



mikado resources ltd.

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830212
Abbott

NEWS RELEASE

July 16, 1987

News Release 87-32
S.E.C. File # 82-1298

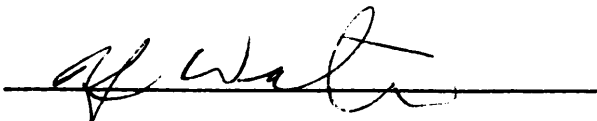
The agreement in principle between Mikado Resources and E.L.E. Energy Inc. ("E.L.E.") announced by Mikado on June 15, 1987 has now been formally drawn and executed by the parties.

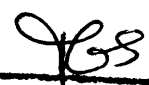
The agreement now provides that after E.L.E. has earned a 30% interest by the expenditure of \$300,000 by March 1, 1988 it can earn a further 20% interest by spending \$200,000 by June 15, 1988, \$200,000 by June 15, 1989, and \$300,000 by June 15, 1990.

Work on the Wagner project has begun and is proceeding according to plan. Results of the exploration being carried out will be disclosed as soon as reports have been received and analyzed by management.

Rehabilitation of the Ainsworth Mill, in which the Company has a $\frac{1}{2}$ interest is almost complete and the mill is expected to be operational within a few days.

On behalf of the Board of Directors


RICHARD J. WATSON - SECRETARY

LOG NO: 07/29/87	VAN 1
ACTION:	
	
FILE NO: WAGNER (Abbott)	

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APEX Financial Group Letter

MIKADO RESOURCES LTD. (MKO-VSE)
TURNER ENERGY RES. LTD. (TUN-VSE)
SYSTEMS DISPLAY INT. INC. (PVT. CO.)
NORTHMARK SYSTEMS INC. (PVT. CO.)
ROPER RESOURCES LTD. (PVT. CO.)

8930 Oak Street, Vancouver, B.C. Canada V6P 4B7 (604) 266-9910

EDITOR'S FORUM

24 July 1987

Just recently, a very high-profile precious metals 'Guru' was in Vancouver. He conducted a seminar, then took a hand-picked number of his clients on an Alaskan cruise. We won't mention his name, for he's only one of a clutch of self-serving 'investment advisers' who've made a pile over recent years playing on the fears of folks susceptible to the idea of their hard-earned assets being jeopardized by anarchy.

This particular bird did call the dramatic upsurge in the price of gold and silver a few years back. But ... and it's a big 'but' ... if his followers didn't get in and get out of the yellow and white metals snappily, they were either wiped out or locked in for years when gold fell sharply from the \$800 per oz. level and silver from \$50 per oz. At that time, the loonies were forecasting \$1,500 - \$2,000 p/oz. for gold and \$150 for silver.

And whether they were wiped out or locked in disastrously, the man's believers wound up with a house, garage or warehouse full of canned and dehydrated foods, guns and ancillary survival goods in anticipation of the time 'just ahead' when the villains were going to run the streets with AK47, Kalashnikov assault rifles, plundering and murdering for the necessities of life.

What utter nonsense! If such a crisis should evolve, normal citizens wouldn't have a chance to defend themselves or their precious hoards. The bad hats would shoot first, without warning, and then see if there was anything of value to pillage.

Don't misunderstand ... we feel very strongly that both gold and silver will soar to much higher prices in the future. But for a valid reason upon which the law of supply and demand will shift into high gear, albeit abnormally.

WE BELIEVE S. AFRICA IS THE KEY

Apart from a possible crash of stocks in the industrial sector in the Near to Medium term, which we feel is now overdue, the most valid reason for an upsurge in the price of both gold and silver is, in our opinion, the political situation in South Africa. That country is like a faulty atomic reactor 'going critical'. When it blows up, the repercussions will be catastrophic, with economic reverberations unseen in our history.

At this point we should cite a pundit in the U.S. who, last year in discussing S. Africa in his investment letter, made it clear that he wasn't conducting a civil rights forum, but an investment letter. We take the same stand. Whether we accept or reject the principle of apartheid, the fact remains that White South Africa will go down in flames ... fanned by the African National Congress (ANC) abetted by their Soviet sponsors ... and S. African metal production of all types, with emphasis on precious metals, will plummet. That is when the price of precious metals will really take off for outer space. And this seemingly inevitable cataclysm in South Africa is the underlying basis of the now-well-underway flight to gold and silver by the astute financial brains of the world. These people do not overly concern themselves with day-to-day price fluctuations of precious metals. Instead they are girding their asset bases with gold and silver armor against the day when the hands of the world's economic and financial clocks strike twelve. Go, thee, and do likewise.

'WOODEN SHIPS AND IRON MEN'

That's how they described the Royal Navy in the early, golden years of Britain's dominance of the seas. Far removed from the salt-chuck, on our last visit to the MIKADO Slocan mining property, we met a real iron man. Next to him, the sturdy DEAN WITTER REYNOLDS men we lauded in our last letter for their rigorous trip to the top Mikado workings in terribly uncomfortable and inclement weather were cream puffs! This skookum fellow is ERNIE ALEXANDER. He owns the land upon which the Mikado VIP camp is sited, and was born and raised and still lives there at Cooper Creek. One evening during our last visit, he held us all spellbound with his matter-of-fact account of how, almost 50 years ago, he and five other young bucks were hired to toil some 16 miles up the mountain to the present Mikado mining claims and backpack down ore samples from the Red Elephant zone. Ernie's backpack weighed 95 lbs. No roads or paths. Plenty of Devil's Club, however ... man-height growths sporting needle-sharp thorns that ripped and tore clothes and flesh. Lacking machetes, the packers cut staves and bashed the beastly stickers to cut a way through. When we asked Ernie what happened to the ore samples, he allowed as how he never found out ... but the prospector-promoter who hired them, one Joe Gallo out of Spokane, subsequently found a couple of gold and silver mines and became rich and famous. What a tough boot that Ernie is! In his 74th year, he looks 20 years younger, hares about the country roads in the area on a multi-speed racing bike and dances every dance at the regular shindigs in the area. DEAN WITTER tigers, eat your hearts out!

MIKADO WORK PROGRAM ROLLING NOW

The company's 1987 work program is moving into high-gear right now. Diamond drilling is solidly underway, adit rehabilitation is being prepared and the ore stockpiling will be underway within the next week to ten days, when rock will be broken and trucked down from the workings preparatory to milling later this summer. A radio-tel link has been installed, between the VIP camp on the flats to the miner's camp higher up and a radio station at the Wagner on top. A chopper planted a repeater on a peak to ensure good reception, and it works like a charm.

THIS IS NO 'GRASS ROOTS' OPERATION

All mining operations begin with 'grass roots', and depending on initial success, graduate from that primary stage. Mikado's operation is now far, far advanced from grass roots to a serious mining development. A multi-million dollar economic orebody has been delineated and is currently being expanded. This year's major work program could enlarge existing tonnages two, three or even fourfold. To replace the equipment currently onsite would cost in excess of \$1 million. The company owns a 50% interest in the Ainsworth mill, which has an estimated replacement value of \$6 million.

This is now a serious mining operation, dear readers, and when enough people realize it, we'll see some market pyrotechnics!

The purpose of this letter is to provide information in a timely manner to our shareholders and other interested persons and NOT to advise with respect to investment in, or the purchase or sale of securities. The information given is believed to be correct but is not guaranteed. The information contained herein is neither approved nor disapproved by the VSE. Principals of The APEX Group, either directly or indirectly, hold Long positions in shares of companies in The APEX Group.

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APEX Financial Group Letter

LOG NO: 08/04/87 VAN 2.

ACTION:

TOS → Wagner (Abbott)

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EDITOR'S FORUM

31 July 1987

We've been needled from time to time by (friendly) readers on our hard-nosed, anti-Soviet and Japanese posture. And, NO, our overt antipathy to those nations is not an ethnic bias, but rather on ideological and economic grounds. It is our very serious and ongoing view that the Soviets have, since the revolution of 1917, been our ideological and economic enemies . . . with time out, of course, when Hitler abrogated the Nazi-Soviet Pact and attacked the USSR viciously and without warning, and the Ruskies were forced to defend themselves . . . and accept mountainous Allied aid to survive.

Following the cessation of WW II hostilities, the Reds swung right back into high gear to export revolution world-wide. They're still at it, hucklety-bucklety, harder than ever. They mean to bring down the free enterprise system by heavily promoting political insurrection wherever they can. And no matter who controls the Kremlin, this in situ philosophy will continue a-ain. We must never be seduced by a Gorbachev. This one is probably the most dangerous Soviet leader we've ever seen. He sounds like almost the soul of reason . . . for as an actor he is a political Laurence Olivier in talent . . . using his youth, vigor and charisma against a "Bedtime for Bonzo", the same U.S. President who is also old, tired, basically unwell and badgered by the slings and arrows of criticism generated by a coterie of incompetent and suspect bumbiers. Adherence to the tenets of MARXIST-LENINISM is as strong today as it ever was. The Soviets try ceaselessly to foment disruption in our ranks. If they could succeed politically, they'll destroy our economy. Vigilance and intelligent action are imperatively called for . . . not vigilante roguism acting covertly from and around the White House.

JAPAN A DIFFERENT SORT OF ENEMY

Japan is a purely economic threat to we of the West. Ideology is not a factor. The Japanese goal is simple . . . they just want to own control of everything in the Western World as we know it. No proselytizing by the sons of Nippon. Just a never-ending power play to take over anything of value, from chopsticks to space technology. Unlike the Ruskies, they're technically, economically and industrially capable of achieving the lion's share of the world's wealth. And what they can't develop in state-of-the-art science and technology, they steal from the U.S.

Their almost unbelievably huge hoards of capital are being steadily infiltrated into the U.S., Canada and the U.K. No only the head of the camel has been insinuated into the economic 'tent', but a full takeover of the economic 'canvas' is well underway.

Our N.A. management and labour forces have become greedy, lazy and complacent. There is no supranational esprit de corps in the N.A. industrial sector. The watchword seems to be to pork-barrel, featherbed and assiduously avoid hard work. One of these days, from the Rising Sun or Red Square, the vultures (not chickens) will come to roost. Vigilance . . . vigilance . . . and more vigilance!

REA GOLD SHOWING CONTINUED POWER

In our letter of 26 June, 1987, we took a bullish stance on the potential of the Adams Plateau mining area of B.C. as a major precious metals camp in the making. We pointed up REA GOLD (VSE-TSE) as the leader, and detailed the recent share action. In our 26 June letter, shares were around the \$5.00 mark, and on heavy volume (1 million a week), worked back up to over \$8.00 again. It is apparent to us that serious, major investor support agrees with our optimistic appraisal of REA and the area, and it is our opinion that plans are now underway to put the REA into major production. Naturally we are rooting for such developments, in view of the MKO-ELE agreement recently finalized and awaiting regulatory approval, for the claims are very strategically located near the REA ground, as you will note on the Adams Plateau map sent with last week's APEX letter. It is our considered opinion that when further news breaks out of the REA camp, the area will catch fire, and we forecast a respectable repetition of the excitement generated when the Hemlo camp in Ontario and proved up ore bodies.

TURNER ENERGY STIRRING

At a recent annual shareholders' meeting of TURNER, a 1-for-5 share consolidation was approved by stockholders, along with a name change. While regulatory approval is still required, we are confident the moves will be approved, and with the Turner share float lowered from around 7 million to about 1.5 m, the company will no longer be unwieldy and financing should be far more easily arranged. To those old Turner shareholders who resent their 5,000 shares (trading around .15¢) being reduced to 1,000, and no longer bogged down in a huge float for a very junior issue, we would ask, "Would you prefer 10% of a gusher, or 100% of a dry-well?" Turner owns 30% of the important MIKADO ore bodies in the Slocan, and this is a very important asset that should now, following consolidation, fresh financing and possible acquisitions, put steel into the price and action of the shares. Strong forward planning is underway now, and following regulatory approval, will be reported.

MIKADO DIAMOND DRILLING ENCOURAGING

Some excellent diamond drill core sections have been produced at the main MIKADO property. Several sections of core have been split and 'eyeballed', and appear very strongly mineralized over healthily-wide footages. It is not the company's intention to release assays piecemeal, however, but representative areas will be drilled, core split, assayed and analyzed, then officially promulgated. We can say that drilling so far appears to definitely confirm extensions of the very economic tonnages proved up during the 1986 work program. And, of course, metal prices are well up since tonnage values were announced at that time.

Mining and service equipment continue to be added to the Mikado mining operation. A miners' Bunk House has now been installed at the upper workings camp, along with the cook-house and sanitation trailers, which basically completes the camp.

ORE NOW BEING STOCKPILED

Mikado's fine, new ore truck is continually slogging up and down to mine road, hauling ore ready for milling at the nearly-ready Ainsworth mill to the Mikado stockpile. The entire mining operation is in high-gear now, and we look for some inspiring news momentarily.

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NEWS RELEASE

August 4, 1987

News Release 87-34
S.E.C. File #82-1298

RE: WAGNER ABBOTT PROJECT

Mikado Resources Ltd. is pleased to report that hole 87-56 intersected 13.4' of ore that graded as follows:

<u>INTERVAL</u>	<u>SILVER</u>	<u>LEAD</u>	<u>ZINC</u>
55.4' - 62.0'	9.48 oz.	8.84%	16.2%
62.0' - 68.8'	14.0 oz.	14.3%	21.6%

Director J.F. McIntyre, P. Eng. pointed out that a weighted average of the intersection was 11.8 oz. silver, 11.6% lead with 18.9% zinc/ton.

It should be noted that at current metal prices the gross metal values would approximate in excess of \$C500/ton.

Hole 87-59 has intersected 24' of well mineralized material. Assays will be received shortly.

On behalf of the Board of Directors.

RICHARD J. WATSON - SECRETARY

LOG NO:	08/12/82 VAN 2
ACTION:	
FILE NO:	WAGNER

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APEX Financial Group Letter

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STOP-PRESS NEWS

7 August 1987

Regular readers will note a departure in our APEX letter format this week. This is prompted by the release of an excellent diamond drill section pulled in the ABBOTT-WAGNER ore zone area, assays on which were just received. The enclosed official News Release is technically self-explanatory, but we'll attempt to interpret these results in laymen's terms, for the non-mining observers.

Diamond-drill hole #8756, the hole covered, is a fill-in drill-hole. This term simply means that last season, good holes were drilled at divergent points, and #8756 was drilled to confirm that the metal-bearing structure did indeed exist between holes 'A' and 'B', for example, and thus fills in a block of tonnage heretofore only theorized to exist. This 13.4' section returned excellent assay values, with the combined, weighted metal content of silver, lead and zinc exceeding C\$500. per ton. (We buy goods, services, equipment, etc., in Canadian funds, so we're quoting in Canadian metal prices). So there is no misunderstanding, mining, transport, milling and smelter costs must be deducted from the \$500. gross, but the residual profit will still be extremely viable economically, and all concerned at the mine and Board of Directors are most happy with this first significant drill-hole.

Readers must also realize that this letter goes to press some days in advance of the above publishing date, and while every effort is made to keep the letter as current as possible, there is inevitably a lag in important news dissemination. For example, a 24' intersection in D.D. Hole #8759 pulled following the 13.4' section is in for assay now, and results could be available by this weekend and will have to be released next week. This core has been 'eyeballed' by our engineering experts and looks to carry strong silver, lead and zinc mineralization, with some gold possible. Gold values have not traditionally ran high in this zone, but the 13.4' core section we mentioned earlier ran a weighted average over the footage of 0.021 gold, which amounts to some C\$12. per ton in gold . . . a very useful content as a by-product to contribute to milling costs.

WE'RE VERY HAPPY ABOUT THESE FIRST HOLES

We stated in a recent letter that it would not be our policy to release diamond drill results piecemeal, and we shall not in the overall context of 'high-spotting' good holes. What we will do for the present time is point up very interesting holes then, in the near future, when a comprehensive grid pattern has been drilled, we'll release a full compilation of drill holes detailing the 'Good, Bad, Ugly and the Beautiful', to paraphrase Clint Eastwood's western saga.

HOLE #8759 COULD BE OF VITAL IMPORTANCE

While all drill-holes returning economically viable values are important and encouraging, this #8759 hole with the 24' well-mineralized section was drilled as a downward extension of the outer-defined orebody limit established during last year's season. Further holes to test this downward extension are planned. A series of successful drill holes in this area could vastly increase mineable and profitable tonnages, and at the end of this year's work program, established tonnages could well be doubled or trebled, and we would have an 'elephant' orebody by the tail, with ample, highly profitable ore to mine over a number of years. Funds elicited from such milling would provide serious internal funding and pare the need for outside financing and share dilution.

ALL DRILL HOLES WILL NOT BE BOBBY-DAZZLERS

Remember that a certain amount of geological probing will be taking place with the diamond drills in order to pin down the often elusive and narrowing and widening ore veins. But we have highly experienced and capable engineering pros directing the current program, and the work program will be conducted with a minimum of extraneous by-blows. We know the existing MIKADO orebodies, and with the odd large step-out to test possible occurrences, that will be the extent of deviation from the main thrust to extend existing orebodies and build even more impressive tonnages for milling and smelting . . . and to place the company in a healthy, cash-flow position.

WE'RE STILL GETTING BEEFS FROM READERS

We regularly receive gripes from readers who complain that certain brokers have been attempting to pull them out of their MIKADO shares in order to buy some other share issues. This, of course, is beyond our competence. We've made every effort to keep you apprised of MIKADO progress, and whether you stick with the MKO or sell your shares to move into other issues is entirely your own decision. The moaning has become particularly pronounced over the past week or two, when the MKO shares have appreciated smartly, and give every indication of continuing to do so. Our suggestion is that, if you are unhappy with your broker . . . change him. But PLEASE don't bend our ears with vituperation about how your broker lifted your Mikado shares for some Will-o-the-Wisp issue, for that responsibility is yours. If you are displeased with a broker who seems to have an axe to grind other than making you profits, and who is not right up-to-date on the MKO-V action, find one who can do the job for you. As we explained in earlier letters, we are neither brokers nor investment advisers, but can only keep you posted on developments of our companies as they occur. If you want recommendations on reliable and capable brokers, both in the U.S. and Canada, we can supply a short list of people we know can do a job for you in this area.

NEVER MIND THE PERSIAN GULF FOOFERAW

Only the pro commodity traders should concern themselves with the Irani-Iraqi conflict, the U.S. warship escorts and the Disneyland machinations of politicians trying to figure out the tarot cards and crystal balls. When there are serious political crises in the trouble spots of the world, gold, silver and oil take off . . . temporarily . . . and when things cool down, the price hangover arrives.

Once again, the flight to gold and silver has been underway for some time now, and continues to pickup steam. Stick with basically precious metal share issues with ancillary by-products, and over the near, medium and long term it should be very rewarding.

MKO SHARES MOVING INTO STRONGER HANDS

One of the reasons for the rise in MKO shares recently could be directly attributed to the fact that in the period 1 Mar. '87 to 31 Jul. '87, over 2,000,000 shares have traded, over 50% of the MKO float, eliminating pro traders and in-and-outers, a large volume of shares have been moving into stronger hands prepared for the longer haul, and pressure on the share price is visibly lessening. Once again, we urge you to REGISTER YOUR SHARES and we'll tighten the ship.

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APEX Financial Group Letter

FILE NO: 08/24/87 VAN 2

ACTION:

JBS

FILE NO: WAGNER

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MIKADO RESOURCES LTD. [MKO-VSE]
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EDITOR'S FORUM

21 August 1987

More comment on the South African black miners' strike. We have a close friend who is now a mining executive here in Vancouver with a major Canadian mining corporation, but who spent many years in varying mining capacities in both South Africa and other African countries. In discussing the possible effects of the current strike on S.A. mining production and the potentially grave economic result, he brought out a facet of the strike that is not generally realized. The black mining work-force in the S.A. mines is not composed entirely of S.A. black miners. Almost half the work-force comes from other African countries, such as Mozambique. He pointed out that while the S.A. blacks could go home to their tribal lands, 'fort up' for the duration of the strike and return at will ... these are not navvies, but trained miners and per se irreplaceable ... the similarly trained black miners from outside would never be allowed to return if they left. Consequently, it came as a surprise to our friend to see news photos of the outside blacks packing up to leave South Africa, and impressed upon him the serious dedication of the black miners to exert maximum pressure on the S.A. mining companies. Also, it now appears that far more miners are out than originally estimated, more on the order of 300,000 than 200,000. When pressed for a projection of how long the strike could last, our man suggested an outside limit of six months, at which time the industry would be in complete economic chaos. When asked how, without serious strike resources, the black miners and their families could exist that long, he explained that he has information that the African National Congress (ANC), the militant organization mentioned in our last letter, had warned the miners months in advance of the strike call to spend no money on frivolities, but to save every penny and send it home for the families to store up staples for the scheduled work walkout. He explained that the S.A. black miners could live very frugally in the tribal lands, with an inexpensive staple called 'mealie', plus other cheap dietary supplements. In addition, unlike in developed countries, they didn't have to worry about mortgage payments or accumulated credit-card charges ... such burdens do not exist for them. In addition, despite any inequities in pay with white miners, the blacks are very well paid by S.A. standards. They have saved their money, and they're ready for a long, crippling strike.

Our point, once again, is that an economically murderous strike in South African mining could be the trigger that fires a major upsurge in world precious metals prices. And as a 'kicker', our informant tells us that there is a strong rumour afoot among world mining and money circles that there is a powerful force at work endeavouring to keep gold prices down at this point in time, for South Africa is currently sitting on the biggest stockpile of gold in many years. The rumour is that these forces want S.A. to be forced to disgorge much of their gold stockpile at current price levels, rather than at the much higher levels which should probably prevail right now. Our view is that such artificial down-pressure is like trying to hold back the sea. Sooner or later the dyke breaks, and in the case of precious metals, prices will inevitably rise to proper levels. As we've stated before, we have no crystal-ball and have no wish to forecast timing. We are, however, more than ever utterly convinced that the major breakout in precious metal prices is nearing, and that a move to gold and silver share participation is not only desirable, but imperative.

MIKADO SLOCAN CAMP HUMMING

The tempo of activity at the MIKADO Slocan mining camp is steadily increasing. We mentioned in our last APEX Letter that MKO officials were trying hard to find at least one more diamond drill and crew to put to work on the property in order to step-up drilling. The real problem is to find highly competent diamond drilling crews. Drilling is an important and expensive activity, and cannot be trusted to inexperienced or 'dicey' crews. The immediate problem has been solved by putting the on-site drill on two shifts ... in effect the equivalent of adding another drill. Efforts are being made to find another good drill and crew, so that with the double-shifting and extra drill, the excellent drill results now being achieved may be expanded in a hurry. What is truly exciting about the drill results occurring now is that existing ore tonnage appears to be expending at a great rate. As the drill continues to pick up ore-grade material at depth, there is strong justification that the already impressive orebody ... in just one major zone ... continues to great depth, and in economic grade. It is felt entirely possible that tonnage outlined last year could be doubled during the current work season, apart from any other zone occurrences.

THIS IS NO 'GRASSROOTS' OPERATION

All mining operations start at the 'Grassroots' ... usually exploring interesting surface showings ... but few progress beyond that point. This MKO Slocan project is light-years ahead of the normal, junior mining company stage. This is a serious mining operation. Important silver, gold, lead and zinc tonnages have been outlined and continue to be added to. Ore is continually being broken and hauled to the stockpile, in preparation for milling this autumn. Cash flow is within reach, and anyone ... whether it be professional financial people (and MKO has many) or investor/speculators looking for a healthy profit situation ... who is truly aware of the quality and magnitude of the Slocan project, can fail to be impressed by the inherent potential.

OFF TO THE MINE ONCE MORE

We're away again to the Mikado project, this time to add our input to that of MKO officials and the engineering honchos to the production of a 15-minute video cassette production. The tape will update the serious work program now in place and put the solid progress made into proper context for evaluation. This cassette will be made available to professional brokerage and financial people without charge upon request. Unfortunately, it is not possible for us to send one to everyone on our regular Apex mailing list, but you can appreciate that some 4,000 would be more than a little heavy!

(ED. NOTE: You didn't sniff any flowers in this one, Michael D.)

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LOG NO: 08/31/87

VAN 4

ACTION:

FILE NO: *Wagner* 8930 Oak Street, Vancouver, B.C. Canada V6P 4B7 [604] 266-9910

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EDITOR'S FORUM

28 August 1987

Launching of a Canadian nation-wide strike of railway workers this week points up once again the dereliction of North American labour. We have no interest in analyzing the pros and cons of labour-management contentions, but to us it is one more indication of this generation's 'Don't want to work' syndrome. We know that there are still Sweatshops operating in North America, but they are by far in the minority and are almost totally confined to amoral exploitation of minority ethnic groups . . . a large majority of whom are in the U.S. and Canada illegally . . . who find nearly any working conditions preferable in N.A. to those appalling, poverty circumstances prevalent in their homelands. In the main, however, the trade unions have carved out for themselves comfortable niches in the N.A. economy. The trouble is that the all-powerful unions are suffering from a seriously ailing industrial economy, and in face of sharply reduced work forces through redundancies occasioned by loss of markets, are attempting to hold management for ransom by making unrealistic demands to enhance their positions with union rank-and-file. Our railways are on strike, we suffer from recurrent strikes by our postal workers, Air Canada is talking strike next month . . . and so the sad litany goes.

The underlying motivation for many of these labour disruptions is basically the militancy of labour leaders who are living in the 1800's. We are well aware that unions are necessary to protect workers from unscrupulous owners. We are also aware that the lot of the union work force is basically healthy. North American organized labour enjoys a standard of living second to none in the world. Unfortunately, the N.A. industrial sector over a broad spectrum is sick. And contributing to the malaise is poor productivity and cost-effectiveness compounded by feather-bedding and a lack of work ethic.

Yet another facet of unreasonable work stoppages. We remember well when the air traffic controllers attempted to cripple the airline business a few years ago. To their horror, they were told to return to work or they would be out of their jobs. They didn't . . . and they were! We also remember the analogy (probably apocryphal) of the native Hawaiians who complained that the missionaries told them to lift their eyes to God. They did . . . and when they looked down, their lands were gone. The same syndrome occurred here some years ago when the daily newspaper went on strike. Major advertisers, in desperation, switched to multi-colored flyers and, having found them highly effective, diverted a goodly portion of their advertising budgets to that medium even after the newspapers renewed publication. So . . . facing a loss of advertising revenue . . . the newspapers raised rates, and the vicious inflationary circle continued. What is the focal point of this overview? Simply that basically irresponsible work stoppages further endanger the N.A. industrial sector already seriously ill. The COMINCO workers at the big Trail, B.C. smelter have been on strike all summer. Now the main smelter work force is anxious to return to their jobs, but a recalcitrant, small faction is not, and the smelter remains closed. And Cominco must be sporting a saurian smile, for the stoppage has enabled the industry to work off metal surpluses and force metal prices up. Factors such as these further reinforce our opinion that investors must, at this time, join the flight to precious metals.

ON TO HAPPIER NEWS

During our trip last week to the MIKADO Slocan project, we were very agreeably surprised by the progress made in a few weeks following our penultimate visit. The WAGNER ADIT had been opened, and underground mining was continuing apace.

The underground crew is drilling, blasting and mucking (pulling out broken rock) and loading the ore in the ore-truck for hauling to the company ore stockpile down the mountain, utilizing a loco and mine tramcars to haul from the adit to the portal (entrance) for trucking. The ore stockpile, while not large by physical standards, is steadily increasing in value. Ernest Brisbane, P.Eng., the Mikado Slocan Project Manager, estimates that some \$400,000 worth of ore is now on the pile, and that by the end of the season this will have increased to a conservative estimate of \$1.5 million worth of ore ready for milling and smelting. Not shabby, and the income will give Mikado a healthy leg-up on useful cash flow. And next season ore-production figures will be substantially higher.

SHEEP CREEK ADIT NOW OPEN

Situated just below the current main workings at the Wagner adit, is the SHEEP CREEK adit. This tunnel is now undergoing rehabilitation, and work will shortly commence underground, where approximately 2,400 feet of drifting will be conducted to intersect the WAGNER ZONE ore. No difficulties are anticipated, and a two-pronged thrust will work the orebody from above and below.

DIAMOND DRILLING CONTINUES

Good diamond drill results are being obtained. Some 'probe' holes must be drilled at different angles to test the good ore occurrences on the down-dip, and while the occasional lean hole must be expected, continuing drill core results are excellent, with some very high-grade sections being pulled. As mentioned in an earlier letter, after a sufficiently comprehensive drill pattern has been established, an analysis and evaluation of expanded tonnage, with estimated dollar values, will be published. Main priority right now is to keep the diamond drilling going around the clock to achieve optimum drill core production, and this thrust is doing just that.

SEEING IS BELIEVING

If we have a serious frustration with the MIKADO Slocan project, it is simply that not enough of our shareholders and interested observers have actually seen the operation. Once someone with any knowledge of mining sees what is going on, they are extremely enthusiastic. We are, however, 'Making haste slowly', and are making every effort to get responsible financial people up to the project to see for themselves. This past weekend saw 10 financial men viewing all facets of the operation, and are reported to have gone home deeply impressed by the serious nature of the operation and the excellent results obtained. The Mikado video film was shot while we were at the mine and is in the production stage now. It will run approximately 12-15 minutes and should be both informative and interesting. If you write us (no phone calls, please) on your financial company letterhead, we shall be happy to send you a tape. First come, first served.

The purpose of this letter is to provide information in a timely manner to our shareholders and other interested persons and NOT to advise with respect to investment in, or the purchase or sale of securities. The information given is believed to be correct but is not guaranteed. The information contained herein is neither approved nor disapproved by the VSE. Principles of The APEX Group, either directly or indirectly, hold long positions in shares of companies in The APEX Group.

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mikado resources ltd.

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LOG NO:	01/21/87	VAN 3
ACTION:		
FILE NO:	Mikado MIA/AR/EX	

NEWS RELEASE

September 16, 1987

News Release 87-37
 S.E.C. File # 82-1298

RE: WAGNER ABBOTT PROJECT

Mikado Resources is pleased to report the following diamond drill hole assays drilled on the Greenlaw quartz vein system.

<u>HOLE</u>	<u>DEPTH</u>	<u>INTERVAL</u>	<u>SILVER</u>	<u>LEAD</u>	<u>ZINC</u>	<u>GOLD</u>
87-61	489-500	11'	5.63	8.44	2.61	0.049
	493-500	7'	8.02	12.3	3.73	0.057
87-62	587-596	9'	1.14	1.22	2.2	0.013
87-63	Below economic grade.					
87-64	587-591	3.5'	4.1	5.56	1.75	0.024
87-65	Below economic grade.					
87-66	498-506	8'	2.22	4.95	3.48	0.026

Hole 87-61 intersected the ore approximately 24 feet below 87-60 (see news release 87-36) and hole 87-62 cut the vein a further 125 feet down from 87-61.

For a next series of holes the drill was moved 100 feet to the southeast of 86-52, 87-59, 60, 61 and 62 and holes 87-63, 64, 65, 66 and 67 were then drilled from this location. Hole 87-63 intersected the vein but the mineralization was below economic grade. Hole 87-64 cut the vein approximately 270 feet below 87-63 and hole 87-66 cut it approximately 160 feet below 87-63.

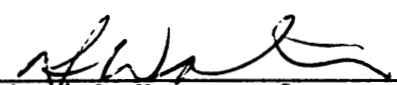
Hole 87-67 is awaiting assay results and appears to have cut the vein approximately 110 feet below 87-63.

The drill has now been stepped out another 100 feet southeast and hole 87-68 is being drilled.

A portal has been collared on the Abbott replacement zone and 500 feet of underground of drifting and crosscutting is beginning immediately. This work is designed to explore the high grade replacement ore zones blocked out during the 1986 program.

High grade ore is being removed from the Abbott outcrop during drill site preparation and is being stockpiled at the highway. There is approximately 2000 tons presently in the stockpile ready for milling.

On behalf of the Board of Directors.


 Richard J. Watson - Secretary

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APEX Financial Group Letter

LOG NO: 09/24/87

ACTION:

MIKADO RESOURCES LTD. (MKO-VSE)
TURNER ENERGY RES. LTD. (TUN-VSE)
SYSTEMS DISPLAY INT. INC. (PVT. CO.)
NORTHMARK SYSTEMS INC. (PVT. CO.)
ROPER RESOURCES LTD. (PVT. CO.)

FILE NO: 8930 Oak Street, Vancouver, B.C. Canada V6P 4B7 (604) 266-9910

EDITOR'S FORUM

18 September, 1987

In the days of the Roman Empire, a top general returning from a highly successful military campaign was accorded a triumphal procession in Rome. Preceded by enemy captives in chains, exotic beasts from foreign lands and his victorious Legions, the conquering hero rode in his chariot and graciously acknowledged the plaudits of the multitude. Standing behind him was a slave, whose duty was to whisper in his ear, "All this will pass . . . all this will pass". What he was telling the capo, of course, was that he had better enjoy the adulation while he could, because when he made a goof, he'd end up a bum in the park.

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SDI OFF AND RUNNING

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COMINCO BACK TO WORK

With the employees at the COMINCO smelter operation at Trail and Kimberly, B.C. back to work, ore should be moving into the bins and returning cash flow to shippers who've been awaiting such funds for some time.

TO SEE THE MKO OPERATION IS TO LIKE IT

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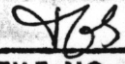
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***WAGNER**
mikado resources ltd.

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LOG NO: 09 / 87	VAN 3
ACTION:	
 FILE NO. MFR MIARNER	

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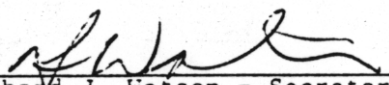
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mikado resources ltd.

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WATS: 1-800-663-9277

OCT 05 1987

G NO: 10/05/87 VAN 1

ACTION:

Handwritten initials/signature

Handwritten signature

NEWS RELEASE

News Release 87-38
S.E.C. File # 82-1298

September 30, 1987

Mikado Resources Ltd. presents the following update of the 1986/87 surface sampling and diamond drilling to enable shareholders to assess the net effect of the 1986/87 exploration efforts on the Abbott Project.

In 1986 a total of 19 surface samples were taken on the Abbott replacement zone outcrop over a combined total sample length of 77 feet. The area of outcrop tested was 30 feet wide and 68 feet long.

A weighted average of the outcrop sampling was as follows:

Table with 5 columns: Sample Length, GOLD (oz/ton), SILVER (oz/ton), LEAD (%), ZINC (%). Row 1: 77 Feet, 0.038, 21.95, 27.69, 12.13

Diamond drilling in the immediate area of the replacement ore zone outcrop in 1986 consisted of 10 holes which intersected two distinct zones with the following tonnages and grades:

Table with 5 columns: TONNAGE, GOLD, SILVER, LEAD, ZINC. Rows for Zone 1, Zone 2, and TOTAL

To date approximately 3,500 tons of visually excellent grade material has been removed from the outcrop and stockpiled at the highway ready for milling. Work is continuing and as the ore zones beneath the outcrop are longer and wider than anticipated from the diamond drill hole data.

At current metal prices the gross value of the stockpiled material is estimated to exceed \$400 per ton.

The 1987 emphasis has been on expanding and delineating the Greenlaw vein and 10 holes have been drilled to date in this effort. Nine of the holes intersected the vein and seven indicated ore grade intersections. Assays are awaited on two of the most recent holes.

A summary of the results of the diamond drilling is as follows:

Table with 7 columns: HOLE, DEPTH, INTERVAL, GOLD, SILVER, LEAD, ZINC. Rows for 1986 (86-52) and 1987 (87-59, 87-60, 87-61, 87-62)

Above 5 holes drilled from the same station.

NEWS RELEASE

MIKADO RESOURCES LTD.

MKO-V

September 30, 1987
News Release 87-38
S.E.C. File # 82-1298
Page 2

<u>HOLE</u>	<u>DEPTH</u>	<u>INTERVAL</u>	<u>GOLD</u>	<u>SILVER</u>	<u>LEAD</u>	<u>ZINC</u>
87-63	Below economic grade					
87-64	587-591	3.5'	.024	4.1	5.56	1.75
87-65	Short hole, drilled vertically to test a new near surface zone.					
87-66	498-506	8.0'	.026	2.22	4.95	3.48
87-67	Awaiting assays.					

Above 5 holes drilled from station 100 feet south east of the first station.

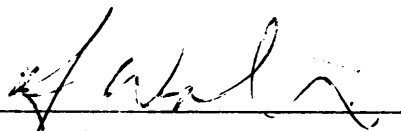
87-68 Awaiting assays.

87-68 hole was drilled 100 feet southeast of 87-67.

The company is currently drilling 87-69 100 feet north west of the first station.

Progress on the new Abbott adit is underway and it is expected to intersect the Abbott replacement zone this season

On behalf of the Board of Directors.


Richard J. Watson
Secretary

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MIKADO RESOURCES LTD. 8930 OAK STREET, VANCOUVER, B.C. V6P 4B7

APEX Financial Group Letter

LOG NO: 10/05/87 VAN 1

ACTION:

MIKADO RESOURCES LTD. (MKO-VSE)
TURNER ENERGY RES. LTD. (TUN-VSE)
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EDITOR'S FORUM

02 October, 1987

We had the pleasure last week-end of attending the inauguration of the production start-up of the SPOTTED HORSE gold and silver mine near Lewistown, Montana. The project to bring the old Spotted Horse back into producing status is a joint venture of a Colorado exploration company and CHELSEA RESOURCES LTD., a Vancouver, B.C. based and listed corporation, with Chelsea holding the major interest. While it is always good to see a B.C., VSE-listed company participate in a producing situation, and it was of special interest to the writer, having had some small input at the beginning of the venture 10 months ago, we feel that the onset of a successful precious metal production such as this one points up a very important underlying lesson in achieving material success. From the start, the joint venture was plagued by difficulties. That it was a mine was not in doubt. From 1885 to 1900, the Spotted Horse produced some \$112,000,000 in precious metals at today's prices. And it was obvious there was plenty of high-grade ore left. But, with an almost double cost overrun and technical difficulties, production start-up was severely delayed. Then a serious rift between the leading Chelsea principals led to a parting of the ways that was both acrimonious and disrupting, with legal actions started by both sides. Fortunately, the differences were apparently resolved . . . if not amicably, then to the acceptance of both parties . . . and the goal of production finally reached.

The interesting point is this. Through the long delay, cost overrun and vituperative attacks on the shares, many of the initial Chelsea shareholders kept the faith . . . unlike many of their 'brethren' who were induced to sell their shares by various people desirous of taking over Chelsea's interest. The shares sold down to \$2.90 this year, before resolution of the problems started it back up to recent levels over \$4., with strong indications of a further price rise. In this business, more than any other we know of, there are many, many axes looking for the grindstone. And, if a shareholder gets spooked by wild, adverse rumors . . . most planted by venals with malicious intent . . . he can well run from a promising potential profit vehicle with a sound asset base from which to build a winner. Unless one has good reason to believe the main asset has been damaged or eroded, the smart move is to disregard the maelstrom of poisoned arrows being launched and fort-up through the storm, ready to either stand fast or sortie out in an attack posture. In the case of Chelsea, the 'white hats' won, and anyone who stayed with it seems destined to profit mightily. We've always counseled fortitude and patience with an issue of strong underlying merit, and it was proven once again.

ON THE LIGHTER SIDE

During the Montana visit, an American geologist stated his unhappiness with the dearth of grass-roots development by young U.S. resource companies, paving the way for the Canadian resource developers to initiate apparently worthwhile mining ventures that could have been carried out by U.S. companies. In addition, he pointed out, good prospectors, miners, diamond drillers, et al., are far more plentiful in Canada than south of the 49th Parallel. He finished up his dissertation by repeating a joke recently current in the U.S. Someone tells a fellow mining engineer or geologist that a certain company is looking for 5,000 men with mining degrees. When his pal eagerly enquires the name of the company, he replies, 'McDonalds'!

THE POSTIES ARE AT IT . . . AGAIN

As we go to press, another postal strike looms. This time it is inside workers. Last time recently it was carriers. We consider the whole country is being held for ransom, but there isn't a darn thing we can do about it. And it will probably go on in one form or another until our Federal Government gets its act together and privatizes the whole shooting match. At any rate, don't be upset if your Apex Letter is late . . . it will arrive eventually.

MR. BIGS

FORBES magazine in recent issues seems to have become pre-occupied with ferreting out the richest men in the world and publishing figures on their holdings and fortunes. Some of the fortunes are breathtaking, if one is seriously impressed by such a thing. To us, the truly interesting figure in the lineup of the billionaires is one JORGE LUIS OCHOA-VASQUEZ, the alleged kingpin of the Columbian cocaine traffickers. This gent is purported to have made \$7 billion during the last 7 years. Small wonder, with his average price received from a kilo of cocaine approximating \$43,000 and cost of production being but around \$8,000. Quite a markup . . . with no unions or taxes to contend with. Of course, unlike his fellow billionaires from Boston to Bangkok, he can't relax in his palatial homes, yachts, etc., but must stay on the run permanently and desperately, for despite strong corrupt protectors, the U.S. government is determined to see him in the Crowbar Hotel for a very long stay.

What is relevant to the gigantic drug profits made in various parts of the world is that their consumers are basically in North America. And, as these villains launder their vast illegal gains, the sums of money fleeing North America for secret hidey-holes all over the world are becoming prejudicial to our economies, particularly in the U.S. Indeed many experts state flatly that the drug traffic money moving out of the U.S. affects materially the U.S. trade imbalance, it amounting to billions per year. A little known U.S. agency, CENTAC, targeting only the top drug traffickers is making headway in a most aggressive manner, and could make a strong modicum of inroads on the 'secret billionaires'.

MIKADO PROGRAM CONTINUES APACE

Mining, ore-hauling, diamond drilling and road-building to new potential ore zones apart from the main workings continues full-bore at the Slocan Project. The high-grade ore stockpile is now well over 3,000 tons, with 4 or 5 ore-truck loads churning down the mountain each day. A new bridge over the Lardeau River to carry the ore from the stockpile to the mill at Ainsworth nearby is being planned now, and will connect the mine road to the public road system. MKO shares have been under some pressure recently, but pay attention to the analogy pointed out earlier in this letter and stand fast. And PLEASE register your shares to assist in tautening the 'ship', and once again ignore the venalists . . . their axe will shortly be blunted, and shareholders who keep the faith will be winners.

EDITOR'S NOTE

BEAR with us, Teddy Ruxpin, wherever you are . . . (Sgd.) - Rumpy!

The purpose of this letter is to provide information in a timely manner to our shareholders and other interested persons and NOT to advise with respect to investment in, or the purchase or sale of securities. The information given is believed to be correct but is not guaranteed. The information contained herein is neither approved nor disapproved by the VSE. Principals of The APEX Group, either directly or indirectly, hold long positions in shares of companies in The APEX Group.

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EDITOR'S FORUM

6 November, 1987

In ancient times it was common practice to execute the messenger bringing bad news. Thank heavens that custom has long gone by the board, or we would be a prime candidate for the guillotine or executioner's axe. We've been warning in no uncertain terms for the past six months of a coming market crash, with strong emphasis on the industrial sector share issues. At the same time, we urged investors/speculators to join the flight to precious metals, in the good company of large and highly astute professionals the world over able to blow aside the heavy clouds of laughing-gas overlying the great Bull Market and follow their heads rather than their hearts.

Make no mistake ... we take no pleasure in having our Cassandra-like prognostications proved correct, for the unprecedented market plunge recently hurts good and bad issues alike, and we nearly all suffer to some extent. There is, however, a tried and true adage in situations of this sort that the good issues come back, and the weak sisters don't. This was amply proven at the outbreak of the Korean war in 1951. Shooting broke out on a Sunday, the market nosedived from the opening on Monday morning, and when the closing bell rang at the end of the trading day, billions of dollars were wiped off share values and legions of investors, large and small, were broke. **But ... and a big but ...** those who were able to weather the initial, murderous onslaught and hang on to a good measure of their holdings in basically sound issues both survived and prospered under the umbrella-adage that the good ones will come back. A serious traumatic facet of a major market break of this magnitude is that many small investors, heeding the call to invest in their country's industry, see their hard earned savings disappear in a trice, particularly when, in an attempt to achieve some leverage, they utilize margin. When the broker calls for more margin money, it simply isn't there, and the account must be liquidated, often with a debit still outstanding.

THEN THERE'S THE "LEMMING" EFFECT

Every certain number of years, a small arctic rodent, the lemming, for no reason that has ever been established, join in an uncontrollable frenzy and rush to the sea to drown. On their way, the leaders attract more of the little critters and the headlong rush becomes a catastrophic stampede to oblivion. The same self-destruct mechanism occurs during a major market break. Investors who would actually be able to weather the storm when invested in basically sound issues, panic and join the masses dumping everything. And when the smoke of battle clears away, their chagrin at finding their shares dumped in the general panic back in good financial shape triggers an almost suicidal remorse.

WHERE DOES THE MARKET GO FROM HERE?

While we've preached incessantly the philosophy of moving out of industrial issues as a broad rule and into precious metals, we hasten to reiterate our frankness in admitting we have no crystal ball, Tarot cards or chicken entrails. We don't know what will happen in the immediate future. The whole market situation is so irrational at this time ... gold jumped over \$20 p/oz on the 19th Oct., and good solid gold producing issues came off sharply the next day! Our opinion is that major markets, led by the N.Y.S.E. issues will fumble and stumble, with no semi-permanent trend for a relatively short period. Many large investors and funds will go bargain hunting for share issues that appear to be heavily oversold. This should add a measure of stability until a decisive posture is once again established.

And be assured there will be some bargains. While we basically confine our share issue interests to Vancouver Stock Exchange listings, we've long had a few favourites on the NYSE. Some two years ago we highly recommended DISNEY at \$30. To us, the company has a license to print money. It is magnificently managed and operated from the top executives to the cheery young men and women who keep Disneyland and Disneyworld spotlessly clean every minute of open hours. We saw the shares move relentlessly upward to a recent high of \$80+. After the major break, they could be bought for just around \$45. ...and in our opinion, should be bought at those levels for the company is sound, making a mountain of profits, and will come back.

COMPARISONS WITH 1929 ARE NOT VALID

Back in 1929, as we've mentioned before, every shoeshine boy and his like contemporaries were both in the market and talked glibly about market trends and the merits of issues. Worse, they were in on 10% margin ... as were much larger and more sophisticated investors and speculators. One doesn't need a computer ... or even a hand calculator ... to figure out how fast a drop in the market could wipe out millions of share buyers who had no business in the market at all. Today, there are no 10% margin stakes. Far from it. Though brokers are basically free to make margin arrangements on their own hook, most brokers on the VSE, for example, will allow 40% margin on shares selling at \$3 and up ... if a substantial holding of other issues are in the account. If not, the margin limit is usually 25%. So the client must put up 60% to 75% ... rather than 10 or 15% as in the bad old days. This is an important shield against a 1929 scenario. In closing this appraisal, let us say that even if a solid recovery develops and is maintained, very serious losses have been sustained ... both financial and psychological ... investors/speculators who refused to see through the rosy cloud pictures painted by analysts who promulgated reasons why the great Bull Market would continue. **Nothing** lasts forever ... and it doesn't take too good a memory to look back a scant few years when the Dow Jones was butting against the 1,000 barrier and pundits felt that when the 1,000 mark was broken and seasoned above that level, the Bull would roar in earnest. We agreed with the theory, but warned that breaking the 2,000 mark, the Bear with the scimitar claws was lurking somewhere in the high timber sharpening his talons on the giant trees in preparation for a slashing attack on softer targets.

IT'S NOT TOO LATE TO MOVE TO PRECIOUS METALS

While some of the cream has been skimmed off the precious metals, to our opinion there is plenty left. Move now, while there is still ample potential. As we've been preaching, one of these days, economic and political forces will combine to push gold and silver well above their current buoyant levels, and the astute investor is either positioned now or he is moving into the sector.

ED. NOTE: It has been suggested by some readers that, in view of the blizzard of financial mail received, that the APEX LETTER is published too often. Accordingly, until further notice, we'll publish once a month.

FOR TOLL-FREE INFO. CALL 1-800-663-9277 IN CANADA AND U.S.A.

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