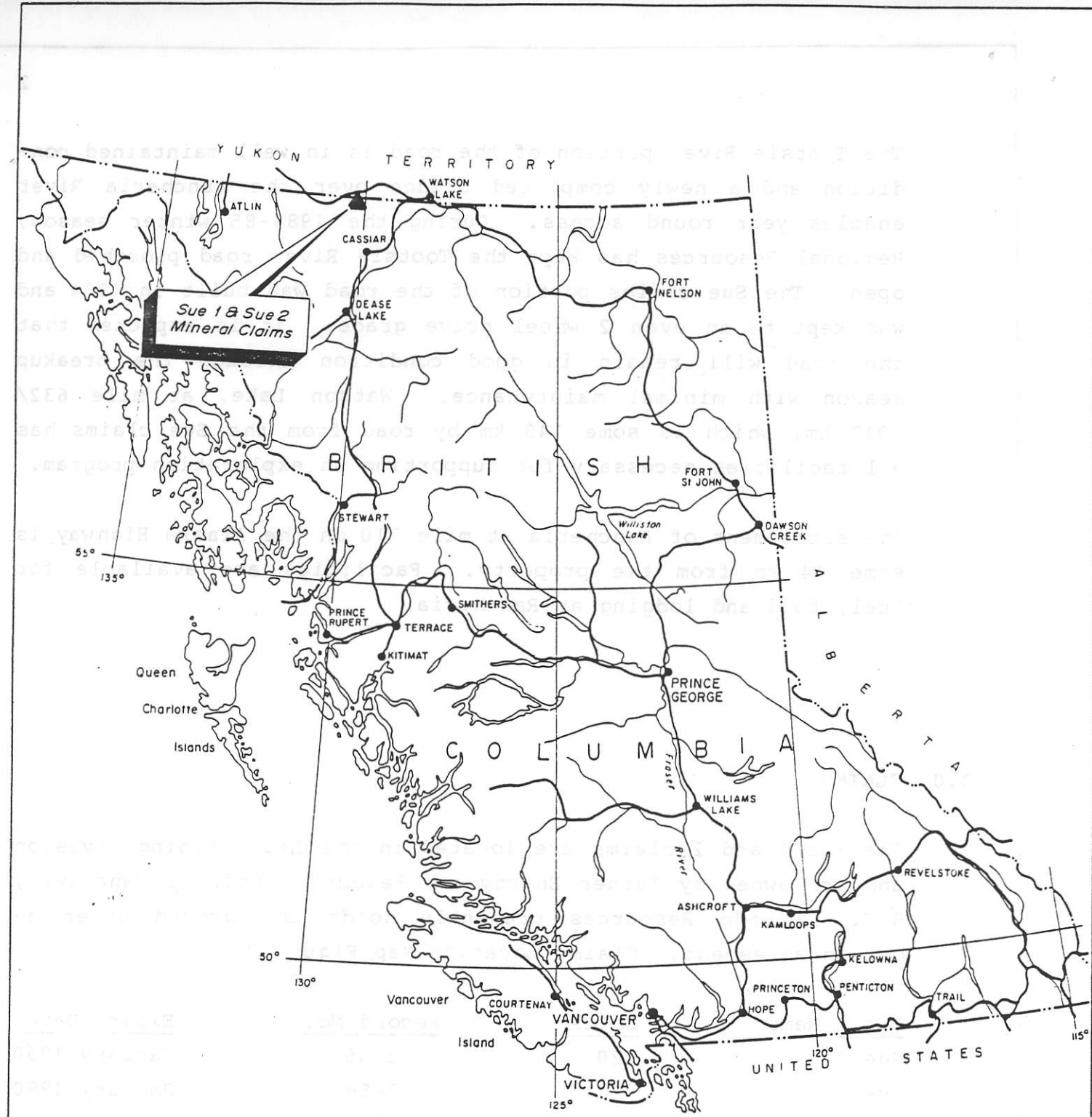
The Sue 1 and 2 claims located in northern British Columbia were staked in January 1983 to cover a known tungsten and silver-lead showing once covered by the JCS 1 and 2 mineral claims. The Sue property was subsequently acquired by Turner Energy and Resources Ltd. In August 1984, Mikado Resources Ltd. optioned the Sue claims and initiated an exploration program. This work was funded by the Mikado Resources Drill Fund Limited Partnership.

During the late summer of 1984, preliminary bulldozer trenching and sampling were undertaken to test a known silver-lead occurrence located in the west central portion of the claims. The results of the initial sampling program were very encouraging and prompted a more intensive exploration program which included a vector pulse electromagnetic survey, geochemical survey, claims survey, bulldozer trenching and diamond drilling. This work was completed in November 1984.

2.0 LOCATION AND ACCESS

The Sue 1 and 2 mineral claims are located at approximately 59°59' North Latitude and 130°23' West Longitude on NTS sheet 104-0-16W in northern British Columbia, some 85 km west-southwest of the town of Watson Lake, Yukon Territory (Figure 1).

Truck access to the property is available on a good gravel road which branches south from the Alaska Highway at mile 701 and follows southwest along the Tootsie River valley. At 21 km from the highway, the Sue claims road branches to the northwest and follows an even grade some 8 km to the west central portion of the claims area.



Mikado Resources Ltd.

PROPERTY LOCATION MAP
SUE MINERAL CLAIMS
Breccia Zone

January, 1985 Figure 1

Pamicon Developments Ltd.

The Tootsie River portion of the road is in well maintained condition and a newly completed bridge over the Rancheria River enables year round access. During the 1984-85 winter season, Regional Resources has kept the Tootsie River road ploughed and open. The Sue claims portion of the road was built in 1984 and was kept to an even 2 wheel drive grade. It is expected that the road will remain in good condition through the breakup season with minimal maintenance. Watson Lake, at mile 632/1017 km, which is some 140 km by road from the Sue claims has all facilities necessary for supporting an exploration program.

The settlement of Rancheria at mile 710 on the Alaska Highway is some 44 km from the property. Facilities are available for fuel, food and lodging at Rancheria.

3.0 CLAIMS

The Sue 1 and 2 claims are located in the Liard Mining Division and are owned by Turner Energy and Resources Ltd. of Vancouver, B.C. Mikado Resources presently holds the ground under an option agreement. Claims Location Map Figure 2.

<u>Claim Name</u>	<u>Units</u>	<u>Record No.</u>	<u>Expiry Date</u>
Sue 1	20	2655	January 1990
Sue 2	20	2656	January 1990

In October of 1984, a survey of the claim boundaries was conducted by Robert Allen and Company, Professional Land Surveyors. A site plan of this survey is in Appendix VI of this report.

The authors visited the LCP of Sue 1 and 2 as well as reviewed the claims records and found that both comply with the regulations of the British Columbia Mineral Act.

4.0 HISTORY

Early work by J.C. Stephen led to the discovery of anomalous tungsten values in stream sediment sampling. This information provided the basis for follow-up exploration and the staking of the JCS 1 and JCS 2 mineral claims in 1979 by Du Pont of Canada Exploration Ltd. In 1979 Du Pont conducted a geological mapping and geochemical soil sampling program over the JCS property. The geochemical program consisted of 10.8 sq.km of regional sampling at 300 m x 300 m spacing. Further definition of the tungsten zone was established by the above sampling, and a .19 sq.km grid of 10 m x 25 m spacing was used for more detailed sampling. Following these surveys, a bulldozer trenching program was carried out on the tungsten skarn zone and also on a reported silver-lead showing on the north portion of the detailed grid.

The JCS claims were subsequently allowed to lapse.

In January of 1983, Mr. T. Cameron Scott recorded the staking of the Sue 1 and Sue 2 mineral claims. Ownership of the claims was transferred to REG Resources Corp. on February 14, 1983 and to Turner Energy and Resources Ltd. on March 29, 1983. During the summer of 1983 the property was visited by Mr. Peter Christopher of Peter Christopher and Associates Inc. and a structural-geological study was carried out by Pegasus Earth Sensing Corporation.

5.0 PROGRAM 1984

The 1984 program began with a property examination combined with preliminary bulldozer trenching of the silver-lead breccia occurrence during late August. After receiving encouraging silver assays from trench sampling, the program was expanded to include a vector pulse electromagnetic survey and a geochemical

soil sampling survey over some 57 km of grid with 200 m spaced lines and 50 m stations.

These surveys carried out by Glen E. White Geophysical Consulting and Services Ltd. covered most of the Sue 1 and 2 claims area. The work is documented in 'Geochemical-Geophysical Report, Turner Energy and Resources Ltd. Sue 1 and 2 Mineral Claims', by Glen E. White, October 12, 1984.

In early October, a claims boundary survey was undertaken by Robert Allen and Company, Professional Land Surveyors.

Following an engineering evaluation of the acquired field data, a bulldozer trenching and 2,000 foot diamond drilling program commenced on October 15 under the technical direction of Pamicon Developments Ltd. and the management of J. Simpson, Turner Energy and Resources Ltd.

6.0 GEOLOGY

6.1 Regional Geology

The area has been regionally mapped by the Geological Survey of Canada on a scale of 1:250,000 and the geology presented on GSC map 18-1968 by Gabrielse.

The regional setting is dominated by the large northerly trending Cretaceous Cassiar Batholith with adjacent sediments and metasediments ranging from Lower Cambrian to Devonian in age.

The Sue claims lie along the northeasterly trending contact of the batholith which is described as a generally medium-coarse grained, biotite quartz monzonite weathering to a rusty-brown-buff colour. In contact with the quartz

monzonite is a succession of phyllites, black argillites and interbedded limestones of the Cambrian Atan-Good Hope and/or Kechika groups. Overlying the Atan-Good Hope group is a series of quartzites, dolomitic quartzites, sandy-dolomites and limestones belonging to the Upper Silurian-Devonian McDame-Sandpile groups.

East to southeast moderate dips are common along the eastern contact area of the batholith.

Locally extensive alteration zones consisting of hornfelsed argillites, skarns with associated pegmatites and greissens are common within the contact aureole of the batholith.

6.2 Local Geology

Only limited surface geologic mapping was done during the 1984 program due to an extensive early snow cover when much of the program was being carried out. The following description therefore contains previously documented information by Ms. L.K. Eccles of Du Pont of Canada who carried out preliminary mapping in 1979.

The eastern contact of the Cassiar Batholith runs northeasterly through the northwest portion of the Sue claims. In the west central region of the Sue 1 claims where detailed mapping was done, Ms. Eccles described the geology of the contact area as follows.

"A thin band of dark brown to black argillite can be seen to lie in direct contact with the intrusive rocks bounded by a band of white quartzite, at least 50 metres wide, to the east. The true thickness of the argillite bed like that of the quartzite on the claims cannot be estimated as it has been mostly engulfed by the intrusive rocks. The only outcrop of argillite occurs in a small embayment of the intrusive complex. The argillite grades into grey/white

banded quartzite moving to the east away from the granite/sedimentary contact. More commonly, the quartzite is white and massive. One small area within the quartzite has breccia-pipe characteristics. Black weathering and brecciated rocks with frothy textures stained to a greenish-yellow is characteristic of the quartzite breccia. Disseminated blebs of galena are often visible in the rock." Moving further east away from the intrusive contact Ms. Eccles goes on to say, "within the area of the detailed mapping, near the contact with the limestone but still within the quartzite layer several narrow skarn bands were observed, which are up to 1 metre thick."

"Close to the contact with the quartzite the coarsely crystalline limestone commonly contains long radiating crystals of wollastonite. Several narrow bands of scheelite bearing skarn exist close to the contact."

From initial traverses run in 1984, Ms. Eccles' description of the local surface geology would appear quite accurate. The 1984 drilling has provided additional information on the distribution of lithologies which are discussed further in the drilling section of this report.

6.3 Structure

Regional trends and attitudes indicate a general uplift effect along the margin of the Cassiar Batholith with most sediments and metasediments showing easterly to southeast dips. A photogeological and Landsat Imagery investigation by Pegasus Earth Sensing Corporation outlines a complex structural package. Messrs. T. Reimchen and E. Bakker report that:

"...results of the Landsat image processing and interpretation show many linear elements. Most of these lineaments represent fractures or faults. They occur mainly in a 4 to 7 km wide SW to NE trending belt which parallels the contact of the Cassiar Batholith NE of Tootsie Lake, but cuts through the batholith N and W of Tootsie Lake. The major part of the Sue property falls within this belt." "The belt is characterized by SW-NE trending lineaments and can be termed a 'fault belt'. Several mineral deposits are known to exist within this belt."

"Other linear trends also cut the Sue claims. The photogeology study revealed the presence of smaller linear structures which have been partly identified as faults. The faults are probably of different age. Two directions, SW-NE and NW-SE probably form a conjugate set." (Figure 3)

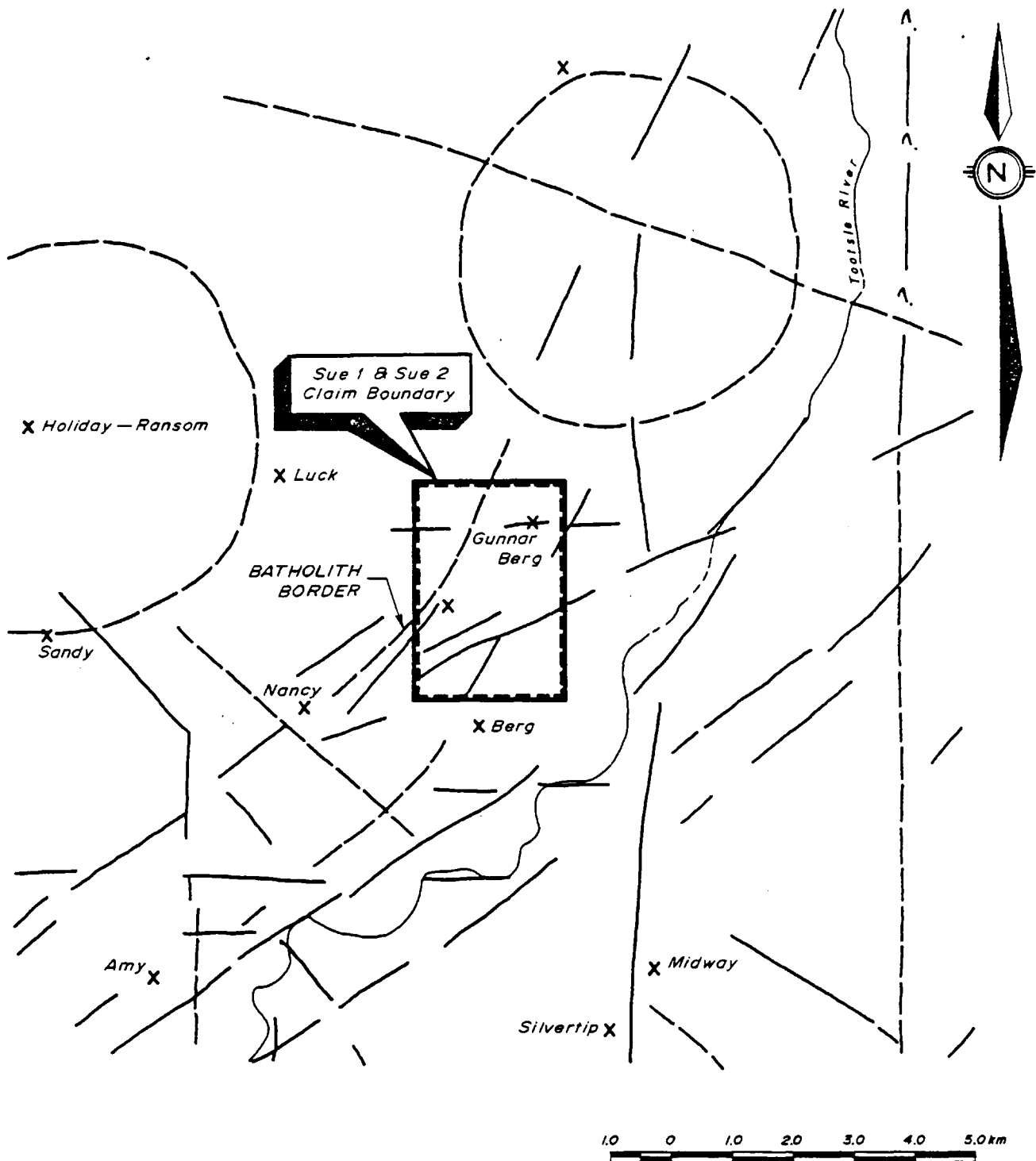
6.4 Mineralization

Two types of mineralization have been recognized on the Sue claims.

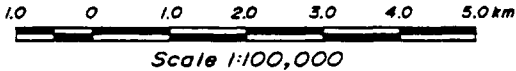
The first consists of tungsten-molybdenum mineralization. Only a preliminary examination of the tungsten zone was made by the authors. Ms. Eccles, 1980, describes the mineralization as follows:

"An anomalous tungsten zone (geochemical) approximately 60 m wide and over 450 m long follows a contact between the limestone and quartzite..."

"High-grade scheelite skarn bands, outcropping within this zone have attitudes conformable to the steeply dipping, metasedimentary rocks. Crystals of scheelite occur as fine to coarse disseminations in all the narrow skarn bands. Molybdenite occurs as paint



Note: After T.Reimchen, E.Bakker; Feb.,1984



LEGEND

- X Mineral occurrence
- Lineaments (mainly faults and fractures)

Mikado Resources Ltd.

LANDSAT LINEARS

SUE MINERAL CLAIMS
Breccia Zone

NTS: 104 0/16W

January, 1985 Figure 3

Pamicon Developments Ltd.

on the fracture surfaces within a skarn band in the quartzite."

Subsequent bulldozer trenching by Du Pont within an area of some 50 metres by 150 metres has exposed irregularly distributed scheelite bearing skarn bands in many of the cuts. No sampling of this zone was undertaken in 1984.

The second type of mineralization occurs as a silver-lead-zinc bearing breccia zone near L800N - 1975W (G. White, 1984 grid). The main breccia zone is exposed on an easterly facing slope on the west side of a broad saddle in the west central portion of the claims area. The exposure is approximately 20 metres by 30 metres in size. The zone is very broken due to frost heave action and weathers to a dark grey or black colour with greenish-yellow staining on fresher fractures.

In hand specimen the rock may be described as a siliceous or quartzite breccia very often finely vuggy and porous giving it a strong vesicular texture. Angular clasts of white quartzite and dark grey siliceous argillite (pelitic siltstone - Medford, 1984) float in a medium to dark grey very silicious matrix. The clasts vary in size from about 3 cm to less than 1 cm with the most common size of about 1 cm.

Mineralization within the breccia is not readily apparent. Upon close examination, fine to medium sized grains of galena and/or sphalerite can be found disseminated locally within the breccia matrix. One float sample below the main outcrop showed more massive mineralization with up to 30% galena, sphalerite and lesser pyrite.

Following the drilling program, a petrographical study was completed by Gary A. Medford, Ph.D. (Appendix VII). Medford describes the breccia as follows:

"The breccia is a composite in which larger clasts and matrix are derived from the metasedimentary units" (those normally underlying the breccia zone and discussed earlier in Medford's report).

"The largest and most obvious clasts are composed of pure quartzite. The matrix is dark grey-black but may contain barely perceptible fragments of any of the units above. No igneous fragments were observed nor were any sedimentary units other than those discussed above."

"The matrix may be composed, in places, of only comminuted quartz which appears dark but dense and hard. In other cases, the matrix is spongy and may be composed of cataclasite with a provenance such as siltstone. In such cases, the matrix contains a liberal dusting of opaques."

"Late stage fracturing has resulted in considerable introduction of silica and carbonate. These fractures connect a large number of round or subround voids which commonly show quartz-crystal encrustations. The breccia prior to the sealing of the fractures system must have been exceedingly permeable."

"Mineralization identified in thin section include sphalerite, argentiferous galena and secondary lead-silver oxides. Fine crystals of galena were identified by x-ray in DDH-8 at 40 feet (418X) along with some graphite. These appear to be set in a late fracture (post/late brecciation) within the breccia. The other minerals were found only in the green and yellow-stained (but otherwise similar) breccia sampled in the trenches. The green and yellow stain as well as a white "punky" mineral lining or filling the voids appear to be secondary silver-lead minerals coating the breccia. Sphalerite crystals were

observed in trains following microfractures. In one case, an almost euhedral crystal was observed growing within a void."

Outcrops of massive white to grey quartzite in the vicinity of the breccia zone are locally coarsely fractured and appear partly brecciated. Fracturing has given rise to the development of megaclasts which are locally surrounded and cemented by narrow bands of breccia material similar to the main breccia zone.








7.0 TRENCHING

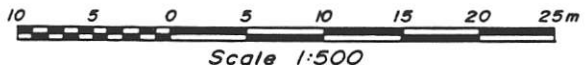
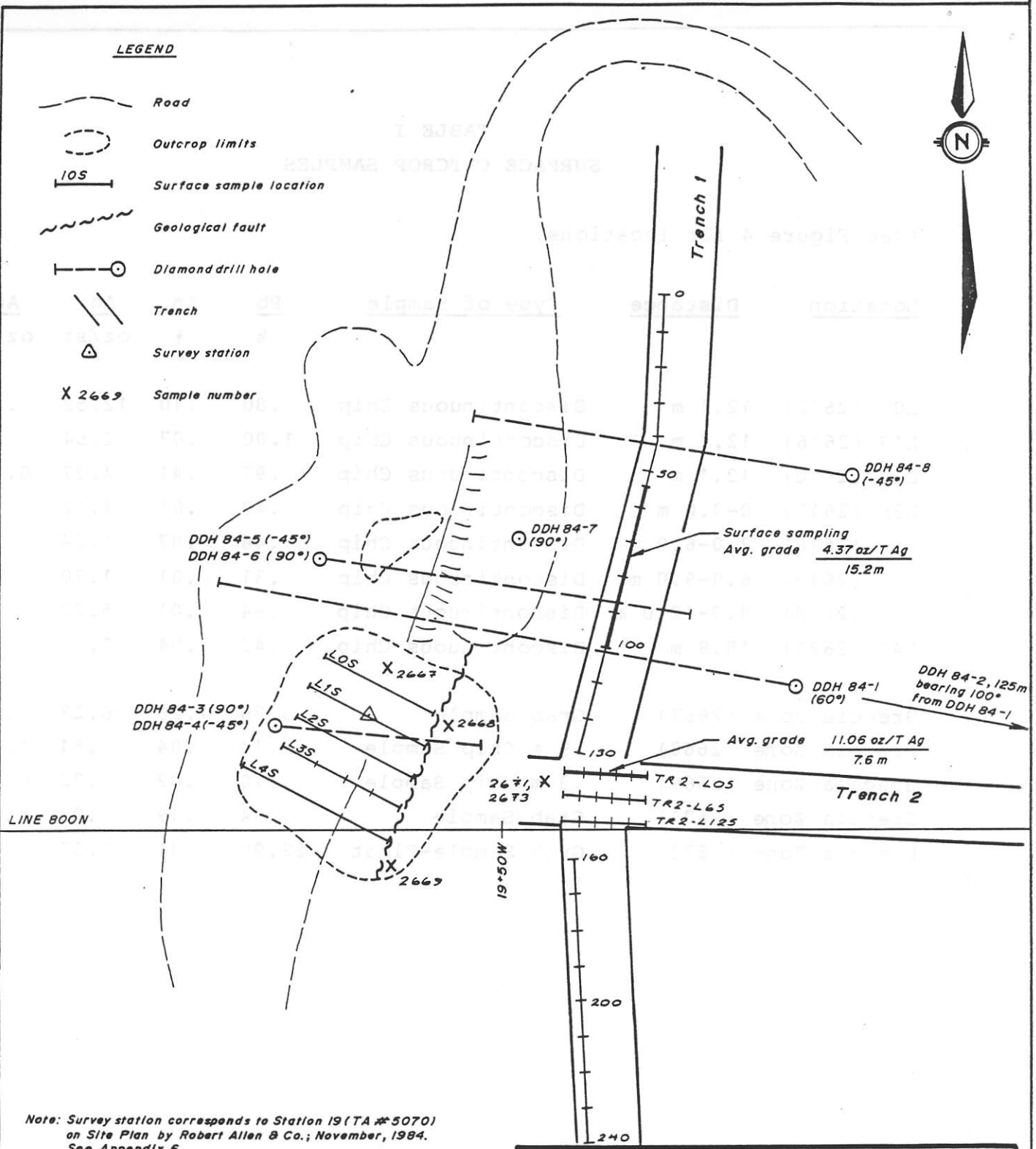
In August and September, a combination bulldozer trenching and surface sampling program was completed on the breccia zone. Figure 4 shows the location of the trenching in relation to the surface outcrop of the breccia zone. The NS trench or trench 1 varies from 4.5 to 6.0 metres deep and encountered bedrock along its western edge. Trench 2 which cut east-west at right angles to trench 1, reached depths of 7.5 metres and showed that bedrock falls to the east away from the main outcrop.

Abundant mineralized breccia float was uncovered in trench 1, north of the intersection with trench 2. Bedrock where exposed consisted of weathered breccia material. South of the trench 2 intersection weathered argillites, phyllites and pelitic siltstones were exposed. Well mineralized breccia material was exposed in the western end of trench 2.

The following tables list the assay results obtained during the surface outcrop and the trench sampling program.

LEGEND

-  Road
-  Outcrop limits
-  10S Surface sample location
-  Geological fault
-  Diamond drill hole
-  Trench
-  Survey station
- X 2669 Sample number



Mikado Resources Ltd.
PLAN MAP
Trenches and Diamond Drill Holes
SUE MINERAL CLAIMS
Breccia Zone
NTS 104 0/16W
 January, 1985 Figure 4
Pamicon Developments Ltd.

TABLE I
SURFACE OUTCROP SAMPLES

(See Figure 4 for locations)

<u>Location</u>	<u>Distance</u>	<u>Type of Sample</u>	<u>Pb</u> %	<u>Zn</u> %	<u>Ag</u> oz/st	<u>Au</u> oz/st
L0 (2672)	12.1 m	Discontinuous Chip	.80	.10	12.52	.006
L1S (2616)	12.1 m	Discontinuous Chip	1.00	.07	2.54	-
L2S (2670)	12.1 m	Discontinuous Chip	.97	.41	4.27	0.010
L3S (2617)	0-3.0 m	Discontinuous Chip	.40	.01	1.12	-
(2618)	3.0-6.0 m	Discontinuous Chip	.46	.07	1.04	-
(2619)	6.0-9.0 m	Discontinuous Chip	.31	<.01	1.70	-
(2620)	9.0-12.0 m	Discontinuous Chip	.84	.01	5.22	-
L4S (2621)	15.8 m	Discontinuous Chip	.42	.04	1.88	-
Breccia Zone (2667)		Grab Sample	3.26	1.26	6.23	.008
Breccia Zone (2668)	.9 m	Chip Sample	.14	.04	.54	<.003
Breccia Zone (2669)	.3 m	Chip Sample	.10	.02	.22	<.003
Breccia Zone (2671)		Grab Sample	.14	.19	.90	<.003
Breccia Zone (2673)		Grab Sample-Float	22.90	.31	18.37	.008

TABLE II
TRENCH SAMPLES

<u>Location</u>	<u>Sample No.</u>	<u>Length</u> m	<u>Pb</u> %	<u>Zn</u> %	<u>Ag</u> oz/st
Trench 1	TR 0-10	3	.13	.01	.34
Trench 1	TR 10-20	3	.64	.03	1.18
Trench 1	TR 20-30	3	1.60	.05	1.46
Trench 1	TR 30-40	3	.45	.03	.52
Trench 1	TR 40-50	3	.08	.02	.33
Trench 1	TR 50-60	3	.34	.02	6.31
Trench 1	TR 60-70	3	1.07	.13	6.39
Trench 1	TR 70-80	3	.98	.04	3.69
Trench 1	TR 80-90	3	.23	.04	.97
Trench 1	TR 90-100	3	.65	.02	4.49
Trench 1	TR 100-110	3	.08	.14	.57
Trench 1	TR 110-120	3	.08	.38	.75
Trench 1	TR 120-130	3	.09	.11	.74
Trench 1	TR 160-170	3	.33	.04	1.90
Trench 1	TR 170-180	3	.02	.20	.12
Trench 1	TR 180-190	3	.02	.02	.06
Trench 1	TR 190-200	3	.04	.02	.05
Trench 1	TR 200-210	3	.04	.05	.04
Trench 1	TR 210-220	3	.01	.01	.04
Trench 1	TR 220-230	3	<.01	.01	.03
Trench 1	TR 230-240	3	.01	.01	.08

TABLE II
TRENCH SAMPLES

<u>Location</u>	<u>Sample No.</u>	<u>Length</u> m	<u>Pb</u> %	<u>Zn</u> %	<u>Ag</u> oz/st
Trench 2	L0S 0-05	1.52	.08	.10	.75
Trench 2	L0S 5-10	1.52	.15	.13	1.43
Trench 2	L0S 10-15	1.52	1.88	.05	36.35
Trench 2	L0S 15-20	1.52	.48	.03	.94
Trench 2	L0S 20-25	1.52	1.71	.17	15.85
Trench 2	L6S 0-05	1.52	.12	.09	1.28
Trench 2	L6S 5-10	1.52	.14	.03	1.25
Trench 2	L6S 10-15	1.52	.52	.06	2.24
Trench 2	L6S 15-20	1.52	.30	.05	.93
Trench 2	L6S 20-25	1.52	.78	.13	1.45
Trench 2	L12S 0-05	1.52	.13	.03	.90
Trench 2	L12S 5-10	1.52	.50	.12	.79
Trench 2	L12S 10-15	1.52	.53	.11	1.63
Trench 2	L12S 15-20	1.52	.48	.20	.63
Trench 2	L12S 20-25	1.52	.03	.28	.24

8.0 DIAMOND DRILLING

In mid-October, a preliminary diamond drilling program was undertaken with the intention of testing both the breccia zone mineralization and the extremely high vector pulse electromagnetic anomaly which passes N-S through station 18+50W on Line 800N.

Since the surface geology of the breccia zone was incomplete and little knowledge of the breccia's orientation was known, a close spaced pattern of holes was selected in hopes of gaining some structural data.

A single long angle hole was collared to test the geophysical anomaly.

The following table gives the locations of diamond drill holes 1 to 8: (Note: Survey station corresponds to Station 19 [TH #5070] on Site Plan by Robert Allen and Co.)

<u>Hole Number</u>	<u>Location</u>	<u>Azimuth</u>	<u>Dip</u>	<u>Depth</u> m	<u>Collar Elevation</u> m
DDH 84-1	37.1 m from survey stn. at bearing 085°	280°	-60°	109.45	1443.6
DDH 84-2	50 m at bearing 100° from station 18+50W, L800N	280°	-60°	183.84	1447.0
DDH 84-3	8.5 m from survey stn. at bearing 265°	--	-90°	23.78	1450.0
DDH 84-4	8.5 m from survey stn. at bearing 265°	095°	-45°	26.52	1450.0
DDH 84-5	15 m from survey stn. at bearing 342°	098°	-45°	48.47	1450.0
DDH 84-6	15 m from survey stn. at bearing 342°	--	-90°	65.55	1450.0
DDH 84-7	21.5 m from survey stn. at bearing 040°	--	-90°	33.54	1445.5

<u>Hole Number</u>	<u>Location</u>	<u>Azimuth</u>	<u>Dip</u>	<u>Depth</u> m	<u>Collar Elevation</u> m
DDH 84-8	19.8 m from DDH 84-1 at bearing 015°	278°	-45°	49.39	1443.6

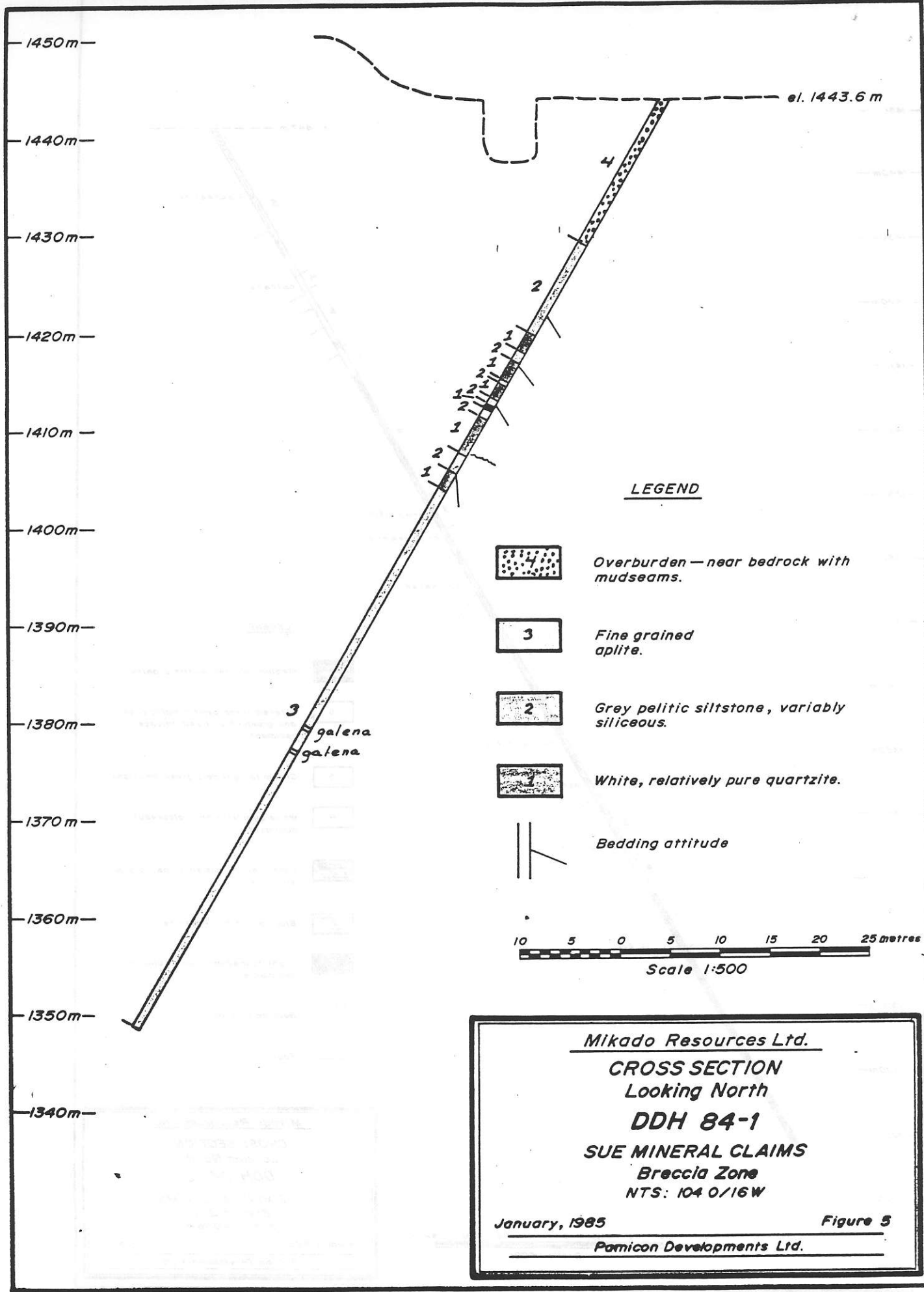
All hole collars were left marked by wooden plugs upon completion of the program.

8.1 Discussion and Interpretation

The drill logs with geological descriptions of lithologies, structure and assay results are in Appendices IV and V while the cross sections of each hole are presented in Figures 5 to 9. Hole locations appear on Plan Map Figure 4.

Holes DDH 84-1, and 3 to 8 were drilled to intersect the downward extensions of the mineralized breccia zone and were successful in providing information to aid in the structural orientation of the breccia. A similar stratigraphic section consisting from top to bottom of quartzite, breccia, calcareous quartzite, calcareous phyllite, pelitic siltstone, muscovite/biotite granite (aplite) and/or tonalite (quartz diorite) was common to most of the breccia zone holes. The muscovite granite is described as white, fine to medium grained, very siliceous and exists as a border phase or younger intrusion adjacent to the Cassiar batholith.


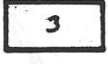



In holes 3 to 7, the lower contact of the breccia zone was faulted and highly crushed and gouged, sometimes over several metres. Hole DDH 84-8 also showed a fault contact with the underlying metasediments, however, intense faulting was also present higher in the hole. A diagrammatic longitudinal section at 040°, looking northwest, between the survey marker and DDH 84-7 shows the lower faulted breccia contact to dip northeasterly at approximately 30°. The hanging wall of the zone was not encountered in DDH



1450m
 1440m
 1430m
 1420m
 1410m
 1400m
 1390m
 1380m
 1370m
 1360m
 1350m
 1340m

el. 1443.6 m

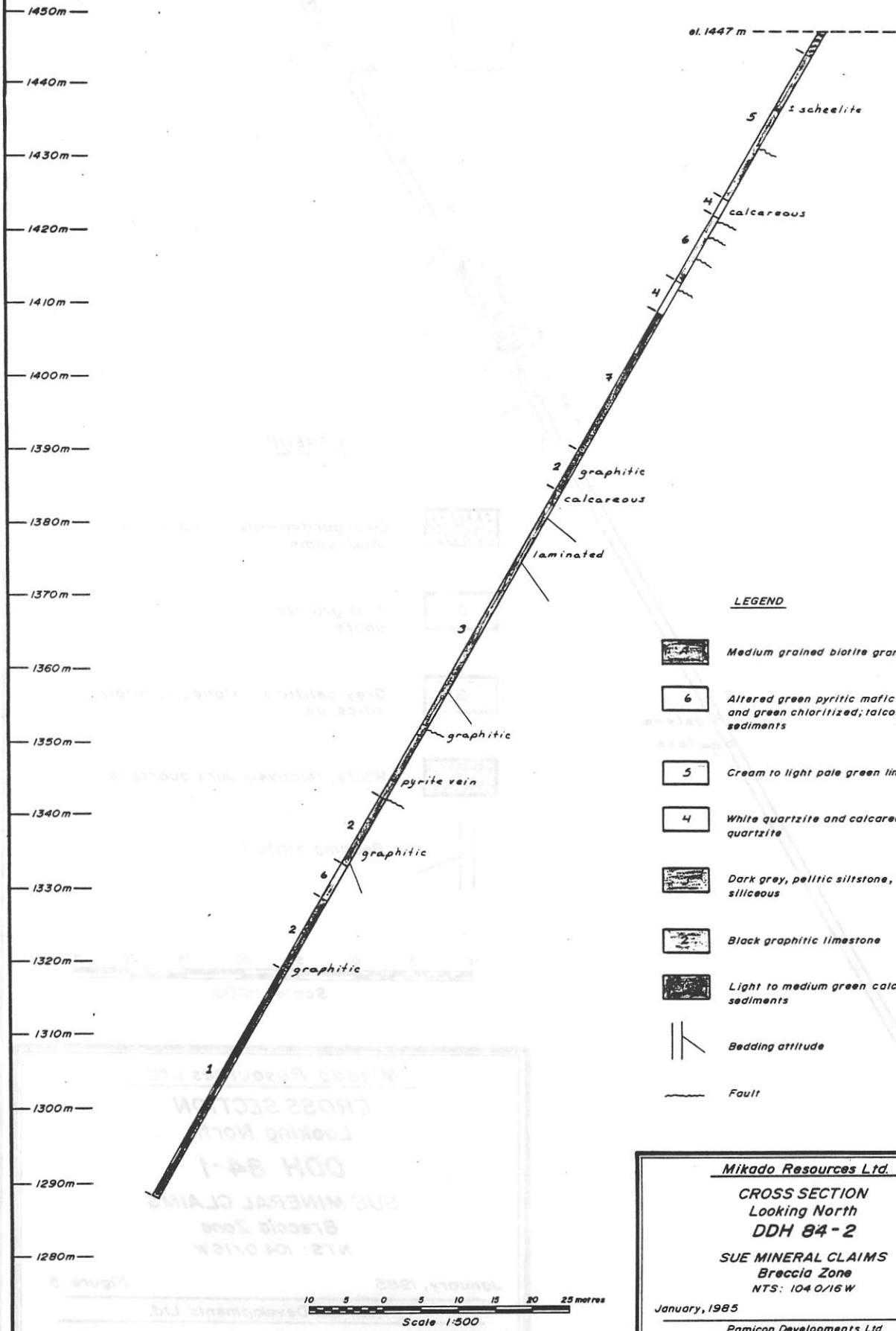
LEGEND

-  Overburden — near bedrock with mudseams.
-  3 Fine grained aplite.
-  2 Grey pelitic siltstone, variably siliceous.
-  1 White, relatively pure quartzite.
-  Bedding attitude

10 5 0 5 10 15 20 25 metres
 Scale 1:500

3 galena
 galena

Mikado Resources Ltd.
CROSS SECTION
 Looking North
DDH 84-1
SUE MINERAL CLAIMS
 Breccia Zone
 NTS: 104 0/16W
 January, 1985 Figure 5
Pamicon Developments Ltd.



Mikado Resources Ltd.
CROSS SECTION
 Looking North
DDH 84-2
SUE MINERAL CLAIMS
 Breccia Zone
 NTS: 104 0/16 W
 January, 1985 Figure 6
Pamicon Developments Ltd.

LEGEND



Quartz vein



Grey, siliceous breccia. White quartzite clasts "floating" in dark grey siliceous matrix.



Leucocratic, fine grained quartz; feldspar, sericite. granite or aplite.



White quartzite



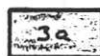
Brecciated white quartzite, variably cemented by quartz and grey siliceous breccia matrix.



Light green to light grey sericite schist.



Dark grey pelitic siltstone.



Variably calcareous grey pelitic siltstone



Tan quartzite sequence. Includes two tan micaceous, calcareous quartzite horizons. One or two light green dolomite horizons, and some narrow, grey siltstone bands.



Light green to white limestone.



Bedding attitude



Fault

Mikado Resources Ltd.

LITHOLOGY

DDH 84-3,4,5,6,7,8

SUE MINERAL CLAIMS

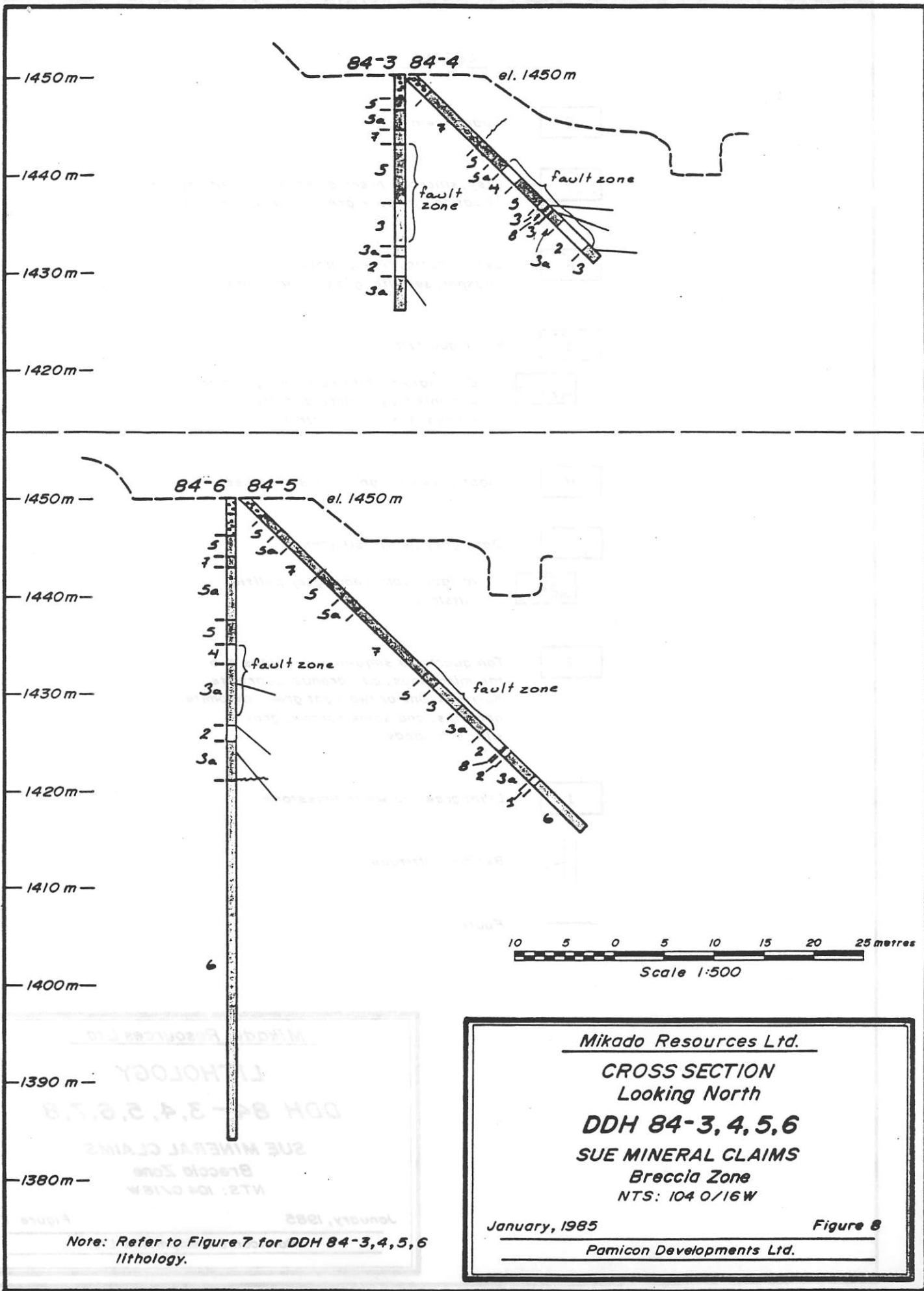
Breccia Zone

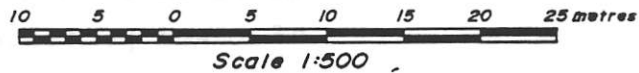
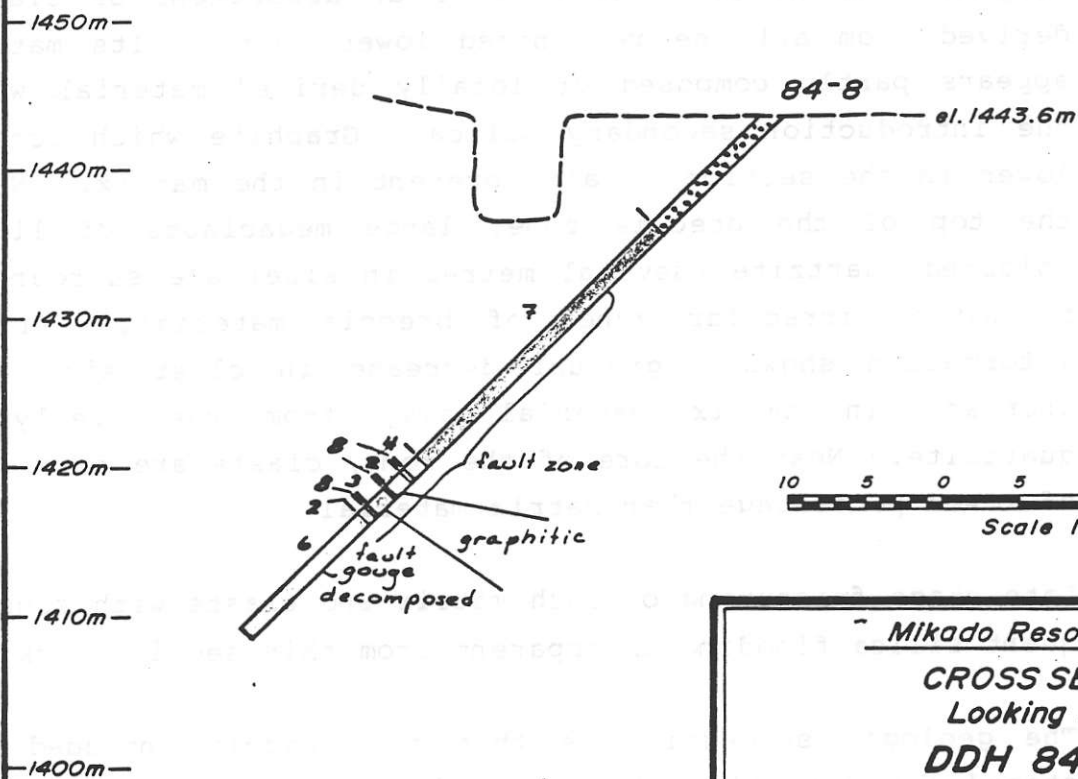
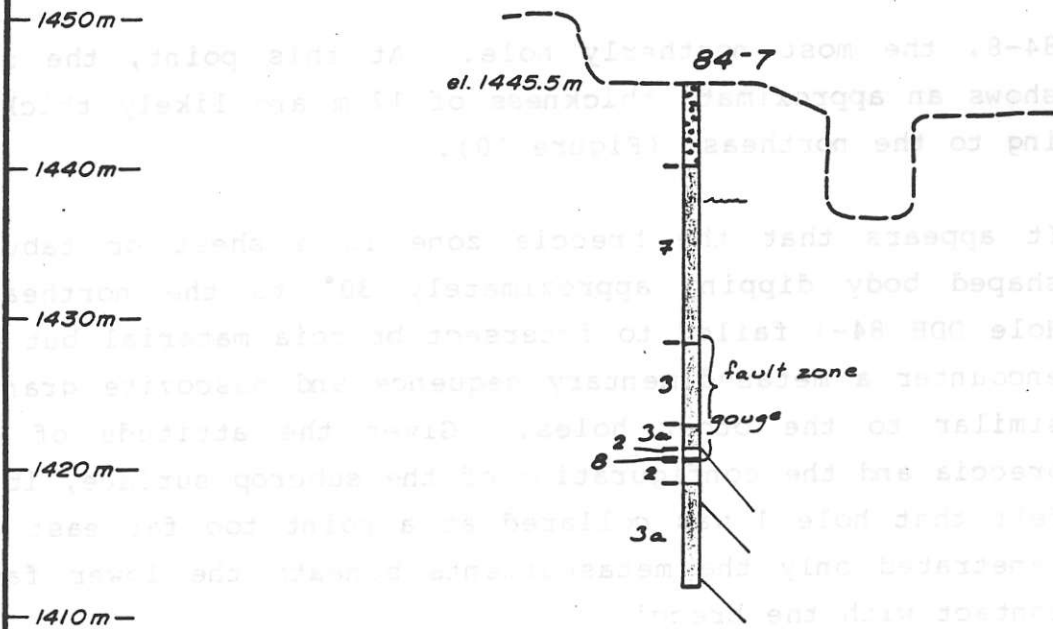
NTS: 104 0/16W

January, 1985

Figure 7

Pamicon Developments Ltd.





Note: Refer to Figure 7 for DDH 84-7, 8
Iithology.

Mikado Resources Ltd.
CROSS SECTION
Looking North
DDH 84-7, 8
SUE MINERAL CLAIMS
Breccia Zone
NTS: 104 0/16W

January, 1985 Figure 9
Pomicon Developments Ltd.

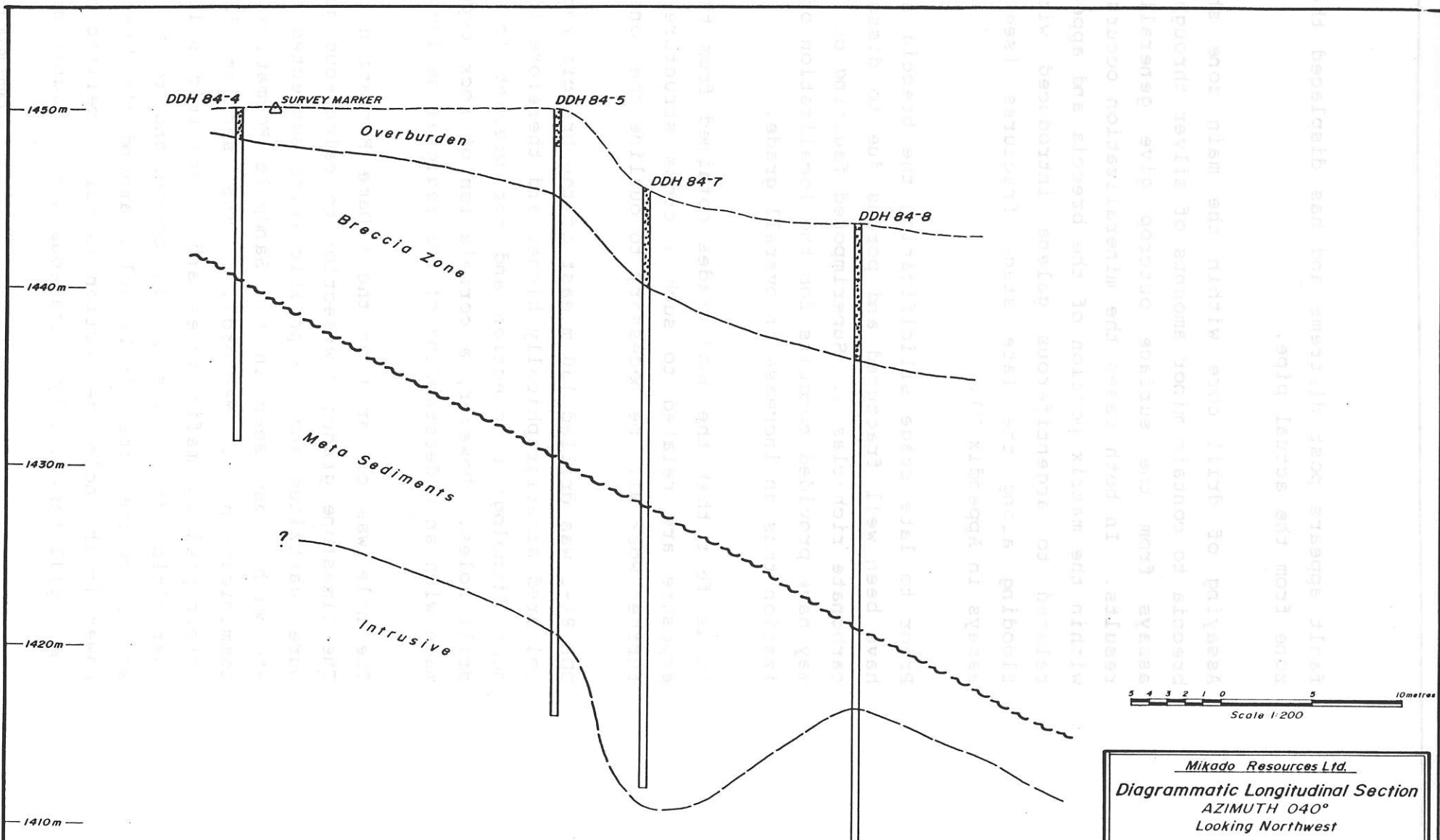
84-8, the most northerly hole. At this point, the zone shows an approximate thickness of 12 m and likely thickening to the northeast (Figure 10).

It appears that the breccia zone is a sheet or tabular shaped body dipping approximately 30° to the northeast. Hole DDH 84-1 failed to intersect breccia material but did encounter a metasedimentary sequence and muscovite granite similar to the other holes. Given the attitude of the breccia and the configuration of the subcrop surface, it is felt that hole 1 was collared at a point too far east and penetrated only the metasediments beneath the lower fault contact with the breccia.

The breccia's formation may be one of two types: that of a tectonic breccia related a major fault surface or a diatrema. At this time, most evidence indicates a diatrema origin. The breccia consists of an assortment of clasts derived from all the recognized lower units. Its matrix appears partly composed of locally derived material with the introduction secondary silica. Graphite which occurs lower in the section is also present in the matrix. Near the top of the breccia zone, large megaclasts of light coloured quartzite (several metres in size) are surrounded by narrow irregular zones of breccia material. Drill information shows a gradual decrease in clast size and increase in matrix material away from the overlying quartzite. Near the core of the zone, clasts are fine and of lower percentage than matrix material.

Late stage fracturing of both matrix and clasts with subsequent silica flooding is apparent from thin section work.

The geologic suggestion is that the breccia intruded or stoped its way through the sedimentary pile and spread laterally forming an irregular body within the fractured massively bedded quartzite unit. The large shallow dipping



5 4 3 2 1 0 5 10metres
Scale 1:200

Mikado Resources Ltd.
Diagrammatic Longitudinal Section
 AZIMUTH 040°
 Looking Northwest
 SUE MINERAL CLAIMS
 Breccia Zone
 NTS: 1040/16W
 January, 1985 Figure 10
 Pamicon Developments Ltd

fault appears post diatreme and has displaced the drilled zone from the actual pipe.

Assaying of drill core within the main zone showed the breccia to contain minor amounts of silver throughout while assays from the surface outcrop give generally higher results. In both cases the mineralization occurs normally within the matrix portion of the breccia and appears to be related to argentiferous galena introduced with silica flooding along the late stage fractures (see reported assays in Appendix V).

Prior to late stage silicification the breccia appears to have been well fractured and porous due to dissolution of carbonate rich clasts. Superimposed faulting or fracturing may have provided conduits for the localization of mineralization thus an increase in overall grade.

It is felt that the good grades obtained from the surface exposure are related to such a cross structure and that further work will be necessary to outline the zone.

DDH 84-2 was drilled 130 m east of the breccia zone and was collared stratigraphically higher and therefore intersected some lithologies upsection and not present in the other drill holes. However, a correlation of rock types can be made with an understanding of the regional geology.

The hole was collared on the McDame Formation limestone. The limestone grades downsection to calcareous quartzites, pure quartzites and the pelitic units suspected to correlate with those seen in the Sandpile Formation (personal communication G. Medford). The section is locally interrupted by mafic dykes and a granitic sill but the quartzitic lithologies likely correspond to those intersected in the other drill holes around the breccia zone. Lower in the hole the section is mainly pelitic siltstones and argillites locally calcareous and or highly graphitic.

9.0 GEOCHEMISTRY

The geochemistry section of this report is presented as a further evaluation of data and information derived from the October 1984 geochemical-geophysical report by Glen E. White and readers of this report can refer to his maps and interpretations.

As described by Glen White the geochemical and geophysical expressions generally coincide very well and both indicate a north-south trend of mineralization and structure.

The very strong lead and zinc anomalies within the southwest portion of the grid extend for a strike length of 1200 metres and some of the highest metal values coincide exactly with moderate electromagnetic conductors. In reference to this anomaly the following quote is taken from Glen White's report,

"a set of moderate conductors occur in the southern portion of the survey area coincident with over 1% lead and 1% zinc geochemical values in the soil."

The size of this anomaly and the range of values is several times greater than the anomaly developed over the known mineralization within the breccia zone to the north. The southwestern geochemical anomaly stands out as a very attractive exploration target.

North and southeast from the known mineralization exposed in the 1984 bulldozer trenching program in the northwest portion of the grid are some strong isolated silver anomalies with coincident, relatively strong lead values. Further sampling will be necessary to determine the potential for an extension of the mineralization away from the showing and to assess the potential of the silver values.

The soil geochemical values of Pb, Ag and Zn around known mineralization show that these elements respond very well as

indicator elements. Lead and silver appear to be more specific indicators than zinc, since the signature of zinc reflects its very high mobility.

Previous soil sampling results reveal very significant to outstanding lead, zinc and silver anomalies which in turn likely reflect, to some degree, underlying sulfide mineralization. Further investigation is necessary to assess the economic potential of the anomalies.

10.0 CONCLUSIONS

The Sue claims lie within the contact aureole on the western margin of the Cassiar batholith. Within the boundaries of the claims, geophysical and geochemical surveys have outlined several coincident anomalous areas that require further exploration to assess their full potential.

The 'Breccia Zone' which was explored during the 1984 program is thought to be a mineralized diatreme related to late stage or post Cassiar batholith granitic intrusions. The average silver values throughout the breccia are low (i.e. less than 1 oz/ton), however, a higher grade zone as evidenced from surface sampling occurs and is likely related to a secondary structure within the zone. Further exploration and drilling will be necessary to further delineate the higher grade zone.

A major fault structure trending NNE-WSW likely crosses the saddle immediately east of the Breccia zone. However, DDH 84-2 positioned to test an intense vector pulse electromagnetic anomaly thought to be the expression of the fault, intersected a layered sequence of highly graphitic argillites and limestones which are likely the cause of the anomaly.

The tungsten bearing skarn zone previously explored by Du Pont was not reviewed during 1984 and requires more follow-up exploration.

The combined widespread geochemical and geophysical anomalies coupled with known silver-lead-zinc and tungsten mineralization makes the Sue claims an excellent exploration target and worthy of further investigation.

11.0 RECOMMENDATIONS

A staged exploration program combining surface geological mapping, geochemistry trenching and diamond drilling is proposed for the 1985 season.

Phase I

- a. Preparation of orthographic photo and contour map for the claims area. Scale 1:5,000.
- b. Surface geological mapping of entire claims area on ortho-photo overlay. Scale 1:5,000.
- c. Detailed prospecting of claims area.
- d. Detailed geological mapping of 'Breccia Zone', south showing area and all mineralized areas at 1:500 scale.
- e. Follow-up closer spaced geochemical soil sampling initially in south showing and north breccia zone areas on 50 m lines and 25 m sample spacing.
- f. Preliminary bulldozer trenching and detailed trench mapping and sampling in south showing area.

Estimated Cost Phase I: \$137,000.00

Phase II - Contingent Upon Engineering Evaluation of Phase I

- a. Follow-up diamond drilling on breccia zone following geological surface mapping. Approximately 2,000 feet of drilling.
- b. Bulldozer trenching and 1,000 feet of preliminary diamond drilling in south showing area.
- c. Geological follow-up on newly discovered target areas.
- d. Engineering re-evaluation of data prior to Phase III.

Estimated Cost Phase II: \$152,000.00

Phase III

- a. Contingent diamond drilling program as recommended following engineering re-evaluation of Phases I and II. Allow approximately 5,000 feet of drilling.

Estimated Cost Phase III: \$250,000.00

Respectfully submitted,

R.J. Darney, Geologist

R. Yorston, Geologist

C.K. Ikona, P.Eng.

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PAMICON DEVELOPMENTS LTD.PROJECT: Estimated Budget Phase I Sue Claims

CODE: _____

<u>MEMO</u>	<u>FUNDS EXPENDED (DIRECT)</u>	<u>AMOUNT</u>	<u>TOTAL</u>
011	Salaries and Burden	\$ 51,300.00	
021	General Business Expense	500.00	
080	Communications and Telephone	1,000.00	
100	Accounting	500.00	
112	Insurance	300.00	
113	Professional Fees & Contract		
130	Travel, Accommodation, Meals	3,300.00	
131	Automotive Expense (Rentals, Fuel, Repairs)	6,900.00	
132-1	Aviation Expense (Camp)		
132-2	Aviation Expense (Contractors)		
132-3	Aviation Expense (Miscellaneous)		
133	Aviation Fuel		
140	Miscellaneous Expense	2,500.00	
180	Technical Information	5,000.00	
260	Outside Reproduction	1,000.00	
280	Commercial Freight	2,500.00	
281-1	Camp (Equipment & Machinery)	15,000.00	
281-2	Camp (Materials & Supplies)		
281-3	Camp (Food)	5,400.00	
281-4	Camp (Fuel)	500.00	
281-5	Camp (Expediting)		
324-1	Roads & Sites (Fuel)		
324-2	Roads & Sites (Material)		
325-1	Trenching (Fuel)		
325-2	Trenching (Material)		
330	Materials & Supplies Expended	500.00	
340	Equipment Expense & Rentals	1,500.00	
390	Assay and Geochem	9,900.00	
610-1	Drilling (Fuel)		
610-2	Drilling (Mud, Boxes, Miscellaneous)		
810	Environmental (Includes Permits)		
921	Property Carrying Costs		
	OTHER:		
	Engineering and Management	12,400.00	
	TOTAL DIRECT		
132	Aviation Contracts		
324/325	Equipment (Roads, Sites/Trenching)	17,000.00	
610	Drill Contract		
	OTHER:		
	TOTAL INDIRECT		
	TOTAL FOR PERIOD ESTIMATED	\$137,000.00	

PAMICON DEVELOPMENTS LTD.PROJECT: Estimated Budget Phase II Sue Claims

CODE: _____

<u>MEMO</u>	<u>FUNDS EXPENDED (DIRECT)</u>	<u>AMOUNT</u>	<u>TOTAL</u>
011	Salaries and Burden	\$ 26,500.00	
021	General Business Expense	500.00	
080	Communications and Telephone	500.00	
100	Accounting	250.00	
112	Insurance	250.00	
113	Professional Fees & Contract		
130	Travel, Accommodation, Meals	2,500.00	
131	Automotive Expense (Rentals, Fuel, Repairs)	2,500.00	
132-1	Aviation Expense (Camp)		
132-2	Aviation Expense (Contractors)		
132-3	Aviation Expense (Miscellaneous)		
133	Aviation Fuel		
140	Miscellaneous Expense	200.00	
180	Technical Information	200.00	
260	Outside Reproduction	500.00	
280	Commercial Freight	300.00	
281-1	Camp (Equipment & Machinery)		
281-2	Camp (Materials & Supplies)		
281-3	Camp (Food)	5,400.00	
281-4	Camp (Fuel)	300.00	
281-5	Camp (Expediting)		
324-1	Roads & Sites (Fuel)		
324-2	Roads & Sites (Material)		
325-1	Trenching (Fuel)		
325-2	Trenching (Material)		
330	Materials & Supplies Expended	200.00	
340	Equipment Expense & Rentals	1,000.00	
390	Assay and Geochem	3,600.00	
610-1	Drilling (Fuel)		
610-2	Drilling (Mud, Boxes, Miscellaneous)		
810	Environmental (Includes Permits)		
921	Property Carrying Costs		
	OTHER:		
	Report Preparation	3,500.00	
	Engineering and Management	13,800.00	
	TOTAL DIRECT		
132	Aviation Contracts		
324/325	Equipment (Roads, Sites/Trenching)	15,000.00	
610	Drill Contract	75,000.00	
	OTHER:		
	TOTAL INDIRECT		
	TOTAL FOR PERIOD ESTIMATED		\$152,000.00

ESTIMATED BUDGET PHASE III SUE CLAIMS

Estimated cost of 5,000 foot drilling program at
\$50.00/foot all in cost:

\$250,000.00

ENGINEER'S CERTIFICATE

I, CHARLES K. IKONA, of 5 Cowley Court, Port Moody, in the Province of British Columbia, DO HEREBY CERTIFY THAT:

1. I am a Consulting Mining Engineer with offices at 215, 543 Granville Street, Vancouver, British Columbia.
2. I am a graduate of the University of British Columbia with a degree in Mining Engineering.
3. I am a member in good standing of the Association of Professional Engineers of the Province of British Columbia.
4. This report is based on work conducted by Robert Darney and Robert Yorston, Geologists, of our office, with whom I have worked for a number of years, on my examination of the property on October 20 and 21, 1984 and on all available information on the property.
5. I have no interest in the property described herein nor do I expect to acquire any such interest.
6. I consent to the use by Mikado Resources Ltd. of this report in a Prospectus or Statement of Material Facts or any other such document as may be required by the Vancouver Stock Exchange or the office of the Superintendent of Brokers, and hereby give Mikado Resources Ltd. permission to reproduce this report.

DATED at Vancouver, British Columbia, this 12 day of Feb,
1985.



Charles K. Ikona, P.Eng.

STATEMENT OF QUALIFICATIONS

I, ROBERT J. DARNEY, of R.R. #1, Sechelt, in the Province of British Columbia, DO HEREBY CERTIFY THAT:

1. I am a Geologist in the employment of Pamicon Developments Ltd. with offices at 215, 543 Granville Street, Vancouver, B.C.
2. I am a graduate of the University of British Columbia with a Bachelor of Science Degree in Geology.
3. My primary employment since 1966 has been in the field of mineral exploration.
4. My experience has encompassed a wide range of geological environments and has allowed considerable familiarization of exploration techniques for both lode and placer deposits.
5. This report is based on field data generated during a 1984 trenching and diamond drilling program supervised by myself under the direction of C.K. Ikona, on the Sue 1 and Sue 2 Mineral Claims.
6. I have no interest in the property described herein.

DATED at Vancouver, British Columbia, this _____ day of _____, 19____.

R.J. Darney, Geologist

STATEMENT OF QUALIFICATIONS

I, ROBERT YORSTON, of Stoltz Road, R.R. #2, Duncan, in the Province of British Columbia, DO HEREBY CERTIFY THAT:

1. I am a Geologist in the employment of Pamicon Developments Ltd. with offices at 215, 543 Granville Street, Vancouver, B.C.
2. I am a graduate of the University of British Columbia with a Bachelor of Science Degree in Geology.
3. My primary employment since 1972 has been in the field of mineral exploration.
4. My experience has encompassed a wide range of geological environments and has allowed considerable familiarization of exploration techniques for both lode and placer deposits.
5. This report is based on field data generated during a 1984 trenching and diamond drilling program under the direction of R. Darney and C.K. Ikona.
6. I have no interest in the property described herein.

DATED at Vancouver, British Columbia, this ____ day of _____,
19 ____.

R. Yorston, Geologist

APPENDIX IV

DRILL LOGS

LOCATION: From survey mark to DDH 84-1 is 38.5 m bearing 086 ⁰							DRILL HOLE LOG					HOLE No. DDH 84-1		PAGE NO. 2				
AZIM: 280 ⁰		ELEV: 1443.6 m		DIP TEST								PROPERTY: Sue Claims						
DIP: -60 ⁰		LENGTH: 359'		CORE SIZE: NQ			FOOTAGE		READING		CORRECT		CLAIM NO:					
STARTED: October 26, 1984		COMPLETED: October 30, 1984		PURPOSE:			CORE RECOVERY:		FOOTAGE		READING		CORRECT		SECTION:			
FOOTAGE		DESCRIPTION					SAMPLE NO.	FOOTAGE		LENGTH	ASSAYS							
FROM	TO							FROM	TO		% Cu	% Pb	% Zn	oz/t Ag	oz/t Au			
122	133.5	White quartzite.																
133.5	135	Fault zone. Quartzite and siltstone fragments.																
135	142.5	Mainly siltstone. Foliation 35° to C.A.																
142.5	149	Mainly quartzite 6 inch fault zone at bottom of section.																
149	170	Fine grained acid intrusive (Aplite). Minor disseminated molybdenite and pyrite from 159 to 160.					2627	159	164	5	<.01	<.01	.01	.01	<.003			
170	178	Medium grained muscovite, biotite granite.																
178	241.5	Fine grained acid intrusive. Termed muscovite granite or aplite. Minor argillic alteration. Fracture zones contain minor disseminated pyrite and an unidentified black sooty material. Spotty disseminations of a pinkish mineral (tourmaline?)					2628	196.5	197.5	1		.02	.04	.01				
							2632	200	205	5	<.01	<.01	.02	.01				
							2629	216	218	2		.03	.03	.01				
							2630	223	228	5	<.01	<.01	.01	.01				
							2631	228	233	5	<.01	<.02	.03	.01				
							2633	233	236	3		<.01	.02	.01				
241.5	242.5	Brecciated siliceous zone. Approximately even ratio of galena and pyrite in blebs up to 2 cm across. Sulfides are 25% of this section.					2634	236	241.5	5.5		.06	.03	.01				
							2635	241.5	242.5	1		.22	.16	.10				
242.5	250	Muscovite granite. Minor disseminated pyrite.					2636	242.5	250	7.5		.01	.03	.04				
250	252	Fracture zone. At 251' is a 2 cm zone of massive pyrite and galena.					2637	250	252	2		.21	.14	.40				

LOCATION: From survey mark to DDH 84-1 is 38.5 m bearing 086°							DRILL HOLE LOG			HOLE No. DDH 84-1		PAGE NO. 3							
AZIM: 2800		ELEV: 1443.6 m		DIP TEST				PROPERTY: Sue Claims											
DIP: -60°		LENGTH: 359'		CORE SIZE: NQ			FOOTAGE		READING		CORRECT		FOOTAGE		READING		CORRECT		
STARTED: October 26, 1984		COMPLETED: October 30, 1984		PURPOSE:		CORE RECOVERY:		CLAIM NO:		SECTION:		LOGGED BY:		DATE LOGGED:		DRILLING CO:		ASSAYED BY:	
FOOTAGE		DESCRIPTION				SAMPLE NO.		FOOTAGE		LENGTH		ASSAYS							
FROM	TO					FROM	TO	% Cu	% Pb	% Zn	oz/t Ag	oz/t Au							
252	255	Altered zone. Minor grey sooty material on some fractures.				2638	252	255	3		.04	.12	.06						
255	359	Generally fresh biotite granite. From 337 to 339 and from 343 to 345.5 are two quartz cemented breccia zones with yellow and grey staining. Minor fine grained grey material and minor fine grained pyrite on some narrow fractures.				2639 2640	337 343	339 345.5	2 2.5		.10 .02	.26 .08	.10 .04						

FOOTAGE		DESCRIPTION	SAMPLE NO.	FOOTAGE		LENGTH	ASSAYS			
FROM	TO			FROM	TO		% Pb	% Zn	oz/t Ag	oz/t Au
493.6	603	Medium green to light grey or occasionally purplish very altered, soft calcareous sediment. Rock is usually either banded or streaky with white calcite and quartz.								

LOCATION: From station 18 + 50W on line 800N to DDH 84-2 is 50 m bearing 100 ⁰	<h2 style="margin: 0;">DRILL HOLE LOG</h2>	HOLE No. DDH 84-2	PAGE NO. 3																														
AZIM: 280 ⁰ ELEV: 1447 m DIP: -60 ⁰ LENGTH: 603' CORE SIZE: NQ	DIP TEST	PROPERTY: Sue Claims																															
STARTED: October 30, 1984 COMPLETED: November 4, 1984 PURPOSE:	<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th>FOOTAGE</th> <th>READING</th> <th>CORRECT</th> <th>FOOTAGE</th> <th>READING</th> <th>CORRECT</th> </tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> </tbody> </table>	FOOTAGE	READING	CORRECT	FOOTAGE	READING	CORRECT																									CLAIM NO: SECTION: LOGGED BY: DATE LOGGED: DRILLING CO: ASSAYED BY:	
FOOTAGE	READING	CORRECT	FOOTAGE	READING	CORRECT																												
CORE RECOVERY: 90%																																	

LOCATION: From the survey mark to DDH 84-5 is 15 m bearing 342°							HOLE No. DDH 84-5		PAGE NO. 1		
AZIM: 099°		ELEV: 1450 m		DIP TEST			PROPERTY: Sue Claims				
DIP: -45°		LENGTH: 159'					CLAIM NO:				
CORE SIZE: NQ		FOOTAGE		READING		CORRECT		SECTION:			
STARTED: November 8, 1984		FOOTAGE		READING		CORRECT		LOGGED BY:			
COMPLETED: November 9, 1984		FOOTAGE		READING		CORRECT		DATE LOGGED:			
PURPOSE:		FOOTAGE		READING		CORRECT		DRILLING CO:			
CORE RECOVERY:		FOOTAGE		READING		CORRECT		ASSAYED BY:			
FOOTAGE		DESCRIPTION	SAMPLE NO.	FOOTAGE		LENGTH	ASSAYS				
FROM	TO			FROM	TO		% Pb	% Zn	oz/t Ag	oz/t Au	
0	10	Casing.									
10	22.5	Brecciated white quartzite.									
22.5	36	Dark grey siliceous breccia. Section varies from 2 cm white quartzite clasts "floating" in a dark grey matrix to 1 foot sections of almost entirely matrix material or entirely white quartzite material. Some of the matrix is weakly vuggy. Slight yellow-green staining.	067852 14732 14733	22.5 26 31	26 31 36	3.5 5 5	.14 .30 .07	.02 .01 <.01	.26 .20 .04		
36	53.5	Mainly brecciated white quartzite. From 47-49 25% of the rock is dark grey siliceous matrix which is sometimes streaky but also appears as mottled clasts showing assimilation between matrix and quartzite.	14734 14735 14736	36 46 51	46 51 56	10 5 5	.05 .05 .05	<.01 .03 .03	.04 .06 .06		
53.5	60	50% clasts and 50% siliceous matrix. Clasts decrease in size and abundance downhole.	14726	56	61	5	.06	.02	.10		
60	76	Mainly grey siliceous breccia matrix.	14727	61	66	5	.04	.02	.24		
76	83	Black graphitic siliceous breccia.	14728	66	71	5	.06	.01	.16		
83	85	Breccia pieces. Fault 2 feet lost core.	14729	71	76	5	.04	.01	.12		
85	90	White quartzite pieces. 4 feet lost core.	14730	76	81	5	.03	.01	.16		
90	92	Fault gouge 1.5 feet lost core.	14731	81	83	2	.03	.01	.12		
92	95	Fault gouge and decomposed sediments.	14737	83	93	10	.02	.10	.38		

Chemex Labs Ltd.



CONFIDENTIAL REPORT

REPORT NO. 100-111-107

DATE: 11/10/67
BY: [illegible]

APPENDIX V

CHEMEX LABS LTD. AND VANGEOCHEM LAB LTD. ASSAY REPORTS



Chemex Labs Ltd.

Analytical Chemists • Geochemists • Registered Assayers

212 Brooksbank Ave.
North Vancouver, B.C.
Canada V7J 2C1
Telephone: (604) 984-0221
Telex: 043-52597

CERTIFICATE OF ASSAY

TO : MIKADO RESOURCES

8930 OAK ST.
VANCOUVER, B.C.
V6P 4B7

** CERT. # : A8415793-001-0
INVOICE # : 18415793
DATE : 19-SEP-84
P.C. # : NONE

Sample description	Prep code	Pb %	Zn %	Ag FA oz/T	Au FA oz/T	WO3 %	Sn %
2666	207	0.01	0.02	0.12	<0.003	0.03	--
2667	207	3.26	1.26	6.23	0.008	<0.01	--
2668	207	0.14	0.04	0.54	<0.003	0.03	--
2669	207	0.10	0.02	0.22	<0.003	0.01	--
2670	207	0.97	0.41	4.27	0.010	<0.01	--
2671	207	0.14	0.19	0.90	<0.003	0.03	--
2672	207	0.80	0.10	12.52	0.006	<0.01	--
2673	207	22.90	0.31	18.37	0.008	0.06	--

Chemex Labs Ltd. 212 Brooksbank Ave. North Vancouver, B.C. V7J 2C1
ASSAY REPORT

.....
Registered Assayer, Province of British Columbia





Chemex Labs Ltd.

Analytical Chemists • Geochemists • Registered Assayers

212 Brooksbank Ave.
North Vancouver, B.C.
Canada V7J 2C1

Telephone: (604) 984-0221
Telex: 043-52597

CERTIFICATE OF ASSAY

TO : PAMICON DEVELOPMENTS LIMITED

215 - 543 GRANVILLE ST.,
VANCOUVER, B.C.
V6C 1X8

** CERT. # : A8416458-001-A
INVOICE # : I8416458
DATE : 2-OCT-84
P.O. # : NONE

Sample description	Prep code	Pb %	Zn %	Ag oz/T RUSH FA			
2616	236	1.00	0.07	2.54	--	--	--
2617	236	0.40	0.01	1.12	--	--	--
2618	236	0.46	0.07	1.04	--	--	--
2619	236	0.31	<0.01	1.70	--	--	--
2620	236	0.84	0.01	5.22	--	--	--
2621	236	0.42	0.04	1.88	--	--	--

.....
Registered Assayer, Province of British Columbia



VANGEDCHEM LAB LIMITED
 1521 Pemberton Avenue
 North Vancouver B.C. V7P 2S3
 (604) 986-5211 Telex: 04-352578

PREPARED FOR: RAMICON DEVELOPMENT LTD.
 NOTES: nd = none detected
 : -- = not analysed
 : is = insufficient sample

REPORT NUMBER: 84-01-105

JOB NUMBER: 84575

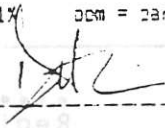
PAGE 1 OF 2

SAMPLE #	Pb %	Zn %	As oz/st
TR 0-10	.13	.01	.34
TR 10-20	.64	.03	1.18
TR 20-30	1.60	.05	1.46
TR 30-40	.45	.02	.52
TR 40-50	.08	.02	.33
TR 50-60	.34	.02	6.31
TR 60-70	1.07	.13	6.39
TR 70-80	.98	.04	3.69
TR 80-90	.23	.04	.97
TR 90-100	.65	.02	4.49
TR 100-110	.08	.14	.57
TR 110-120	.08	.38	.75
TR 120-130	.09	.11	.74
TR 160-170	.33	.04	1.90
TR 170-180	.02	.20	.12
TR 180-190	.02	.02	.06
TR 190-200	.04	.02	.05
TR 200-210	.04	.05	.04
TR 220-220	.01	.01	.04
TR 220-230	.01	.01	.03

DETECTION LIMIT

1 Troy oz/short ton = 34.28 ppm 1 ppm = 0.0001% ppm = parts per million

signed: _____



Registered Assayer, Province of British Columbia



VANGEOCHEM LAB LIMITED
 1521 Pemberton Avenue
 North Vancouver B.C. V7P 2S3
 (604) 986-5211 Telex: 04-352578

PREPARED FOR: PAMICON DEVELOPMENT LTD.

NOTES: nd = none detected
 : -- = not analysed
 : is = insufficient sample

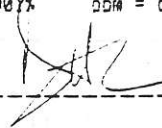
REPORT NUMBER: 84-01-105 JOB NUMBER: 84575

PAGE 2 OF 2

SAMPLE #	Pb %	Zn %	Ag oz/st
TR 230-240	.01	.01	.08
TR2 0-10	.01	<.01	.03
TR2 10-20	<.01	<.01	.04
TR2 20-30	<.01	<.01	.03
TR2 47-57	.01	.02	.02
L0S 0-05	.08	.10	.75
L0S 5-10	.15	.13	1.43
L0S 10-15	1.88	.05	36.35
L0S 15-20	.48	.03	.94
L0S 20-25	1.71	.17	15.85
L6S 0-05	.12	.09	1.28
L6S 5-10	.14	.03	1.25
L6S 10-15	.52	.06	2.24
L6S 15-20	.30	.05	.93
L6S 20-25	.78	.13	1.45
L12S 0-05	.13	.03	.90
L12S 5-10	.50	.12	.79
L12S 10-15	.53	.11	1.63
L12S 15-20	.48	.20	.63
L12S 20-25	.03	.28	.24

DETECTION LIMIT .01 .01 .01
 1 Troy oz/short ton = 34.28 ppm 1 ppm = 0.0001% ppm = parts per million

signed: _____





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212 Brooksbank Ave.
North Vancouver, B.C.
Canada V7J 2C1
Telephone: (604) 984-0221
Telex: 043-52597

CERTIFICATE OF ASSAY

TO : PAMICON DEVELOPMENTS LIMITED

215 - 543 GRANVILLE ST.,
VANCOUVER, B.C.
V6C 1X8

** CERT. # : A8417924-001-A
INVOICE # : I8417924
DATE : 25-NOV-84
P.O. # : NONE

ATTN: BOB DARNEY

Sample description	Prep code	Pb %	Zn %	Ag FA oz/T	Au FA oz/T		
14717	207	0.11	0.01	0.23	0.006	--	--
14718	207	0.05	0.03	0.08	--	--	--
14719	207	0.02	0.04	0.02	--	--	--
14720	207	0.02	0.01	0.03	--	--	--
14721	207	0.02	0.01	0.08	--	--	--
14722	207	0.02	0.01	0.03	--	--	--
14724	207	0.10	0.02	0.22	--	--	--
14725	207	0.13	0.02	0.14	--	--	--
14733	207	0.07	<0.01	0.04	--	--	--
14734	207	0.05	<0.01	0.04	--	--	--
14735	207	0.05	0.03	0.06	--	--	--
14736	207	0.05	0.03	0.06	--	--	--
14737	207	0.02	0.10	0.38	--	--	--
14738	207	0.02	0.11	0.02	--	--	--
14739	207	0.02	0.30	0.02	--	--	--

.....
Registered Assayer, Province of British Columbia





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212 Brooksbank Ave.
North Vancouver, B.C.
Canada V7J 2C1
Telephone: (604) 984-0221
Telex: 043-52597

CERTIFICATE OF ASSAY

TO : PAMICON DEVELOPMENTS LIMITED

215 - 543 GRANVILLE ST.,
VANCOUVER, B.C.
V6C 1X8

** CERT. # : A8417923-001-A
INVOICE # : I8417923
DATE : 21-NOV-84
P.O. # : NONE

ATTN: BOB DARNEY

Sample description	Prep code	Pb %	Zn %	Ag oz/T RUSH FA			
14723	236	0.04	0.01	0.08	--	--	--
14726	236	0.06	0.02	0.10	--	--	--
14727	236	0.04	0.02	0.24	--	--	--
14728	236	0.06	0.01	0.16	--	--	--
14729	236	0.04	0.01	0.12	--	--	--
14730	236	0.03	0.01	0.16	--	--	--
14731	236	0.03	0.01	0.12	--	--	--
14732	236	0.30	0.01	0.20	--	--	--

.....
Registered Assayer, Province of British Columbia





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212 Brooksbank Ave.
North Vancouver, B.C.
Canada V7J 2C1

Telephone: (604) 984-0221
Telex: 043-52597

CERTIFICATE OF ASSAY

TO : PAMICUN DEVELOPMENTS LIMITED

215 - 543 GRANVILLE ST.,
VANCOUVER, B.C.
V6C 1x8

CERT. # : A6418J82-001-A
INVOICE # : 18418J82
DATE : 25-NOV-84
P.O. # : NONE

Sample description	Prep code	Pb %	Zn %	Ag FA oz/T			
14740	207	<0.01	0.02	0.04	--	--	--
14741	207	0.05	0.02	0.06	--	--	--
14742	207	0.06	<0.01	0.08	--	--	--
14743	207	<0.01	<0.01	0.06	--	--	--
14744	207	0.01	<0.01	0.06	--	--	--
14745	207	0.04	<0.01	0.20	--	--	--
14746	207	0.01	<0.01	0.18	--	--	--
14747	207	0.03	0.01	0.12	--	--	--
14748	207	0.01	0.01	0.10	--	--	--
14749	207	0.02	0.01	0.08	--	--	--
14750	207	0.03	0.01	0.10	--	--	--
067852	207	0.14	0.02	0.26	--	--	--
067853	207	0.04	0.01	0.10	--	--	--
067854	207	0.02	0.01	0.20	--	--	--
067855	207	0.07	0.01	0.26	--	--	--
067856	207	0.17	0.05	0.52	--	--	--
067857	207	0.11	0.02	0.50	--	--	--
067858	207	<0.01	0.28	0.06	--	--	--
067859	207	<0.01	0.07	0.04	--	--	--
067860	207	0.27	0.01	0.30	--	--	--
067861	207	0.09	0.01	0.28	--	--	--
067862	207	0.10	0.18	0.20	--	--	--
067863	207	0.15	0.37	0.42	--	--	--
067864	207	0.05	0.46	0.42	--	--	--
067865	207	0.04	1.70	0.32	--	--	--
067866	207	<0.01	0.74	0.32	--	--	--
067867	207	0.03	1.74	0.40	--	--	--
067868	207	0.01	0.51	0.24	--	--	--
067869	207	0.01	0.20	0.12	--	--	--
067870	207	<0.01	0.13	0.08	--	--	--
067871	207	<0.01	0.24	0.54	--	--	--
067872	207	<0.01	0.04	0.16	--	--	--

[Handwritten Signature]



Registered Assayer, Province of British Columbia



Chemex Labs Ltd.

Analytical Chemists • Geochemists • Registered Assayers

212, Brooksbank Ave.
North Vancouver, B.C.
Canada V7J 2C1

Telephone: (604) 984-0221
Telex: 043-52597

CERTIFICATE OF ASSAY

TO : PAMICON DEVELOPMENTS LIMITED

** CERT. # : A8417848-001-A
INVOICE # : 18417848
DATE : 15-NOV-84
P.O. # : NONE

215 - 543 GRANVILLE ST.,
VANCOUVER, B.C.
V6C 1X8

ATTN: BCB DARNEY

Sample description	Prep code	Cu %	Pb %	Zn %	Ag oz/T		Au oz/T	
					RUSH	FA	RUSH	FA
2628	236	--	0.02	0.04	0.01	--	--	--
2629	236	--	0.03	0.03	0.01	--	--	--
2630	236	<0.01	<0.01	0.01	0.01	--	--	--
2631	236	<0.01	0.02	0.03	0.01	--	--	--
2632	236	<0.01	<0.01	0.02	0.01	--	--	--
2633	236	--	<0.01	0.02	0.01	--	--	--
2634	236	--	0.06	0.03	0.01	--	--	--
2635	236	--	0.22	0.16	0.10	--	--	--
2636	236	--	0.01	0.03	0.04	--	--	--
2637	236	--	0.21	0.14	0.40	--	--	--
2638	236	--	0.04	0.12	0.06	--	--	--
2639	236	--	0.10	0.26	0.10	--	--	--
2640	236	--	0.02	0.08	0.04	--	--	--
2641	236	--	<0.01	0.01	0.54	--	--	--
2642	236	--	<0.01	0.03	0.02	<0.003	--	--
2643	236	--	<0.01	<0.01	0.12	<0.003	--	--
2644	236	--	--	--	0.06	<0.003	--	--
2645	236	--	--	--	0.06	<0.003	--	--
2646	236	--	--	--	0.06	<0.003	--	--
2647	236	--	--	--	0.03	<0.003	--	--
2648	236	--	--	--	0.06	<0.003	--	--
2649	236	--	--	--	0.52	<0.003	--	--
2650	236	0.02	0.30	0.04	0.70	<0.003	--	--
43-27-33	236	<0.01	0.10	0.01	0.12	<0.003	--	--



.....
Registered Assayer, Province of British Columbia

B. Luwite

SITE PLAN OF SUE 1 & SUE 2
MINERAL CLAIMS, LIARD MINING DIV.

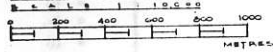
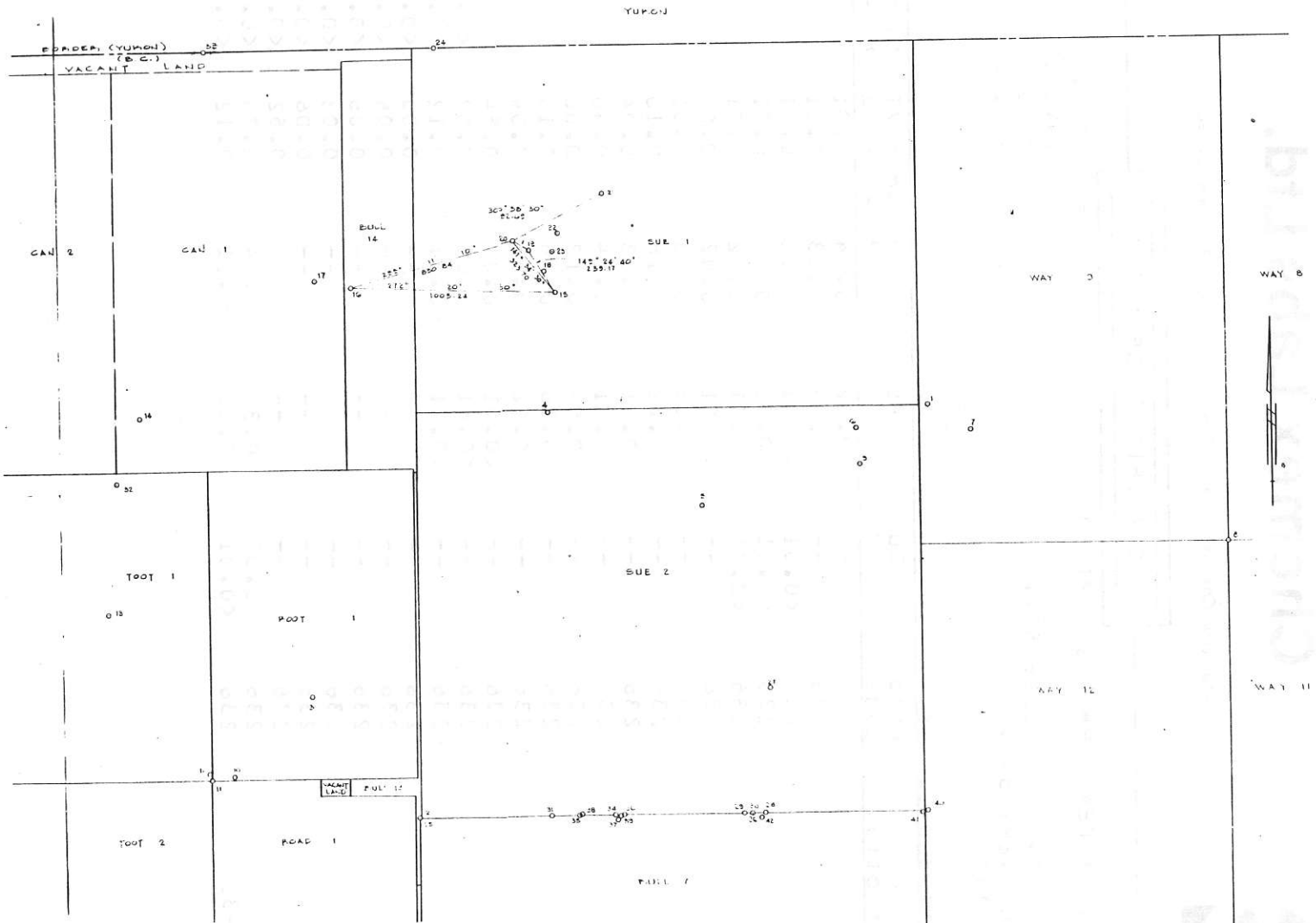


TABLE OF REFERENCE

NUMBER	DESCRIPTION
1	SUE 1 / SUE 2 LCP
2	BULL 7 LCP
3	TH # 5078
4	TH # 4885
5	TH # 4887
6	TH # 5066
7	TH # 5057
8	WAY 8 / WAY 12 LCP
9	BULL 12 / BULL 14 LCP
10	TH # 4885
11	ROAD 1 / TOOT 1 / TOOT 2 LCP
12	ROAD 1 LCP
13	UNIDENTIFIED CLAIM POST
14	OUTLET OF LAKE
15	TH # 4884
16	TH # 4882
17	JCS 1 / JCS 2 LCP
18	L 208 16.00 W
19	TH # 5075
20	TH # 5023
21	TH # 5048
22	L 208N 16.50 W
23	L 208N 16.50 W
24	TH # 5071
25	TH # 4882
26	NAIL
27	OT. BALM (FS #10)
28	TH # 5074
29	TH # 5073
30	TH # 5072
31	TH # 5040
32	CAN 1 / CAN 2 LCP
33	CAN 1 ON BORDER
34	TH # 5051
35	TH # 5052
36	TH # 5053
37	L 205 17.50 W
38	L 205 15.50 W
39	L 116 8150N 2600E
40	TH # 5052
41	L 205 1.00 W
42	L 205 10.00 W



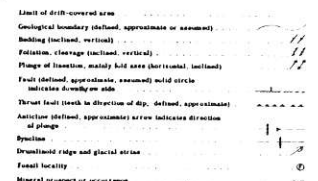
CERTIFIED CORRECT

THIS 3RD DAY OF NOVEMBER 1984

Robert W. Allen
ROBERT W ALLEN DCLs CLS

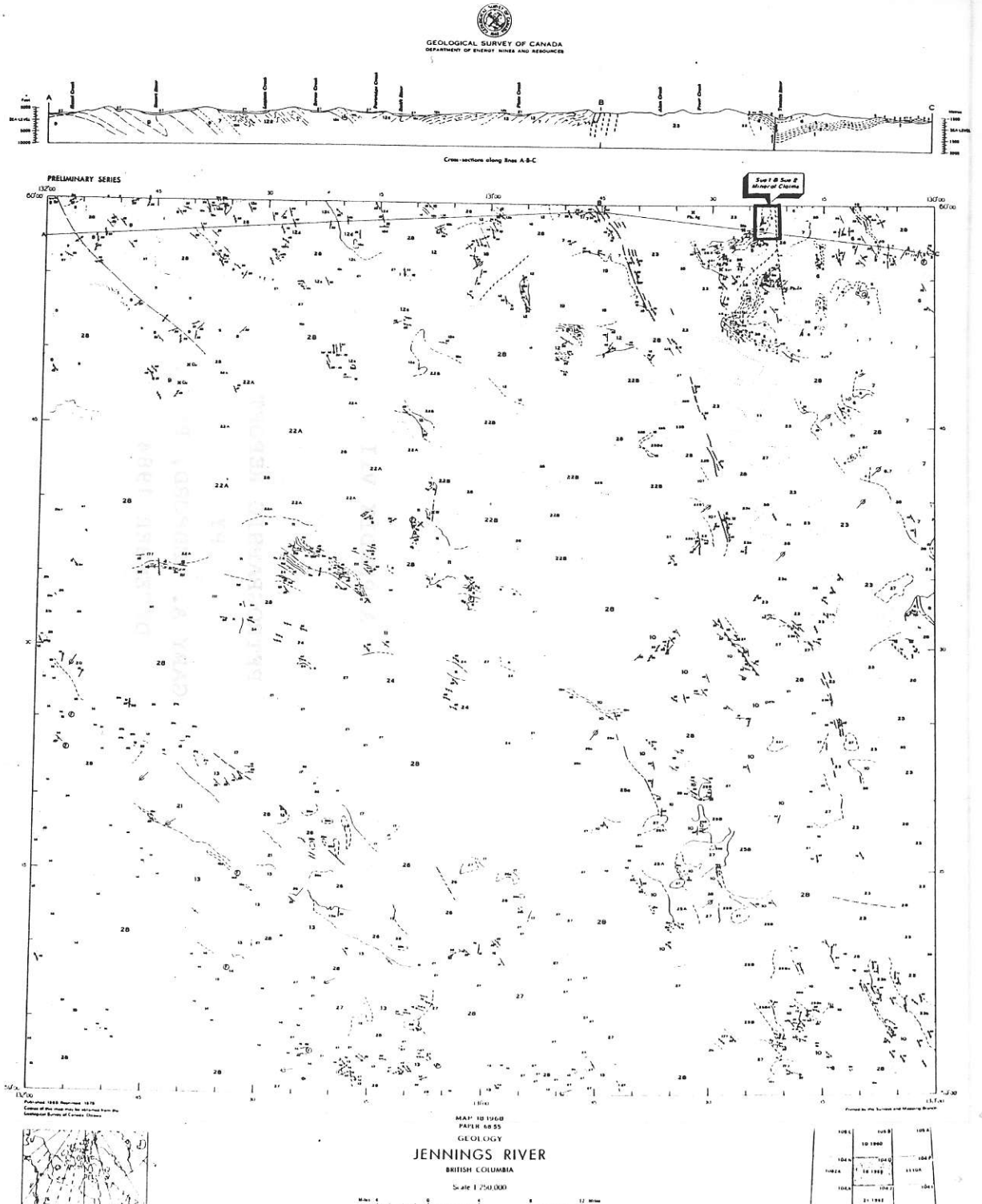
ROBERT ALLEN AND COMPANY
PROFESSIONAL LAND SURVEYORS
404 4TH AVENUE, SASKATOON, S.S.
S4N 3A6 694-2827

- LEGEND**
- QUATERNARY**
PLEISTOCENE AND RECENT
 85 Deposited glacial, periglacial, and alluvial deposits
- QUATERNARY**
TERTIARY AND QUATERNARY
 27 TUTA FORMATION: lav. mlf. agglomerate, rta, recent volcanic vent
- CRETACEOUS**
UPPER CRETACEOUS
 26 GARDNER BATHOLITE: microcline hornblende granite, granite porphyry, aplite, pegmatite, gneiss; 26a, abundant steric inclusions
 25 SA TUTA BATHOLITE
 25a PARALLEL CREEK BATHOLITE: biotite granite and quartz monzonite; 25b, abundant inclusions and amount of calcite
 24 ELKNET BATHOLITE: foliated biotite quartz monzonite
- MID-CRETACEOUS**
 23 GAMBEL BATHOLITE: biotite quartz monzonite, granodiorite; 23a, monzonite quartz monzonite; 23b, monzonite abundant inclusions and amount of calcite; in part gneissic
- JURASSIC (?) AND MIDDLE (?) JURASSIC**
 22a HEMPSON PEAK BATHOLITE
 22b HOME LAKE BATHOLITE: biotite-hornblende granodiorite and quartz monzonite; 22b, hornblende monzonite
- JURASSIC (?)**
 21 CHRISTMAS CREEK BATHOLITE: hornblende quartz diorite, granodiorite, minor diorite and quartz monzonite; 21a, biotite-hornblende granodiorite, and/or quartz monzonite; 21b, hornblende quartz diorite, biotite-hornblende quartz diorite and granodiorite; 21c, gabbro
- JURASSIC (?)**
 20 CHARLIE COLE STOCK: foliated quartz diorite
- JURASSIC (?)**
 19 PLATE CREEK STOCK: biotite-hornblende quartz diorite, diorite, gabbro, granodiorite; 19a, hornblende diorite and quartz diorite, monzonite to and/or gabbro; biotite-hornblende quartz monzonite and monzonite
- JURASSIC (?)**
 18 LOWER JURASSIC (?)
 18a Foliated quartzite, gneiss, gill, argillite, slate
- TRIASSIC**
UPPER TRIASSIC
 17 SHOMETAN FORMATION: argite porphyry, agglomerate
 16 MAZCHA FORMATION: volcanic conglomerate, mlf. talus, porphyry, agglomerate, siltsand, barabala
- PERMIAN**
 15 Shale and bedded greenstone, mlf. breccia, and pillowed lava, age relative to 13, and 14 unknown
 14 TELBIS FORMATION: well-bedded and massive limestone, minor pillowed basalt
- CARBONIFEROUS (?) AND PERMIAN**
 13 KADANDA FORMATION: chert, argillite, quartzite, barabala, minor limestone and greenstone; 13a, limestone; 13b, greenstone
- CARBONIFEROUS (Mainly Pennsylvanian?)**
 12 Unbedded; 12a, chert, argillite, slate, quartzite, barabala; 12b, limestone; 12c, limestone and dolomite, in part with chert nodules, at least in part Lower Pennsylvanian; 12d, chert, slate, argillite, conglomerate
- CARBONIFEROUS**
 11 Unbedded; 11a, argillite and barabala, generally massive; 11b, coarse grained, block limestone; 11c, granite, gabbro and rubble conglomerate, quartzite; 11d, argillite and chert; 11e, crystalline, dark grey limestone; 11f, meta-mlf and mlf, massive green volcanic; 11g, chert-nodule, fossiliferous limestone, possibly correlative with 12
- CARBONIFEROUS**
 10 OSLIUE CREEK FORMATION: meta-chert, quartzite, barabala, greenstone meta-diorite, schist, gneiss, granite silt and dyke; 10a, crystalline limestone
- CARBONIFEROUS (Mainly Mississippian?)**
 9 BIG SAILOR COMPLEX: quartz albite meta-gneiss, albite-actinolite schist, quartz-chlorite-quartzite-albite gneiss, meta-chert, limestone, shale, barabala, in dolomite; at least in part correlative with 7
- MISSISSIPPIAN (?) AND LATER**
 8 Barabala, barabala, dolomite; 8a, porphyritic, in part altered to talc and calcite
- MISSISSIPPIAN (in part or entirely)**
 7 SYLVESTER GROUP (upper part): massive greenstone, agglomerate, minor chert and meta-diorite, may locally include some 8
- DEVONIAN AND (?) MISSISSIPPIAN**
 6 UPPER DEVONIAN (mainly or entirely?)
 6a SYLVESTER GROUP (lower part): slate, in part granitic, argillite, chert, chert, argillite, gneiss, gabbro, pegmatite, siltsand, in limestone
- MIDDLE DEVONIAN**
 5 MADAME GROUP: thin dolomite and limestone
- SILURIAN AND DEVONIAN**
 4 UPPER SILURIAN (?) AND LOWER (?) DEVONIAN
 4a Unbedded, locally includes 3 and/or older rock
 4b Lower Division: sandy dolomite, dolomitic sandstone
 4c Upper Division: limestone, well-bedded dolomite
- ORDOVICIAN AND SILURIAN**
 3 LOWER ORDOVICIAN (?), LOWER AND MIDDLE (?) SILURIAN
 3a Block, granitic, shaly, gray siltsand, locally barabala, includes upper part of Eureka Group
- CAMBRIAN AND (?) ORDOVICIAN**
 2 KETCHIKAN GROUP: thin-bedded barabala, shale, calcareous siltite, phyllite limestone
- CAMBRIAN AND SILURIAN**
 1 ATAN AND GOOD HOPE GROUPS: unbedded calcareous-biotite barabala, dolomite, limestone, shale, quartzite; in carbonate, age uncertain



MINERALS

Beryl	by	Madysman	by
Copper	ca	Bliley	ca
Fluorite	fl	Tungsten	ca
Lead	pl	Zinc	ca



APPENDIX VII

PETROGRAPHIC REPORT

BY

GARY A. MEDFORD, Ph.D.

DECEMBER 1984

PETROGRAPHIC REPORT

ON THE

SUE CLAIMS

N.T.S. 104 O/16W

LIARD MINING DIVISION

British Columbia

for

TURNER ENERGY AND RESOURCES LTD.

8930 Oak Street
Vancouver, B.C. V6P 4B7

by

Gary A. Medford, Ph.D., FGAC

Consulting Geologist
3582 West 14th Avenue
Vancouver, British Columbia V6R 2W4



December, 1984

TABLE OF CONTENTS

Introduction	1
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Mineralization	2
Interpretation	2

Appendices

Appendix 1 - Selected Petrographic Descriptions

Appendix 2 - Cost Statement

Appendix 3 - Certificate

Introduction

The following report describes textures and mineralogy of a lead-silver mineralized breccia encountered during drilling and trenching of the Sue Claims, Liard M.D., in the 1984 exploration season. The interpretation is based on examination of 23 thinsections and mineral analysis using energy dispersive scanning electron microscopy. Individual descriptions of thinsections are listed in Appendix 1.

Intrusives

Granitic intrusive (407X,408X) is encountered at the bottom of DDH-6. This rock is similar to border phase dikes observed elsewhere along the edge of the Cassiar Batholith by the writer. The dikes cut both batholith and sediments. Preliminary Rb-Sr work indicates they are approximately the same age as the Cassiar Batholith (ie. \approx 110 M.Y.). Above this intrusion in DDH-6, a quartz diorite is present (406X). The relative age of this material is unknown. All of the above rocks are undeformed and little fractured in contrast with the remainder of rocks in this suite.

Meta-sedimentary Units

These were examined in DDH-6 at 36' (403X), 77' (404X) and 79' (405X) and appear to represent a sequence that is extremely pure quartzite at the top and becomes increasingly muddy with depth. Some late stage fracturing healed by calcite and quartz is evident.

A sample from DDH-7 at 91' (412X which is similar to a thin unit found below 81' in DDH-6) is classified as a pelitic siltstone. The main characteristic of this unit is a heavy opaque-oxide dusting.

Breccia

The breccia is a composite in which the larger clasts and matrix are derived from the metasedimentary units mentioned above. The largest and most obvious clasts are composed

of pure quartzite (403X). The matrix is dark grey-black but may contain barely perceptible fragments of any of the units above. No igneous fragments were observed nor were any sedimentary units other than those discussed above.

The matrix may be composed, in places, of only comminuted quartz which appears dark but dense and hard. In other cases, the matrix is spongy and may be composed of cataclasite with a provenance such as siltstone (412X). In such cases, the matrix contains a liberal dusting of opaques.

Late stage fracturing (post brecciation as it cuts both clasts and matrix) has resulted in considerable introduction of silica and carbonate. These fractures connect a large number of round or subround voids which commonly show quartz-crystal encrustations (miniature geodes). The breccia prior to the sealing of the fracture system must have been exceedingly permeable

Mineralization

Mineralization identified in thin section include sphalerite, argentiferous galena, and secondary lead-silver oxides.

Fine crystals of galena were identified by x-ray in DDH-8 at 40' (418X) along with some graphite. These appear to be set in a late fracture (post/late brecciation) within the breccia. The other minerals were found only in the green and yellow-stained (but otherwise similar) breccia sampled in the trenches. The green and yellow stain as well as a white "punky" mineral lining or filling the voids appear to be secondary silver-lead minerals coating the breccia. Sphalerite crystals were observed in trains following microfractures. In one case, an almost euhedral crystal was observed growing within a void.

Interpretation

It is suggested that mineralization (ie. introduction of argentiferous galena) is a late or post brecciation event in which the fractures and voids of the breccia provided a plumbing system that was later sealed by silica flooding and carbonate crystallization.

The bulk of the breccia does not contain sufficient galena to result in the high grades obtained in the trenches where argentiferous secondary lead oxides were sampled. This zone may thus represent a more strongly mineralized major conduit which was originally rich in galena but later oxidized in a near surface environment. As such, the the structural extension of this zone should be delineated and sampled during further mapping and drilling.

APPENDIX 1

PETROGRAPHY

DDH#6

TS403X @36': Mosaic of interlocking quartz(0.1 to 1.0mm),
No preferred crystallographic orientation. Some
grains exhibit undulatory extinction(strained).
Microfractures recrystallized(0.05mm)along their
length.
Handspecimen:yellow-beige to buff,dense quartzite.
Fractures occasionally rust stained.
Does not stain for K-spar.

Name:Quartzite

TS404X @77': Similar in texture to "403X" but possesses late
stage fracturing with introduction of carbonate,
possibly in part siderite which results in a brown-
ish red stain.Quartz grains are somewhat disaggre-
gated and separated by sericite/tremolite/talc/
calcite which may be derived from original matrix.
A few light-green mica porphyroblasts(1.5mm) are
present.

Handspecimen:rusty,chalky matrix encompassing sub-
angular quartz grains.Does not stain
for K-spar.

Name:Impure quartzite

TS405X @79': Subangular quartz grains(0.05-0.1mm)comprise 40%
of the rock.A mixture of tremolite/talc/calcite
separates the quartz and constitutes the remainder
with the exception of 15% patchy calcite or calcite
in microfractures.Fuzzy masses of carbonate replace
completely a former bladed mineral that imparts a
compositional layering to the sample.

Handspecimen:Light grey-green,phyllitic.Does not
stain for K-spar.

Name:Phyllite or sandy phyllite.

TS406X @81': Composed of 35% orthoclase(0.15mm)exhibiting
light sericitization,30% plagioclaseAn₃₉(0.25mm
elongate) and 35% quartz(0.1-0.2mm).Several flakes
of muscovite(1.5mm)appear to replace plagioclase
in some cases but as phenocrysts elsewhere.

Handspecimen:Medium grey,fine-grained intrusive.
Does not stain for K-spar.

Name:Tonalite or Quartz diorite

TS407X @157': Composed of 30% orthoclase(0.25-0.4mm) with occasional perthitic patches(up to 4.0mm), 35% plagioclaseAn₃₂(0.4mm) and 35% quartz(0.4mm). Light sericitization of feldspar. Occasional muscovite phenocrysts.
Handspecimen: very light-grey, fine-grained intrusive.
Stains for K-spar(30%)
Name: Muscovite granite or aplite

TS408X @206': Similar to 407X except for coarse brown mica instead of muscovite.
Handspecimen: light grey fine-grained intrusive.
Stains for K-spar(30%)
Name: Biotite granite or aplite

DDH#7

TS409X @ 19': Clasts of 403X up to 3cm are embedded in a matrix of very fine-grained quartz and dusty oxides(dark grey to black). Late microfracturing cuts large clasts and matrix, and channels late quartz flooding. Some porosity perhaps caused by dissolution of calcite.
410X
Handspecimen: Clasts of 403X from 0.1 to 3.0 cm within a very dark grey siliceous matrix.
Name: Brecciated Quartzite

TS411X @ 50': As above. Clasts of 403X in a silicious matrix with a moderate dusting of opaque oxides.

TS413X @ 52': Breccia with clasts derived from possibly two sources; some clasts from 403X(clean interlocking quartz), others from possibly 412X-dark grey interlocking quartz with a dusting of opaques. Grain size of quartz in clasts is .2mm and .1mm respectively. Matrix(20% of rock) may be derived from 412X and consists of quartz(0.02mm max.) with about 20% fine oxide dusting. Matrix is rusty and spongy perhaps due to selective dissolution of mafics.
Handspecimen: Rusty-grey spongy matrix surrounding beige and dark grey clasts
Name: Siliceous breccia

TS412X @ 91': Composed of subangular to subrounded quartz grains (0.05mm) 50%, separated by a mixture of sericite, tremolite, calcite 45%. No preferred orientation of quartz. A dense dusting of fine opaques imparts a discontinuous banding in thin section.

Handspecimen: Dark-grey pelite

Name: Pelitic siltstone

DDH#5

TS414X @ 59': 2-3cm clasts of 403X set in a siliceous matrix with a heavy dusky oxide overprint, perhaps derived from 412X. Late quartz flooding within fractures cutting matrix. Some clasts may be 412X.

Handspecimen: Spongy dark grey siliceous matrix containing clasts of 403X, 412X

Name: siliceous breccia

TS416X @ 66': Clasts of 403X and 412x set in a porous siliceous matrix derived from 405X or 412X

Name: siliceous breccia

DDH#8

TS418X @ 40': Small clasts of 403X and 412X set in a matrix of coarse secondarily recrystallized quartz with very minor dusky oxides.

Name: siliceous breccia with late quartz flooding

DDH#4

TS417X 0-30': Intense flooding of secondary quartz engulfs matrix of 412X and clasts of 403X. Some 412X may have been clasts.

Name: siliceous breccia with late quartz flooding

G.A. MEDFORD Geological Exploration Consulting

3582 West 14th Avenue
Vancouver, B.C. V6R 2W4

(604) 738-6075

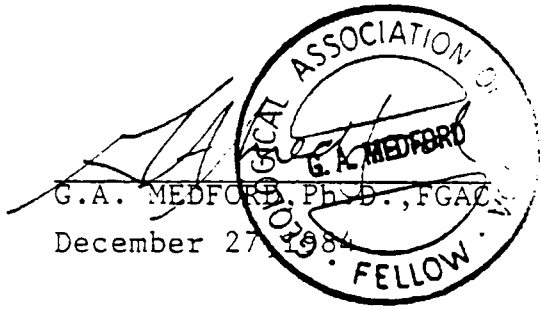
APPENDIX 2

STATEMENT OF EXPLORATION EXPENSES

Re: Petrographic work on samples from trenches and drill core
Sue Claims, Liard M.D., British Columbia.

Examination of 23 Thinsections	\$1150.00
Lab.prep. charges and xray machine time	320.50
Consulting (G.Medford) ½ day	175.00



TOTAL \$1645.00



CERTIFICATE

I, Gary A. Medford, with business at 3582 West 14th Avenue,
British Columbia, do hereby certify that:

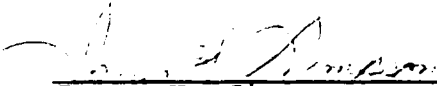
- 1) I am a consulting geologist and have been engaged in my profession for over 15 years.
- 2) I am a graduate of McGill University with B.Sc. Honours (1968) and M.Sc.(1970) degrees in geology, and have graduated from The University of British Columbia with a Ph.D. (1976) in geology.
- 3) I am a Fellow of the Geological Association of Canada.
- 4) I have no direct or indirect interest in the securities of Turner Energy and Resources Ltd., nor do I expect to acquire any.


Gary A. Medford, Ph.D. 

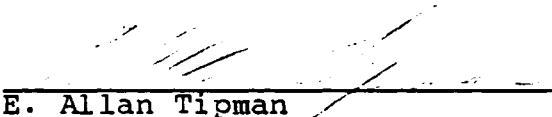
CERTIFICATE OF MIKADO RESOURCES LTD.

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by Part 7 of the Securities Act, and the Regulations under it.

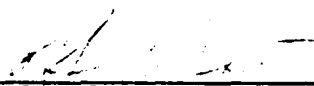
DATED: August 7, 1985.




James H. Simpson
President, Director
and Promoter



E. Allan Tipman
Director



Richard J. Watson
Secretary, Director
and Promoter



Leslie G. Taylor
Director

CERTIFICATE OF THE AGENT

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by Part 7 of the Securities Act, and the Regulations under it.

DATED: August 7, 1985.

YORKTON SECURITIES INC.

Per:  _____

The following are the persons having an interest, either directly or indirectly, to the extent of not less than 5% in the capital of YORKTON SECURITIES INC. - Arthur J. Thomas, Marvin Z. Mandell, Allen Barry Van Stone, Stewart David Vorberg, Donald Risling, Frank Guistra, Lorne J. Levy and Jawaharlal Gondi.