

Iskut River

Iskut River  
884292

# AMERICAN ORE LTD.

---

## Annual Report 1987



# Iskut River

**A**merican Ore holds a substantial interest in the Iskut River Joint Venture property located in the Johnny Mountain Gold Camp in northwestern British Columbia. The property is contiguous to the north of the Cominco/Delaware SNIP gold discovery, and promising results were obtained from the 1987 exploration program.

The three joint venture participants (American Ore Ltd., Golden Band Resources Inc., and Delaware Resources Corp.) each has a one-third interest in the property and are subject to various option payment and expenditure commitments.

The 12,000 acre property is located 120 kilometres north of Stewart, B.C. An airstrip was constructed in 1987 on the joint venture property to service the Cominco/Delaware SNIP property as well as the joint venture lands.

Aggressive exploration took place in the Iskut River area in 1987 in response to the success of the Cominco/Delaware program on the SNIP property and the decision by Skyline Exploration Ltd. to develop their deposit on Johnny Mountain. At the SNIP property, 73 holes were drilled during 1987, 31 of which intersected significant widths and grades of gold mineralization within the Twin Zone. Inferred reserves for this zone (after a 20% dilution and cutting the assays to 150 grams/tonne) were calculated to be 1.1 million tonnes at 24.0 grams/tonne (0.7 oz/ton) gold. An underground exploration program is currently underway to confirm the continuity and grade of the deposit.

Skyline Explorations Ltd.'s Stonehouse deposit is currently being brought to production. Reserves (calculated in July, 1987) are reported to be:

---

|           |                                  |
|-----------|----------------------------------|
| Measured  | 121,000 tons @ 1.246 oz/ton gold |
| Indicated | 161,000 tons @ 0.745 oz/ton gold |
| Inferred  | 655,000 tons @ 0.651 oz/ton gold |

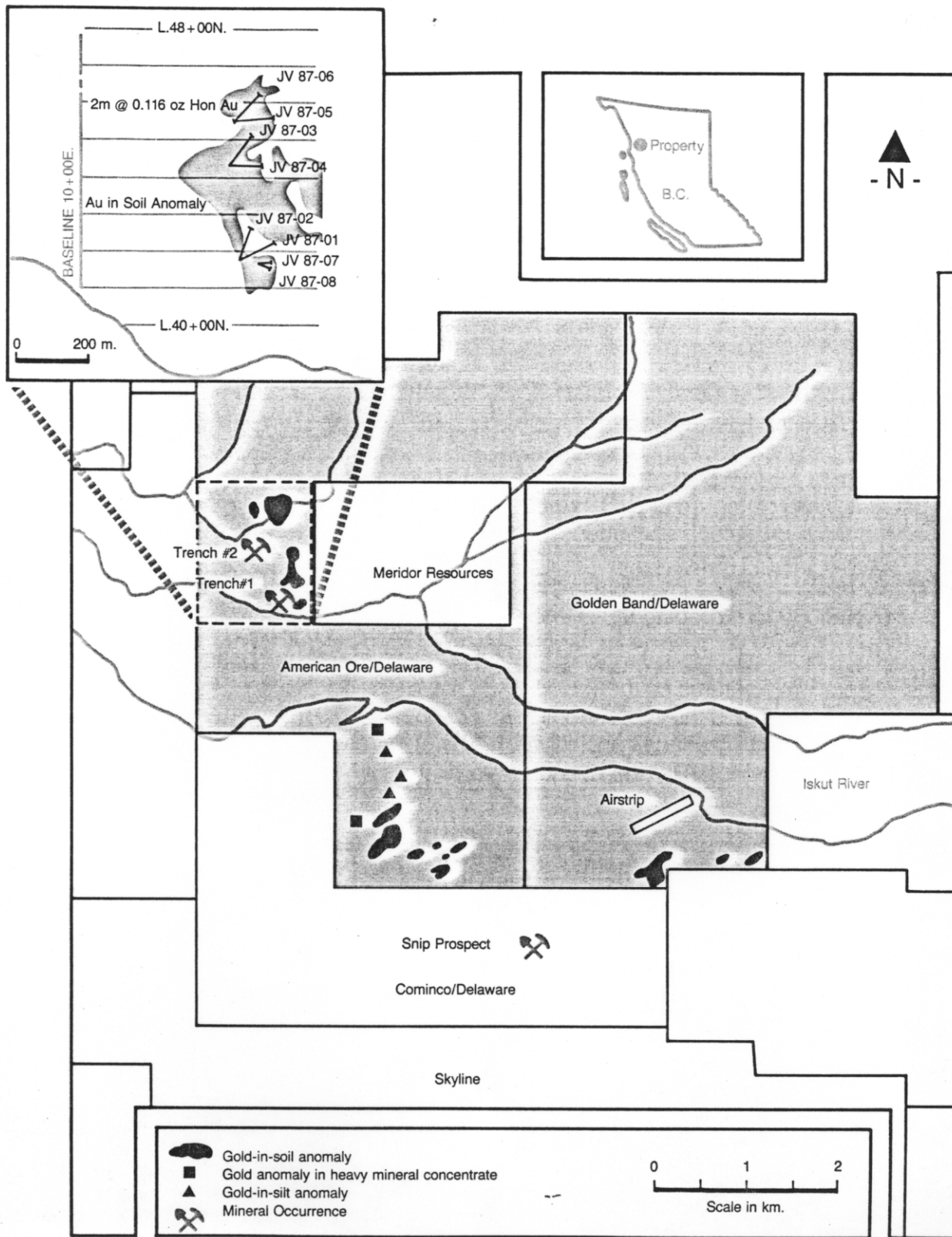
---

The 1987 program on the Iskut Joint Venture property involved an extensive soil, silt, rock and heavy mineral geochemical program, clearing and resampling of existing trenches and the drilling of 8 holes totalling 956 metres (3,133 feet). Numerous geochemical anomalies were delineated which warrant evaluation in 1988. The best result from the trenching program was from Trench 1B which returned assay values of 8.32% Cu, 3.90% Pb, 12.02% Zn, 25.81 oz/ton Ag and 0.952 oz/ton Au over 0.5 m.

The diamond drilling program tested targets in the Trench No. 1 area and the gold-in-soil geochemical anomaly to the north. All of the drill holes encountered elevated gold values with the best zone being DDH JV-87-05 which intersected 2m @ 0.116 oz/ton Au and 21.4 ppm Ag.

An aggressive exploration program is proposed for 1988 to evaluate the entire joint venture property. This program will comprise the following:

- Airborne EM and magnetometer surveys
- Ground follow-up of geophysical anomalies utilizing VLF-EM and magnetometer surveys
- Soil geochemistry
- Trenching of soil geochemical anomalies
- Prospecting
- Drill-testing of selected targets



# AMERICAN ORE LTD.

912, 1122 - 4th Street S.W. Calgary, Alberta, Canada T2R 1M1 (403) 269-3333



## REPORT TO SHAREHOLDERS

Nine Months Ended September 30, 1988

American Ore Ltd. (AOE) main area of exploration interest remains in its joint venture with Delaware Resources Corp. (DLW) and Golden Band Resources Inc. (GBN). AOE has by way of the required expenditures earned a 1/3rd interest in the 12,000 acre property located 120 kilometers north of Stewart, B.C. on the Iskut River contiguous to the north of the Cominco/Delaware SNIP gold discovery.

In the summer of 1988 ten holes for a total of 5,773 feet were drilled and excellent results were obtained in the "Gorge" showing. A copy of the press release dated November 10, 1988 is enclosed.

The Joint Venture partners will be evaluating the results of the 1988 exploration program prior to continuing work on the property.

George W. Oughtred  
President

November 24, 1988

|          |                  |
|----------|------------------|
| LOG NO:  | DEC - 5 1988 VAN |
| ACTION:  |                  |
|          | TGS              |
| FILE NO: |                  |

# AMERICAN ORE LTD.

912, 1122 - 4th Street S.W. Calgary, Alberta, Canada T2R 1M1 (403) 269-3333



AOE  
ASE  
Mining

PRESS RELEASE TO BE RELEASED THURSDAY NOVEMBER 10, 1988

Delaware Resources Corp. ("Delaware") announces drilling assays from the Iskut River Joint Venture Project, located immediately north of the SNIP Deposit of Delaware and Cominco Ltd. The project is a Joint Venture among Delaware, American Ore Ltd. and Golden Band Resources Inc.; the partners share equally in the exploration expenditures on the property. Delaware is project manager.

Drilling in 1988 totalled 5,773 feet in ten holes. Five drill holes tested the Gorge Showing which is located in the west-central part of the property. The showing consists of semi-massive to massive sulphide mineralization; two chip samples here returned assays of 3.66 ounces per ton gold over 3.3 feet, and 4.86 ounces per ton gold over 3.3 feet. The drilling encountered the following results:

| HOLE   | INTERSECTION<br>(metres) | INTERSECTION<br>(feet) | CORE LENGTH<br>(feet) | GOLD<br>(oz/t) |
|--------|--------------------------|------------------------|-----------------------|----------------|
| I88-6  | 90.0-96.2                | 295.3-315.6            | 20.3                  | 0.323*         |
|        |                          | including              |                       |                |
|        |                          | 306.8-309.1            | 2.3                   | 2.531          |
| I88-7  | 133.5-134.4              | 438.0-441.0            | 3.0                   | 0.111          |
|        | 22.0-26.0                | 72.2-85.3              | 13.1                  | 0.122          |
|        | 36.6-39.0                | 120.1-128.0            | 7.9                   | 0.203          |
|        | 55.0-56.5                | 180.5-185.4            | 4.9                   | 0.118          |
|        | 58.0-59.5                | 190.3-195.2            | 4.9                   | 0.253          |
|        | 99.0-100.5               | 324.8-329.8            | 2.0                   | 0.703          |
| I88-8  | 39.5-45.6                | 129.6-149.0            | 19.4                  | 0.311          |
|        |                          | including              |                       |                |
|        |                          | 131.9-144.4            | 12.5                  | 0.446          |
|        | 66.7-69.5                | 218.8-228.0            | 9.2                   | 0.250          |
|        | 80.4-85.0                | 263.8-278.9            | 15.1                  | 0.920          |
|        |                          | including              |                       |                |
|        |                          | 265.7-269.0            | 3.3                   | 2.116          |
|        |                          | 269.0-272.3            | 3.3                   | 1.017          |
|        | 128.0-129.5              | 420.0-424.9            | 4.9                   | >10,000**      |
| I88-9  | 64.7-65.6                | 212.3-215.2            | 2.9                   | >10,000**      |
| I88-10 | 159.0-161.0              | 521.7-528.2            | 6.5                   | 0.069*         |

- \* Gold assay reported is an average including fire assays and one or more geochemical analyses which are mathematically converted to ounce per ton gold from parts per billion gold. Fire assay rechecks are in progress for the geochemical analyses.
- \*\* Gold analysis exceeds the detection limited for atomic absorption technique. Fire assay rechecks are in progress.

Two holes were drilled on the Gregor Showing and three on several coincident gold-in-soil geochemical, VLF-EM and magnetic anomalies in the northwest corner of the property. The showing features semi-massive to massive sulphide and magnetite mineralization in sheared mafic volcanics. A continuous chip sample from a trench which partially exposed the zone on surface assayed 0.144 ounce per ton gold over 9.0 feet, including a 2.5 foot interval grading 0.335 ounce per ton gold. Significant assays for these holes are:

| HOLE  | INTERSECTION<br>(metres) | INTERSECTION<br>(feet)     | CORE LENGTH<br>(feet) | GOLD<br>(oz/t)   | SILVER<br>(oz/t) |
|-------|--------------------------|----------------------------|-----------------------|------------------|------------------|
| I88-1 | 31.7-32.6                | 104.0-108.9                | 4.9                   | 0.050*           | 1.33             |
| I88-2 | 139.7-139.9              | 458.4-459.0                | 0.6                   | 0.037*           |                  |
| I88-3 | 82.7-83.4<br>94.1-94.4   | 271.3-273.6<br>308.7-309.7 | 2.3<br>1.0            | 0.058*<br>0.038* |                  |
| I88-4 | No significant results   |                            |                       |                  |                  |
| I88-5 | No significant results   |                            |                       |                  |                  |

- \* Assay reported is a mathematical conversion to ounce per ton gold from geochemical analyses reported in parts per billion gold. Fire assay rechecks are in progress.

The Joint Venture partners will be evaluating the results of the 1988 exploration program prior to continuing work on the property.

Delaware has contracted with Prime Exploration Ltd. for consulting and management services on its behalf for the Iskut River Project.

On behalf of the Board of Directors: George W. Oughtred  
President  
(403) 269-3333

The Alberta Stock Exchange has neither approved nor disapproved the information contained herein.

AMERICAN ORE LTD.

CONSOLIDATED STATEMENT OF CHANGES IN  
FINANCIAL POSITION  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1988

(Unaudited)

|  | <u>1988</u>      | <u>1987</u>      |
|--|------------------|------------------|
| Operations:  |                  |                  |
| Cash used in operations  |                  |                  |
| Loss for period  | \$ (56,901)      | \$ (129,787)     |
| Changes in non-cash working<br>capital items related to operations | <u>(62,844)</u>  | <u>161,127</u>   |
| Cash used for operations   | (119,745)        | 31,340           |
| Financing:   |                  |                  |
| Issue of common shares, net  | <u>215,900</u>   | <u>762,833</u>   |
| Cash before investing activities                                   | <u>96,155</u>    | <u>794,173</u>   |
| Investing activities:  |                  |                  |
| Additions to property and equipment                                | <u>(287,948)</u> | <u>(294,986)</u> |
| Increase (decrease) in cash  | (191,793)        | 499,187          |
| Cash, beginning of period  | <u>328,066</u>   | <u>(31,652)</u>  |
| Cash, end of period  | <u>\$136,273</u> | <u>\$467,535</u> |

AMERICAN ORE LTD.

CONSOLIDATED STATEMENT OF EARNINGS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1988

(Unaudited)

|  | <u>1988</u>      | <u>1987</u>      |
|--|------------------|------------------|
| Revenue:                                 |                  |                  |
| Interest & other                         | \$ 20,149        | \$ 22,018        |
| Gain on sale of<br>marketable securities | <u>10,306</u>    | <u>-</u>         |
|  | <u>30,455</u>    | <u>22,018</u>    |
| Expenses:                                |                  |                  |
| General & admin.                         | <u>87,356</u>    | <u>151,805</u>   |
| Loss for period                          | <u>\$ 56,901</u> | <u>\$129,787</u> |
| Loss per common share                    | <u>NIL</u>       | <u>(.01)</u>     |
| Funds used in operations                 | <u>NIL</u>       | <u>NIL</u>       |