

SUPERINTENDENT OF BROKERS  
AND  
VANCOUVER STOCK EXCHANGE

THORN

STATEMENT OF MATERIAL FACTS (#26/87)

888705

EFFECTIVE DATE: FEBRUARY 16, 1987

#670

**AMERICAN RESERVE MINING CORPORATION**

#420 - 625 HOWE STREET, VANCOUVER, BRITISH COLUMBIA, 682-9733

NAME OF ISSUER, ADDRESS OF HEAD OFFICE AND TELEPHONE NUMBER

16th Floor, 609 Granville Street, Vancouver, B.C.

ADDRESS OF REGISTERED AND RECORDS OFFICE OF ISSUER

**YORKSHIRE TRUST COMPANY**

1100 - Melville Street, Vancouver, B.C.

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

OFFERING: 540,000 Common Shares

	Price to Public	Agents' Commission	Proceeds to Issuer
Per Share:	\$ 1.50	\$ .1125	\$ 1.3875
Total:	\$810,000.00	\$60,750.00	\$749,250.00

\* The Offering Price has been set by agreement between the Issuer and the Agents in accordance with the rules and policies of the Vancouver Stock Exchange.

**Additional Offering:** The Agents will receive Agents' Warrants entitling them to purchase a total of 200,000 shares in return for guaranteeing the sale of the shares offered hereby. These shares are hereby qualified for sale. See "Appointment of Agents" on page 1 for further information concerning the sale of these shares.

THE SECURITIES OFFERED HEREUNDER ARE SPECULATIVE IN NATURE. INFORMATION CONCERNING THE RISKS INVOLVED MAY BE OBTAINED BY REFERENCE TO THIS DOCUMENT. FURTHER CLARIFICATION IF REQUIRED MAY BE SOUGHT FROM A BROKER.

AGENTS:

CANARIM INVESTMENT CORPORATION LTD.  
2200 - 625 Granville Street  
Vancouver, British Columbia

McDERMID ST. LAWRENCE LIMITED  
675 West Hastings Street  
Vancouver, British Columbia

Neither the Superintendent of Brokers nor the Vancouver Stock Exchange has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

The Issuer is, under the rules of the Vancouver Stock Exchange, a "Development Company".

### Thorne Property

Pursuant to an Agreement dated February 28, 1986 with Inland Recovery Group Ltd. the Issuer acquired the right to earn an undivided 50% interest in two mineral claims known as Daisy and Daisy II located in the Atlin Mining Division, Province of British Columbia. Carl Zuber a director and officer of the Issuer is also a director and officer of Inland Recovery Group Ltd., a British Columbia reporting company listed for trading on the Vancouver Stock Exchange.

The Issuer has earned a 50% interest in the Thorne Property by conducting an exploration program consisting of eight drill holes totalling 787 meters over a distance of 600 meters. The Issuer's consultant J.R. Woodcock, Professional Engineer, recommends in his reports to the Issuer that the claims should be maintained in good standing in view of the rapidly changing economic picture of the precious metals market and also the possible improvements in accessibility and mining activity in the general area. One type of mineralization investigated on the Thorne Property is the stringer zone of veinlets of tetrahedrite-enargite which occurs in a number of small pods in an exposure southwest of Thorn Creek. Values of up to 20.7% Copper, 17.9 oz/ton Silver and 0.352 oz/ton Gold over a width of 0.2 meters were obtained from these pods. Drill holes placed to test this mineralization encountered some tetrahedrite-pyrite mineralization; however, this was not below the mineralized outcrop. The highest values obtained in this hole include 3.78% Copper, 4.5 oz/ton Silver, 0.057 oz/ton Gold over a core intercept of 2.58 meters.

To the east of Thorne Creek is a silicified zone in which silicified layers occur over widths up to 30 meters. In places this silicified rock has over 50% pyrite in large masses and also minor tetrahedrite. Three short holes were drilled from one site to intersect this vertical zone. Two holes were at -45 degrees, one hole was at -60 degrees. Highest grade intercept assayed 0.07% Copper, 1.03 oz/ton Silver and 0.08 oz/ton Gold over a core length of 10.29 meters.

The East Extension zone, which may be a part of the East zone, is marked by an exposure of silicified porphyry that carries pyrite, some arsenopyrite, and minor tetrahedrite. A grab sample from the large blocks of the oxidized material downslope in the creek bed had values up to 42 oz/ton Silver, 0.402 oz/ton Gold, but no Copper. The only feasible place to put the drill hole was downhill in the creek bed. Two short holes intersected fault zones containing some pyrite and some chalcopyrite but no silicification.

Projected up dip, this zone would intersect the mineralized exposure. However assays indicated some copper but only traces of precious metals. Whether the type of mineralization has changed drastically down dip from the surface exposure in a distance of less than 50 meters or whether the zone intersected in the drill hole is different from that exposed on the slope uphill is not known.

4. PARTICULARS OF NON-RESOURCE ASSETS

The Issuer has no material non-resource assets.

5. CORPORATE INFORMATION

The Issuer was incorporated by registration of its Memorandum and Articles under the Company Act of British Columbia on December 29, 1980 under the name "American Reserve Oil Corporation. The Issuer's name was changed to American Reserve Mining Corporation on February 27, 1986.

The authorized capital of the Issuer consists of 50,000,000 shares without par value, of which 1,712,501 shares are issued as fully paid and non-assessable.

The Issuer has issued 250,000 shares since October 31, 1986, the date its latest financial statements, which statements are attached to and form a part of this Statement of Material Facts. In November of 1986 these shares were issued in consideration of \$125,000 of qualifying resource expenditures incurred by the Issuer on behalf of certain investors

The issuance of 540,000 shares pursuant to this Statement of Material Facts will result in 2,252,501 shares being issued as fully paid and non-assessable. In the event that the Agent's Warrants are exercised a further 200,000 shares will be issued and a total of 2,452,500 shares will be issued and outstanding.

6. DIRECTORS, OFFICERS, PROMOTERS AND PERSONS HOLDING MORE THAN 10% OF THE ISSUED EQUITY SHARES

<u>Name and Address</u>	<u>Chief Occupation For the Past Five Years</u>	<u>Number of Shares Beneficially Owned</u>
CARL F. ZUBER #803 - 1575 Beach Avenue Vancouver, B.C.	President of Inland Recovery Group Ltd.; formerly President & Chairman of the Board	767,200