

Mike Issigonis

# THE YUKON

Since the time that the first great discovery of gold was made by George Carmack on Rabbit (Bonanza) Creek, Yukon Territory, in 1896, this great frontier has been known as a land of immense wealth and of great hardship endured by those who sought to own it. To the present day, mining has been the primary industry of the Yukon, grudgingly yielding its precious minerals to an ever more diligent and technologically advanced prospector. Like a great depository, the Yukon continues to produce hundreds of millions of dollars worth of precious minerals every year, the amount only a function of the money and effort expended to unlock its reserves.

Since the last great gold rush there have been many other great discoveries in the Yukon. One of the earliest of these was the discovery of silver in 1906 in the area now known as KENO HILL. The Keno Hill Mine represented several individual discoveries by several prospectors. Although silver has been produced from the area since that time, production figures available only from 1946 show that 150,000,000 ounces of silver have been produced from Keno Hill at an average grade of 35.7 ounces to the ton, representing 1.5 billion dollars in today's values. The Company's KETZA deposits are an exciting discovery with the potential to duplicate this phenomenal production record.

In the past few years, the Yukon has seen a resurgence of mineral exploration and development quite unprecedented in its volume and intensity. This activity, in an area historically rich in deposits, has been encouraged by the creation of tax sheltered, Flow Through Shares which have served as a conduit of funds to the mining exploration industry. With a high degree of success of finding production possibilities, these funds will expect to top \$45,000,000 in 1987, a record expenditure. Mining production, assisted in part from this increased exploration expenditure is expected to be \$500,000,000, also a record.

This activity, combined with rising precious metals prices has provided for a unique opportunity for YUKON MINERALS CORPORATION. The Company's Directors, with over a generation of combined experience in the exploration and development of the Yukon, has capitalized on this opportunity to create a dynamic Company with an inventory of attractive investment properties.

# YUKON MINERALS CORPORATION

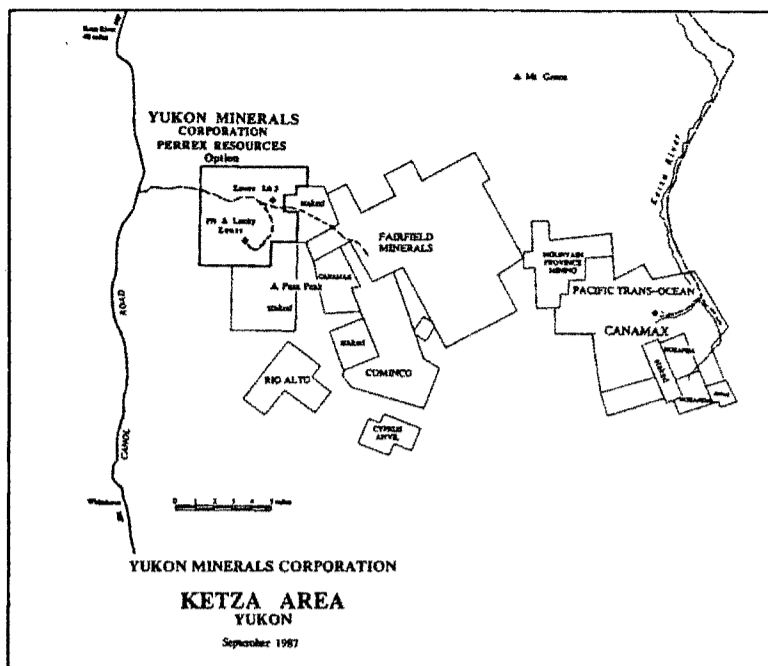
## Company History

YUKON MINERALS CORPORATION was incorporated on April 4th 1986. It was founded by Terry McCrory, Bill Preston and Tony Rich. McCrory and Preston have prospected in the Yukon since 1969. Tony Rich has been a Professional Geologist since 1969 and has worked in Yukon every year since 1964. Together they have over 75 years combined experience in exploration.

The prospecting team of McCrory and Preston is well known in Yukon. Two of the more important discoveries they have made are the KETZA and ORO properties currently joint ventured to Perrex Resources Inc. Other deposits discovered include the properties of Silver Hart Mines Ltd., Pak-Man Resources Inc., 2001 Resource Industries Inc., Listed Ventures Ltd., Greenwood Ventures Inc. and Claymore Resources Ltd., all in the Rancheria area of the Yukon. Tony Rich has worked in mining exploration since 1964 and for seven years prior to that worked in oil exploration. Working in the Yukon for Kerr Addison Mines in 1964, he discovered, by geophysics, the Swim Lakes lead/zinc. The next year, Rich worked as part of the Dynasty Explorations team which discovered Faro, the largest mine in Yukon. In 1973, Claymore Resources Ltd., a company he co-founded in 1969, discovered an entirely new placer gold area in Western Yukon — the Ladue Placer Area. These gold placers have produced profitably since 1975.

Yukon Minerals Corporation was financed and listed for trading on the Alberta Stock Exchange only nine weeks after incorporation, on the 13th of June 1986. Two weeks after that, the Company directors raised a further \$300,000 through the sale of 400,000 shares at \$0.75 per share. The Company also received \$50,000 from the Yukon Territorial Government which is the maximum annual grant allowable. By Prospectus dated June 18th 1987, Yukon Minerals raised \$645,048 through the sale of 843,200 shares at \$0.90 through its agent McDermid St. Lawrence Limited. The Company has acquired 5 precious metals properties, spent in excess of \$1,000,000 in exploration and development in 1987 and has negotiated \$3,000,000 for development in 1988-89 from joint venture participants. Primary objectives for the Company are to aggressively develop their properties towards production and to examine other properties of merit.

# COMPANY PROPERTIES



## Exploration Activity — Ketza Property

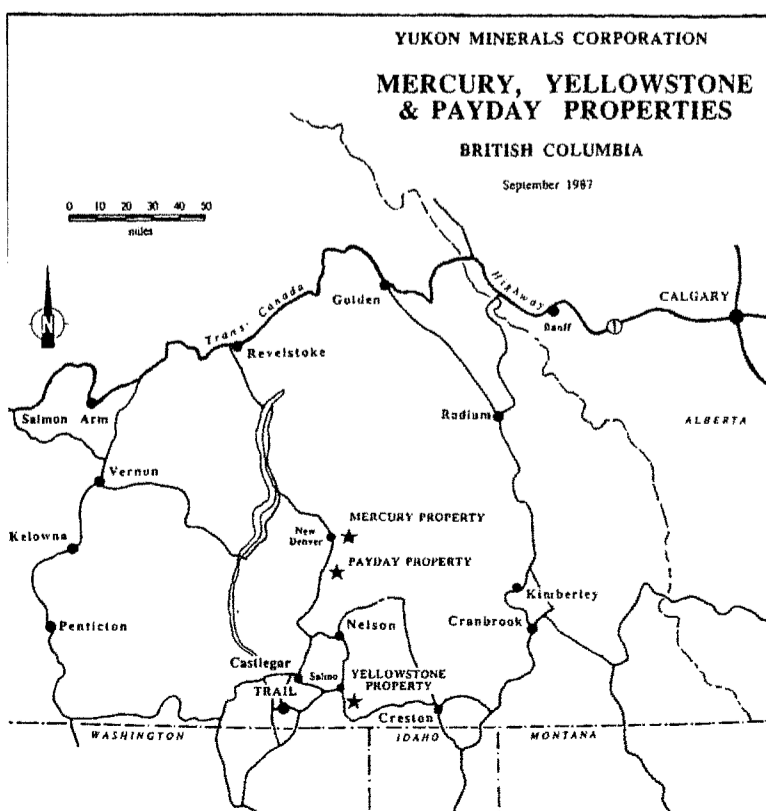
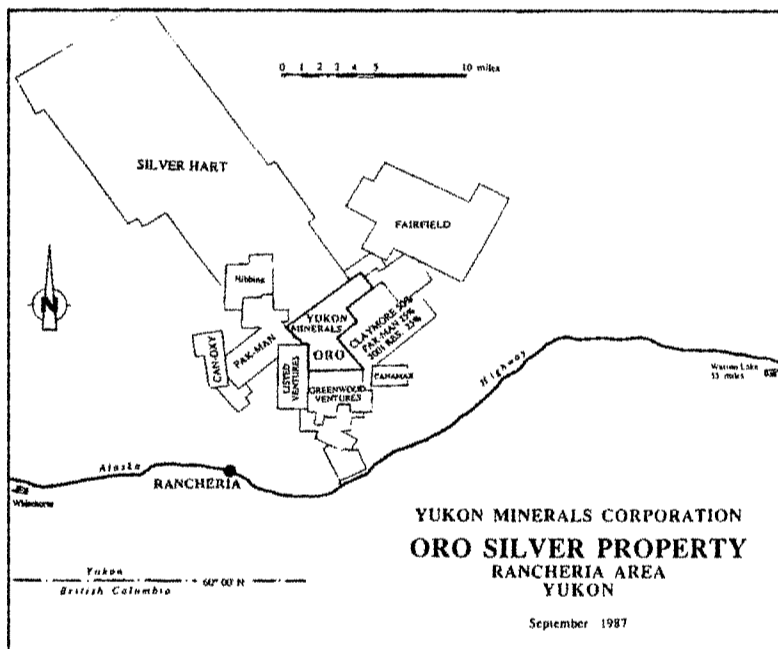
- Prospecting, mapping, blasting, dozer and backhoe trenching
- Total of 40 zones of silver discovered
- The size and grades of the Ketza discoveries bear a remarkable resemblance to those at Keno Hill

## Significant Zone Assays (oz/t Silver)

#2	#3	PN	Lucky	Groundhog
to	to	to	to	to
56.7	87.6	297	129	34.3
Jill	BT	Jenny	Others	
to	to	to	to	
58.1	290	76.4	174	

## Exploration Activity — Oro Property

- Trenching and drilling
- Surface sampling returned values to 63.13 oz/t silver



## Exploration Activity — B.C. Properties

### Mercury Property

- Produced 1902-1904 193 tons grading 290 oz/t silver

### Yellowstone Property

- Produced 1900-1902 5,912 ounces of gold and 4,354 ounces of silver from ore grading 0.34 oz/t Au and 0.26 oz/t Ag

### Payday Property

- Produced 2,700 tons since 1907
- Last shipment in 1971 of 10 tons graded 1.29 ounces gold per ton and 206.45 ounces of silver per ton

## CORPORATE INFORMATION

<b>Head Office:</b>	11003 - 84 Avenue EDMONTON Alberta T6G 0V6 Telephone (403) 433-3181	<b>Transfer Agent:</b>	Royal Trust 500 Royal Trust Tower Edmonton Centre EDMONTON Alberta
<b>Yukon Office:</b>	510 Elliot Street WHITEHORSE Yukon Y1A 2A5 Telephone (403) 668-2118	<b>Solicitor:</b>	Davies & Company 751 Esso Tower 10060 Jasper Avenue EDMONTON Alberta T5J 2P4
<b>Vancouver Office:</b>	102 - 1410 Bute Street VANCOUVER B.C. V6E 2A7 Bruce Ellner, Marketing Director (604) 688-7496	<b>Consultants:</b>	F. Marshall Smith, P.Eng. 218 744 West Hastings Street VANCOUVER B.C. V6C 1A5  Graham Davidson, P.Geol. 701 Jarvis Street WHITEHORSE Yukon
<b>Registered Office:</b>	751 Esso Tower 10060 Jasper Avenue EDMONTON Alberta T5J 2P4	<b>Field Managers:</b>	Michael Nielsen: Yukon Barry Buchanan: B.C.
<b>Directors &amp; Officers:</b>	Terence McCrory, President Anthony Rich, Secretary-Treasurer William Preston, Director Sean Flanagan, Director Marshall Bertram, Director	<b>Listing:</b>	Alberta Stock Exchange Symbol – YKN
		<b>Capitalization:</b>	Shares Authorized: 50,000,000 Shares Issued as at September 4, 1987: 4,513,200 Escrow: 1,250,000

# **SIGNIFICANT CORPORATE EVENTS**

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## **1986**

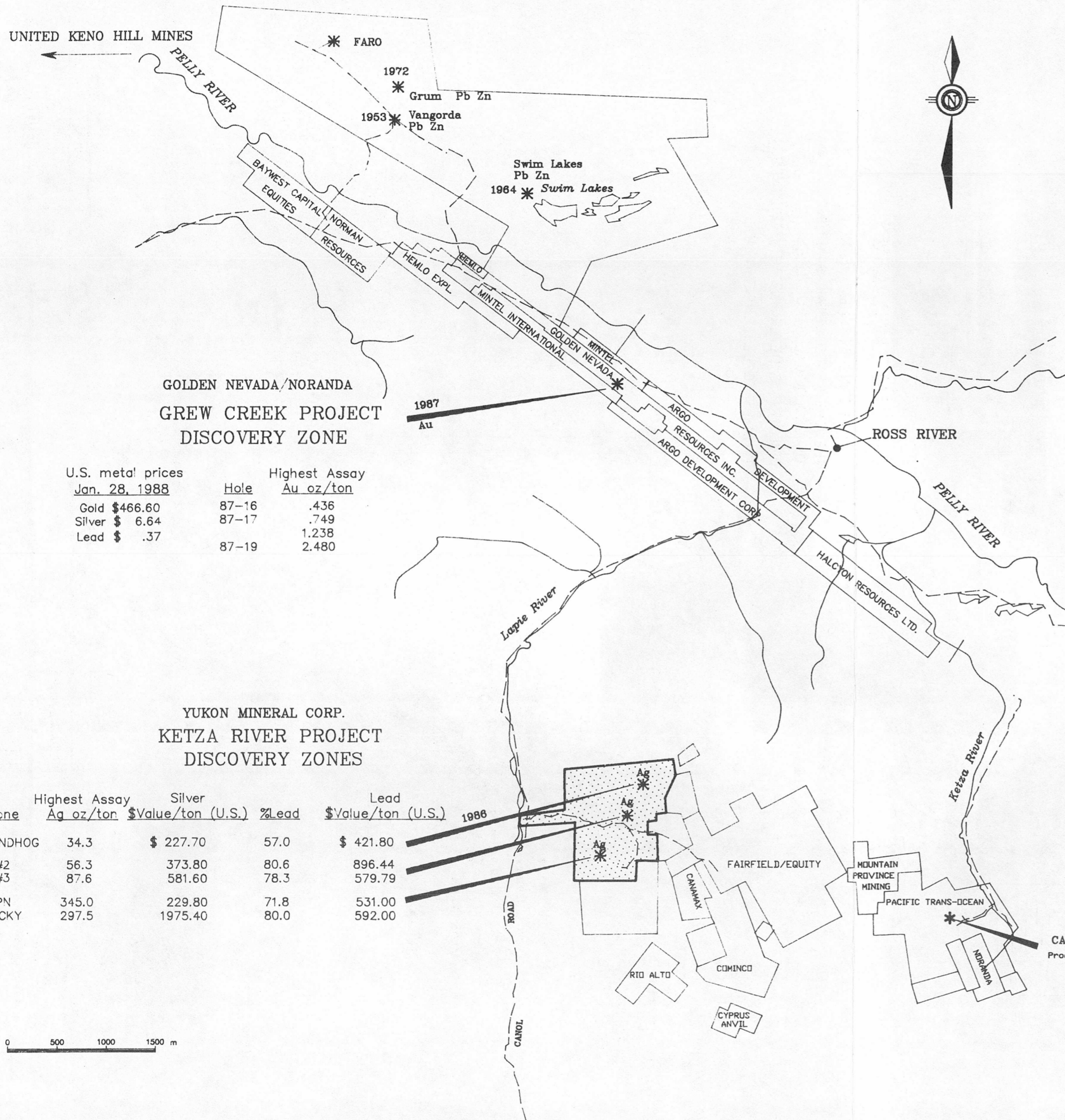
- April 4th** Incorporated
- June 13th** Listed on the Alberta Stock Exchange
- June 24th** Acquired the ORO silver property which is located near Rancheria, Yukon. Started an exploration program immediately.
- June 30th** Directors sold 400,000 flow-through shares at \$0.75 to net \$300,000 for the exploration of the ORO property.
- September 1st** Acquired the MERCURY silver property which is located in the Slocan area of BC.
- September 5th** Started exploration of the MERCURY property.
- October 2nd** Acquired the KETZA silver property which is located southeast of Ross River, Yukon.
- November 18th** Acquired the YELLOWSTONE gold property which is located in the Sheep Creek camp of southern BC.

## **1987**

- January 12th** Optioned the YELLOWSTONE property to Arakis Mining Corporation for \$96,000 cash and \$250,000 in exploration funding by November 1, 1989 to earn 50%.
- February 1st** Received \$49,000 grant from the Yukon Government for exploration performed in 1986 on the ORO property.
- April 13th** Submitted a prospectus to the Alberta Securities Commission to sell 1,500,000 shares at \$0.90 per share through McDermid St. Lawrence. These funds will be used for the 1987 exploration of the Company's three silver properties, principally the KETZA property, Yukon.
- June 18th** Prospectus approved
- July 8th** Work started on Ketz Property
- August 6th** McDermid St. Lawrence Limited complete the sale of 843,200 treasury shares @ \$0.90 to net the company \$645,048.
- August 24th** Optioned the ORO property to PERREX RESOURCES INC. for 50,000 cash, 200,000 shares of PERREX, and \$500,000 exploration funding by 1989 year-end to earn 50%.
- August 24th** Optioned the KETZA PROPERTY to PERREX RESOURCES INC. for \$3,000,000 in exploration funding by 1989 year-end to earn 30%. The Company retains the first 10,000 tons of ore.
- September 20th** Acquired the PAYDAY PROPERTY.
- September 24th** Directors initiate \$350,000.00 program by way of flow-through shares for current program of the PAYDAY PROPERTY, Slocan M.D.

YUKON MINERALS CORP.  
& PERREX RESOURCE INC.  
JOINT VENTURE

YUKON - KETZA PROJECT  
SEAGULL LAKES DISTRICT, Y.T.

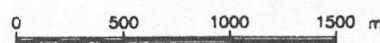


GOLDEN NEVADA/NORANDA  
GREW CREEK PROJECT  
DISCOVERY ZONE

U.S. metal prices Jan. 28, 1988		Hole	Highest Assay Au oz/ton
Gold	\$466.60	87-16	.436
Silver	\$ 6.64	87-17	.749
Lead	\$ .37	87-19	2.480

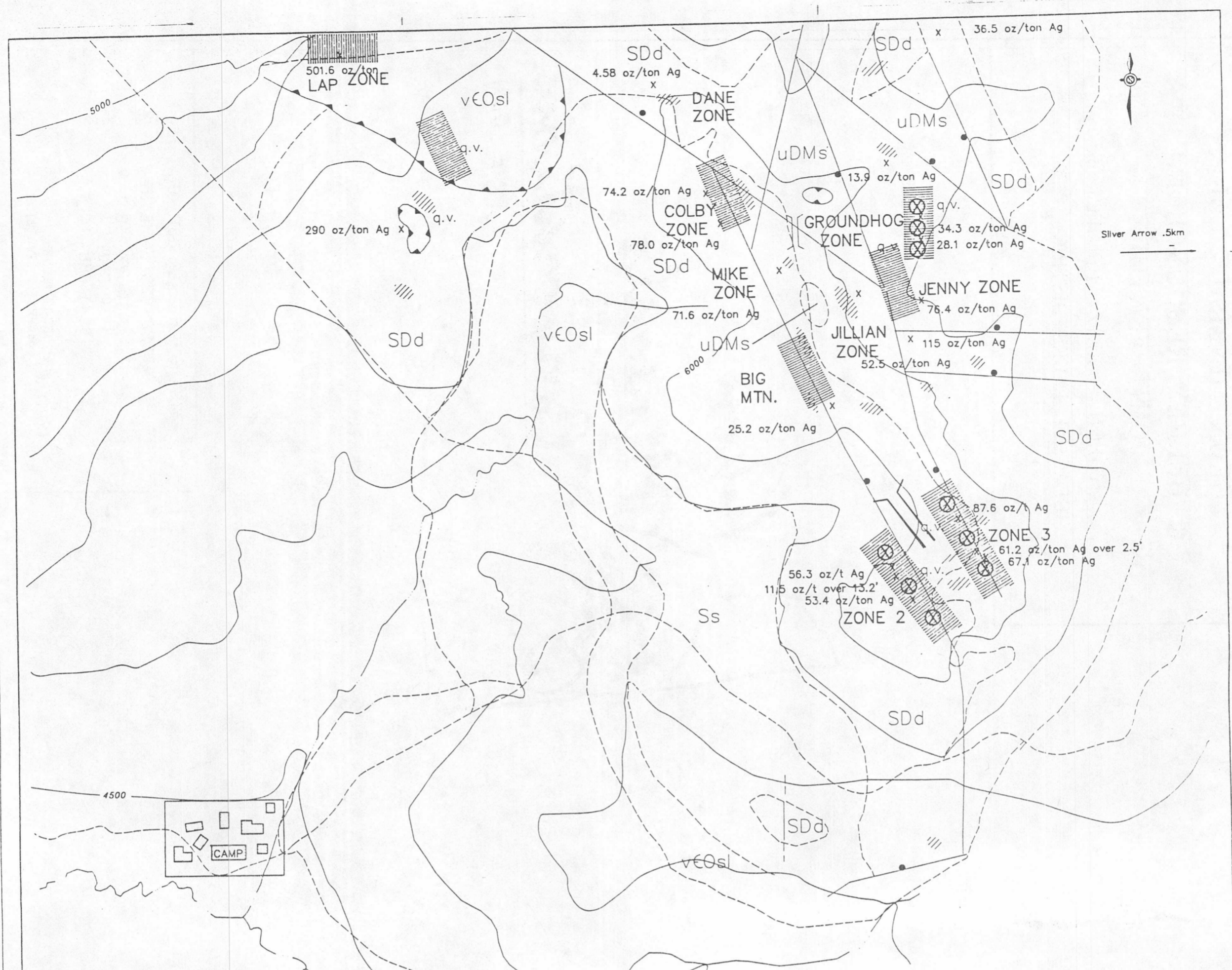
YUKON MINERAL CORP.  
KETZA RIVER PROJECT  
DISCOVERY ZONES

Zone	Highest Assay		%Lead	Lead	
	Ag oz/ton	Silver \$Value/ton (U.S.)		\$Value/ton (U.S.)	1988
GROUNDHOG	34.3	\$ 227.70	57.0	\$ 421.80	
#2	56.3	373.80	80.6	896.44	
#3	87.6	581.60	78.3	579.79	
PN	345.0	229.80	71.8	531.00	
LUCKY	297.5	1975.40	80.0	592.00	



YUKON MINERALS CORPORATION  
#522-625 HOWE ST.  
VANCOUVER, B.C.  
V6C 2T6  
(604) 688-9476

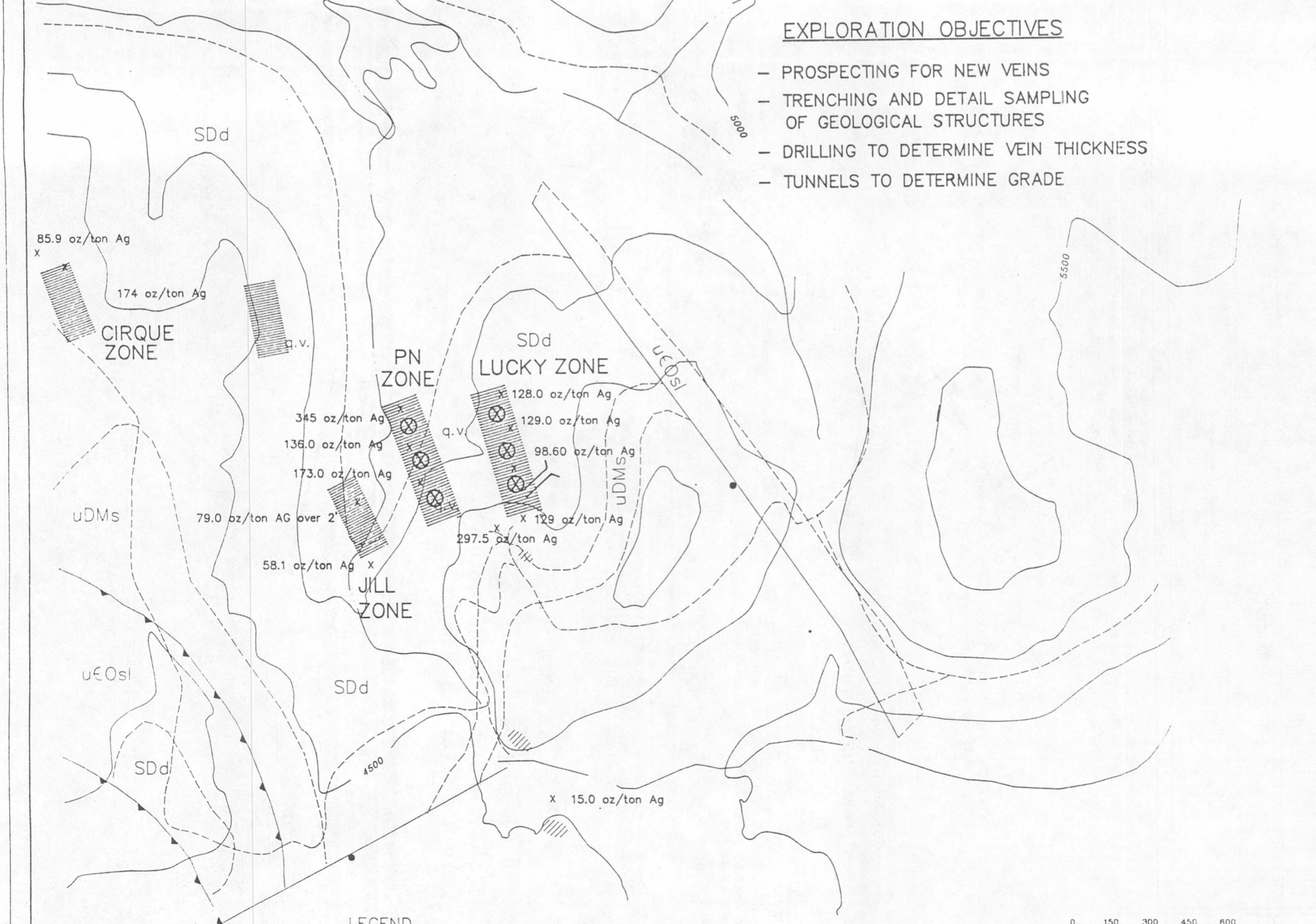
CONTACT: BRUCE ELLNER  
MARKETING DIRECTOR



Silver Arrow .5km

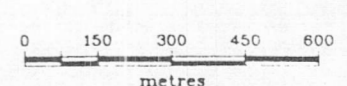
**EXPLORATION OBJECTIVES**

- PROSPECTING FOR NEW VEINS
- TRENCHING AND DETAIL SAMPLING OF GEOLOGICAL STRUCTURES
- DRILLING TO DETERMINE VEIN THICKNESS
- TUNNELS TO DETERMINE GRADE



**LEGEND**

- |        |   |       |   |
|--------|---|-------|---|
| uDMs   | UPPER DEVONIAN AND MISSISSIPPIAN, Slate, minor greywacke and grit, lenses of volcanoclastic rock. | ----- | Geological contact, defined, approximate, assumed |
| SDd    | SILURIAN AND (?) LOWER DEVONIAN, mudstone, dolomite, calcarenite.                                 | ——▲—— | Thrust fault                                      |
| SDdl   | SILURIAN AND (?) LOWER DEVONIAN, Redweathering dolomite.  | ●——   | Steeply dipping fault, circle on downthrown side. |
| Ssd    | SILURIAN, Dolomite siltstone, sandstone.  |       | Vein  |
| uEOslu | UPPER CAMBRIAN AND ORDOVICIAN (?) Muscovite - quartz phyllite, greenstone lenses.                 | ---   | Road  |
| lEc    | LOWER CAMBRIAN, Calcareous argillite, limestone, siltstone, biotite schist, skarn.                | ---   | Creek   |
|        |   |       | Showing   |
|        |   | ⊗     | Drill Target                                      |
|        |   | ==    | Exploration Adit                                  |



YUKON MINERALS CORP. & PERREX RESOURCES INC. JOINT VENTURE				
YUKON - KETZA PROJECT SEAGULL LAKES DISTRICT, Y.T.				
PROPERTY PLAN				
Original	Originator	Drawn	Date	FIGURE
Revision		Geo-Comp	Feb '88	
Revision				N.T.S. 105F/10

# YUKON MINERALS CORPORATION

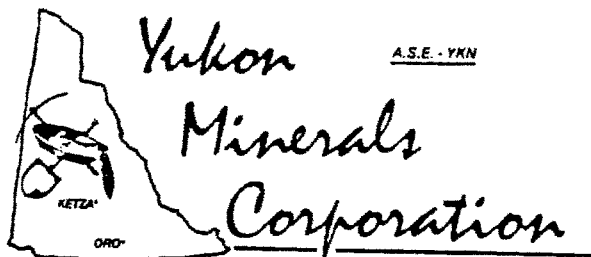
11003 84 Avenue EDMONTON  
Alberta T6G 0V6  
Phone (403)433-3181  
Fax (403)433-1721

510 Elliot Street  
WHITEHORSE, Yukon

522 - 625 Howe Street  
VANCOUVER, B.C.

## FIRST QUARTER REPORT TO THE SHAREHOLDERS

for the Three Month Period  
Ended February 29th, 1988



YUKON MINERALS CORPORATION

**BALANCE SHEET**

as at February 29th 1988  
(unaudited)

February 29  
1988

February 28  
1987

**ASSETS**

**CURRENT ASSETS**

Cash and term deposits	\$ 222,064	\$ 40,717
Accounts receivable	1,000	70
Prepaid expenses	10,600	749
Due from affiliated company	-	<u>1,877</u>
	<u>233,664</u>	43,413

Deferred exploration and administration	955,322	325,783
Mineral properties	113,000	54,000
Equipment	<u>41,618</u>	<u>9,594</u>
	<u>\$1,343,604</u>	<u>\$432,790</u>

**LIABILITIES & EQUITY**

**CURRENT LIABILITIES**

Accounts payable	\$ 39,021	\$ 1,000
Due to directors	-	<u>50,000</u>
	<u>39,021</u>	51,000

**SHAREHOLDERS' EQUITY**

Share capital	\$1,486,480	\$407,500
Share capital issue costs	<u>(181,897)</u>	<u>(25,710)</u>
	<u>1,304,583</u>	<u>381,790</u>
	<u>\$1,343,604</u>	<u>\$432,790</u>

YUKON MINERALS CORPORATION

**STATEMENT OF CHANGES IN  
FINANCIAL POSITION**

for the Three Month Period  
Ended February, 29th, 1988  
(unaudited)

	3 months ended February 29 1988	3 months ended February 28 1987
<b>FINANCING ACTIVITIES</b>		
Issue of share capital	-	\$ 6,000
Share capital issue costs	<u>\$ 507</u>	<u>-</u>
Cash (used) provided by financing activities	<u>(507)</u>	<u>\$ 6,000</u>
<b>OPERATING ACTIVITIES</b>		
Administration and Exploration costs	(294,935)	(34,986)
Depreciation	-	608
Increase (decrease) in non-cash operating working capital*	<u>236,783</u>	<u>42,260</u>
Cash provided by (used in) operating activities	<u>(58,152)</u> <u>(58,659)</u>	<u>7,882</u> <u>13,882</u>
<b>INVESTING ACTIVITIES</b>		
Acquisition of mineral properties	-	-
Purchase of equipment	<u>-</u>	<u>6,250</u>
Cash used in investing activities	<u>-</u>	<u>6,250</u>
<b>(DECREASE) INCREASE IN CASH</b>	<b>(58,659)</b>	<b>7,632</b>
<b>CASH - BEGINNING OF PERIOD</b>	<b><u>280,723</u></b>	<b><u>33,085</u></b>
<b>CASH - END OF PERIOD</b>	<b><u>\$ 222,064</u></b>	<b><u>\$ 40,717</u></b>

**\* INCREASE (DECREASE) IN NON-CASH  
OPERATING WORKING CAPITAL**

Accounts receivable	(290,769)	(49,148)
Prepaid expenses	337	457
Accounts payable	36,202	9,688
Due to affiliated companies	17,447	16,743
Due to directors	-	<u>(20,000)</u>
	<u>\$ (236,783)</u>	<u>\$ (42,260)</u>

# **YUKON MINERALS CORPORATION**

## **INFORMATION CIRCULAR**

**ANNUAL GENERAL MEETING OF SHAREHOLDERS 1986/87**

### **REVOCABILITY OF PROXY**

A member giving a proxy has the power to revoke it in any manner permitted by law.

### **PERSONS MAKING THE SOLICITATION**

This Information Circular is furnished in connection with THE SOLICITATION BY THE MANAGEMENT OF YUKON MINERALS CORPORATION (the "Company") OF THE PROXIES to be used at the Annual General Meeting of the Shareholders of the Company the "Meeting" to be held at the offices of the Company at 11003 - 84th Avenue, Edmonton, Alberta on Monday, 16th May, 1988 at 7.00 p.m.. The costs incurred in the preparation and mailing of the Form of Proxy, Notice of Annual Meeting and this Information Circular, will be borne by the Company.

### **EXECUTION AND REVOCATION OF PROXIES**

If the shareholder does not wish to appoint either person named in the instrument of proxy, he should strike out both names and insert in the blank space provided, the name of the person he wishes to act as his proxy. Such other person need not be a member of the Company.

The Instrument of Proxy will not be valid unless it is dated and signed by the shareholder or his attorney duly authorized by him in writing, or, in the case of the corporation, is executed under corporate seal or by an officer or officers or attorney for an individual shareholder or joint shareholders or by an officer or officers or attorney of a corporate shareholder not under its corporate seal, the instrument so empowering the officer or officers or attorney, as the case may be, or a certified copy thereof, should accompany the Instrument of Proxy.

The Instrument of Proxy will not be used unless it is deposited at the office of the Company, 11003 84th Avenue, Edmonton, Alberta T6G 0V6 prior to 2.00 p.m. local time Friday, 13th May, 1988 or it is delivered to the Chairman of the Meeting at any time prior to commencement of the meeting.

A member giving a proxy may, in addition to revocation in any other manner provided by law, revoke it at any time before it is exercised by:

- (a) attending the meeting and voting in person;
- (b) giving a subsequent proxy;
- (c) depositing a written revocation executed by the member or by his attorney authorized in writing or, where the member is a corporation, by a duly authorized officer or attorney of the corporation, either at the registered office of the Company at 11003 84th Avenue, Edmonton, Alberta, T6G 0V6, at any time up to the last business day preceding the day of the meeting or any adjournment thereof, or with the Chairman of the meeting at any time prior to its commencement or any adjournment thereof.

### **VOTING OF PROXIES**

All shares represented at the Meeting by properly executed proxies will be voted on any ballot that may be called for and, where a choice with respect to any matter to be acted upon has been specified in the Instrument of Proxy, the shares represented by the Proxy will be voted in accordance with such specification. In the absence of any such specifications, the management designees, if named as proxy, will vote in favour of all the matters set out thereon. The enclosed Instrument of Proxy confers discretionary authority upon the management designees or other persons named as proxy with respect to amendments to or variations of matters identified in the Notice of Annual Meeting of Shareholders and any other matters which may properly come before the Meeting. At the time of printing this Information Circular, the Management of the Company knows of no such amendment, variation or other matter.

## RECORD DATE

The Board of Directors has fixed the close of business on the 18th April, 1988 as the record date for the determination of Shareholders who are entitled to Notice of the Annual General Meeting, or any adjournment or adjournments thereof. The transfer books of the Company will not be closed.

## VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

There are 5,064,200 shares without par value of the Company outstanding as of the date of the Information Circular. The holders of these shares are entitled to one vote for each of such shares registered in their name. Holders of the outstanding shares as of April 18th, 1988, the record date, will on a poll or ballot be entitled to vote at the meeting, provided that they are present in person or by proxy.

To the knowledge of the directors and senior officers of the Company, the following are the names of all persons or companies who or which own beneficially, directly or indirectly, shares carrying more than 10% of the voting rights attached to all shares of the Company.

NAME	APPROXIMATE NUMBER OF SHARES	PERCENTAGE OF OUTSTANDING SHARES
Anthony Rich	885,000	17.48%
Terence McCrory	758,500	15.00%
William Preston	758,500	15.00%

## ELECTION OF DIRECTORS

All of those who are presently Directors will have their term of office as Directors expire as of the date of the Meeting. All of the directors who are elected will have their term of office expire at the next Annual General Meeting of the Company unless otherwise sooner terminated.

It is proposed to nominate the following persons for election as Directors at the Annual General Meeting:

NAME AND ORDINARY RESIDENCE	PRESENT POSITION HELD WITH THE COMPANY PRINCIPAL OCCUPATIONS FOR THE PAST FIVE YEARS	NUMBER OF SHARES HELD
Terence C. McCrory RR # 4, Site 10 C 9 Salmon Arm, B.C V1E 4M4	President, Chief Executive Officer and Director Yukon Minerals Corporation since incorporation on April 4th 1986; President, McCrory Holdings(Yukon) Ltd.	758,500
*Anthony Rich 10947 - 86 Avenue Edmonton, Alberta T6G 0V6	Secretary/Treasurer and Director of Yukon Minerals Corporation since incorporation on April 4th 1986; President and Director of Claymore Resources Ltd., Sunrise Metals Corporation; Rich Minerals Corporation; Professional Geologist (Alberta)	885,000
*William Preston 9310 Kal Lake Road Vernon, B.C. V1B 1L1	Director of Yukon Minerals Corporation since incorporation on April 4th 1986; Vice-President and Secretary-Treasurer of McCrory Holdings (Yukon) Ltd.	758,500
*D. Sean Flanagan 11122 - 81 Avenue Edmonton, Alberta T6G 0S5	Director of Yukon Minerals Corporation since incorporation on April 4th 1986; Physician	25,000
Marshall Bertram, 10611 Gilbert Road, Richmond, B.C. V7E 2H4	Director, Yukon Minerals Corporation since October 30th, 1987; Past-President and Director of Prominent Resources Corporation; President and Director of Global Alert Security Systems Corporation; Past-President and Director of Ticker Tape Resources Ltd.	500

NAME AND ORDINARY RESIDENCE	PRESENT POSITION HELD WITH THE COMPANY AND PRINCIPAL OCCUPATIONS FOR THE PAST FIVE YEARS	NUMBER OF SHARES HELD
John E. Perron C.A. 4118 147 Street, Edmonton, Alberta T6H 5V1	Secretary/Treasurer and Director of Perrex Resources Inc. (since 1986); President of Perron Associates (an accounting and consulting firm, since 1986); The Alberta Gold Exploration Corp. (since 1986), The Perron Gold Exploration Corp. (since 1986), and Listed Ventures Incorporated (since 1987) Chartered Accountant	107,000**

\* Members of the Audit Committee

\*\* 100,000 shares held by Perrex Resources Inc.

## DIRECTORS' AND EMPLOYEES' STOCK OPTION PLAN

Pursuant to a resolution of the board of directors dated December 14, 1987, the Company reserved 320,000 shares for directors' and employees' stock options. 180,000 shares were already reserved under an earlier plan so that a total of 500,000 shares are presently reserved for options. Of these certain options have been granted to directors and employees as follows:

DIRECTOR	NUMBER OF COMMON SHARES UNDER OPTION	EXERCISE PRICE PER SHARE	DATE OF GRANTING	DATE OF EXPIRY
Marshall Bertram	50,000	\$0.05*	October 30, 1987	October 30, 1992
Terence McCrory	50,000	\$0.65	December 14, 1987	December 14, 1992
William Preston	50,000	\$0.65	December 14, 1987	December 14, 1992
Sean Flanagan	50,000	\$0.65	December 14, 1987	December 14, 1992
Anthony Rich	50,000	\$0.65	December 14, 1987	December 14, 1992

\* granted under earlier stock option plan of April 28, 1986

As of December 14, 1987, six employees were each granted options to purchase 5,000 shares at a price of \$0.65 per share for a period of five years or until 30 days after termination of employment.

Under the present plan, options will be determined from time to time by the directors of the Company. The share option price will be set in accordance with the Policy of the Alberta Stock Exchange which allows a discount to the trading price of the shares on the Exchange at the time the option is granted. A director may be granted only one stock option in a period of one year. The term of the options will be for no longer than five years or until 90 days after ceasing to be a director or 30 days after ceasing employment. Forthwith upon granting, options are filed with the Exchange for its approval.

The Alberta Stock Exchange has accepted notice of the granting of the directors' and employees' options described above. These options and the option plan as described herein, require approval of the shareholders. Only after Exchange consent and shareholder approval will these stock options be exercisable.

## REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Directors, Officers and Insiders of the Company have not received any direct remuneration in their capacity as Officers of the Company. However, the Company shares office facilities with Claymore Resources Ltd., an affiliated company. In this regard, the Company was charged \$24,126 for office costs and management fees during the period. The Company engaged McCrory Holdings (Yukon) Ltd., an affiliated company, as its project manager for exploration work on its mineral properties. Exploration costs paid to McCrory Holdings (Yukon) Ltd., amounted to \$349,923 during the period. These transactions were made under the same terms and conditions as from an unrelated company.

In October 1987, director Marshall Bertram was appointed a director and was granted an option to purchase shares as described above in "Directors' and Employees' Stock Option Plan". A description of the stock option plan is also given in that section.

In the past fiscal year, four directors exercised stock options:

DIRECTOR	DATE OPTION GRANTED	DATE OPTION EXERCISED	# SHARES	PRICE PER SHARE	MARKET VALUE PER SHARE AT DATE OF EXERCISE	AGGREGATE NET VALUE
Terence McCrory	Apr 28, 1986	Nov 19, 1987	25,000	\$0.05	\$0.60	\$13,750
William Preston	Apr 28, 1986	Nov 19, 1987	25,000	\$0.05	\$0.60	\$13,750
Anthony Rich	Apr 28, 1986	Nov 19, 1987	25,000	\$0.05	\$0.60	\$13,750
Sean Flanagan	Apr 28, 1986	Nov 19, 1987	25,000	\$0.05	\$0.60	\$13,750

New options were granted to these directors in December 1987 as described in "Directors' and Employees' Stock Option Plan".

## INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

Since incorporation, none of the directors or officers of the company have been indebted to the Company in any way.

## INTERESTS OF INSIDERS IN MATERIAL TRANSACTIONS

In September 1987, the company optioned the Payday Property from directors Terence McCrory and William Preston each as to 38% and managers Barry Buchanan as to 5% and Michael Nielsen as to 19% (a company controlled by Nielsen). This option involved the payment by the Company of \$25,000 and the issue of 200,000 treasury shares. The Alberta Stock Exchange subsequently consented to the issue of these shares in escrow. These shares are held in escrow at the discretion of the Exchange.

There were no material interests other than those above mentioned, direct or indirect, of directors and officers of the Company, any Shareholder who beneficially owns more than 10% of the common Shares of the Company, or any known associate or affiliate of these persons in any transaction or in any proposed transaction which has materially affected or would materially affect the Company.

## APPOINTMENT AND REMUNERATION OF AUDITOR

Stuart Cowen, Chartered Accountant, formerly Wickman Cowen, prepared the audited financial statements of the Company for the fiscal year November 30th, 1986 to November 30th, 1987. The auditor's term of office expires at the Annual General Meeting on May 16th, 1988.

The Company will move for the appointment of Stuart Cowen, Chartered Accountant, as Auditor for the ensuing year, at a remuneration to be fixed by the Board of Directors.

## PARTICULARS OF OTHER MATTERS TO BE ACTED ON

The Management of the Company knows of no other matters to come before the meeting other than those referred to in the Notice of the Meeting. Should any other matters come before the Meeting, the shares represented by the proxy solicited hereby will be voted on such matters in accordance with the best judgement of the persons voting by proxy.

## CERTIFICATE

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

DATED at Edmonton, Alberta this 18th April, 1988

SIGNED "TERENCE MCCRORY"

SIGNED "ANTHONY RICH"

Terence C. McCrory  
Chief Executive Officer

Anthony Rich  
Chief Financial Officer

**YUKON MINERALS CORPORATION**

**FINANCIAL STATEMENTS**

for the period  
November 30, 1986 to November 30, 1987  
and Auditor's Report to the Shareholders

Stuart Cowen, Professional Corporation  
Chartered Accountant

**STUART COWEN**  
CHARTERED ACCOUNTANT

AUDITOR'S REPORT

To the Shareholders,  
Yukon Minerals Corporation

I have examined the balance sheet of Yukon Minerals Corporation as at November 30, 1987 and the statement of changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards and accordingly, including such test and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of Yukon Minerals Corporation as at November 30, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Comparative figures for the year ended November 30, 1986 were reported on by other chartered accountants.

  
CHARTERED ACCOUNTANT

Edmonton, Alberta  
January 26, 1988

**YUKON MINERALS CORPORATION**

**BALANCE SHEET**

November 30, 1987

	<u>1987</u>	<u>1986</u>
<b>ASSETS</b>		
Current		
Cash	\$ 280,723	\$ 33,085
Receivables	291,769	49,218
Prepaid expenses	263	292
Refundable deposit	10,000	-
Due from affiliated company	<u>-</u>	<u>3,103</u>
	582,755	85,698
Deferred exploration and administration costs (note 3)	660,387	290,797
Minerals properties (note 4)	113,000	54,000
Fixed assets (note 5)	<u>41,618</u>	<u>3,952</u>
	<u>\$1,397,760</u>	<u>\$ 434,447</u>

**LIABILITIES**

Current		
Accounts payable	\$ 75,223	\$ 10,688
Due to affiliated companies (note 6)	17,447	17,969
Due to directors	<u>-</u>	<u>30,000</u>
	<u>92,670</u>	<u>58,657</u>

**SHAREHOLDERS' EQUITY**

Share capital (note 8)	1,486,480	401,500
Share capital issue costs (note 9)	<u>(181,390)</u>	<u>(25,710)</u>
	<u>1,305,090</u>	<u>375,790</u>
	<u>\$1,397,760</u>	<u>\$ 434,447</u>

APPROVED BY THE BOARD:

  
 \_\_\_\_\_ Director  
 D. Sean Flanagan

  
 \_\_\_\_\_ Director  
 Anthony Rich  
 Secretary/Treasurer

**YUKON MINERALS CORPORATION**  
**STATEMENT OF CHANGES IN FINANCIAL POSITION**

November 30, 1987

	<u>1987</u>	<u>1986</u>
<b>FINANCING ACTIVITIES</b>		
Issue of share capital	\$1,084,980	\$ 401,500
Share capital issue costs	<u>(155,680)</u>	<u>(25,710)</u>
Cash provided by financing activities	<u>929,300</u>	<u>375,790</u>
 <b>OPERATING ACTIVITIES</b>		
Exploration and administration costs	369,590	290,797
Depreciation	<u>(11,783)</u>	<u>(698)</u>
	357,807	290,099
Increase (decrease) in non-cash operating working capital*	<u>215,406</u>	<u>(6,044)</u>
Cash used in operating activities	<u>573,213</u>	<u>284,055</u>
Cash available for investment	356,087	91,735
 <b>INVESTING ACTIVITIES</b>		
Acquisition of mineral properties	59,000	54,000
Purchase of equipment	<u>49,449</u>	<u>4,650</u>
Cash used in investing activities	<u>108,449</u>	<u>58,650</u>
Increase in cash for the year	247,638	33,085
Cash at beginning of year	<u>33,085</u>	<u>-</u>
Cash at end of year	<u>\$ 280,723</u>	<u>\$ 33,085</u>

\* Increase (Decrease) in non-cash operating working capital

Accounts receivable	\$ 242,551	\$ 49,218
Prepaid expense	(29)	292
Deposit	10,000	-
Accounts payable	(64,535)	(10,688)
Due to affiliated companies, net	(2,581)	(14,866)
Due to directors	<u>30,000</u>	<u>(30,000)</u>
	<u>\$ 215,406</u>	<u>\$ (6,044)</u>

**YUKON MINERALS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**

**November 30, 1987**

**1. DESCRIPTION OF BUSINESS**

The company was incorporated on April 4, 1986 under the Business Corporations Act of Alberta.

Since incorporation, the company has obtained equity financing by private placements and public issues of its share capital, and commenced exploration of mineral properties in the Province of British Columbia and in the Yukon Territory. The economic feasibility of developing the properties is uncertain.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with generally accepted accounting principles, and reflect the following policies:

**Mineral properties and deferred costs**

Acquisition, exploration and development costs of mineral properties are capitalized and accumulated until such time as commercially recoverable ore reserves are proven and production commences. Such costs will then be depleted on a unit-of-production basis.

Administration costs are allocated to properties in proportion to the exploration and development costs incurred on each property.

Under this method all costs are categorized by property and are charged against earnings if the property is abandoned.

Receipt of funds under the terms of option agreements granted by the company are applied as recoveries of deferred costs.

All costs incurred to November 30, 1987 represent costs associated with non-producing properties.

**Fixed assets**

Fixed assets are stated at cost and are being depreciated using the straight line method at the following annual rates:

Buildings and equipment	-	20%
Automotive equipment	-	25%

### 3. DEFERRED EXPLORATION AND ADMINISTRATION COSTS

	1986	1987	Total
Exploration costs			
Oro	\$ 231,137	\$ 5,412	\$ 236,549
Mercury	62,236	19,812	82,048
Ketza	27,331	899,875	927,206
Yellowstone	-	23,149	23,149
Payday	-	128,816	128,816
	<u>320,704</u>	<u>1,077,064</u>	<u>1,397,768</u>
Administration costs			
Oro	13,954	936	14,890
Mercury	3,757	3,427	7,184
Ketza	1,529	155,656	157,185
Yellowstone	-	4,004	4,004
Payday	-	22,282	22,282
	<u>19,240</u>	<u>186,305</u>	<u>205,545</u>
less: exploration grants charged to optionees	(49,147)	-	(49,147)
	<u>-</u>	<u>(893,779)</u>	<u>(893,779)</u>
	<u>\$ 290,797</u>	<u>\$ 369,590</u>	<u>\$ 660,387</u>

### 4. MINERAL PROPERTIES

	1987	1986
Oro claims option, Yukon territory	\$ 20,000	\$ 15,000
Mercury claims option, British Columbia	42,000	30,000
Ketza claims option, Yukon Territory	15,000	5,000
Yellowstone claims option, British Columbia	4,000	4,000
Payday group, British Columbia	32,000	-
	<u>\$113,000</u>	<u>\$ 54,000</u>

#### Oro claims option

The company acquired an assignment of an option on 30 claims for 300,000 common shares, which are held in escrow, plus \$10,000. Full exercise of the option is subject to a prior agreement which requires the following:

- scheduled payments totalling \$17,500 which have been made;
- payments of the greater of \$5,000 or 10% of net profits, due September 1988 and every year thereafter;
- minimum claim work obligations of \$10,000 and \$5,000 for each year thereafter, which amounts have been expended to November 30, 1987;
- a 10% net profits interest, one-half of which may be purchased at any time by the company for \$125,000.

## MINERAL PROPERTIES, Oro claims option - continued

The company has granted an option to Perrex Resources Inc. whereby Perrex may earn 50% interest under the following terms and conditions:

- (a) payment of \$50,000, which has been received;
- (b) issue of 200,000 treasury shares of Perrex of which 50,000 shares were issued on execution of the agreement. Remaining issues are due as follows:

December 1987	50,000
December 1988	50,000
December 1989	<u>50,000</u>
	<u>150,000</u>

- (c) minimum claim work obligations of \$250,000 by December 31st, 1987, of which \$80,000 has been expended to November 30, 1987; a further \$250,000 to be expended prior to December 31st, 1989.

### Mercury claims option

The company acquired an assignment of an option on 10 claims for 200,000 common shares, which are held in escrow, plus \$20,000. Full exercise of the option is subject to a prior agreement which requires the following:

- (a) scheduled payments to June 1988 totalling \$41,000 of which \$35,000 has been paid, including \$13,000 paid by the assignors;
- (b) minimum claim work obligations of \$50,000, which amount has been expended to November 30, 1987;
- (c) a royalty of 5% of net smelter returns.

### Ketza claims option

The company acquired an option to purchase an 86 claim group under the following terms:

- (a) payments totalling \$25,000, of which \$15,000 has been paid with the balance due October 2, 1988;
- (b) minimum claim work obligations of \$25,000 by October 2, 1987, and cumulative exploration expenditures of \$75,000 by October 2, 1988, which amounts have been expended to November 30, 1987;
- (c) a 10% net profits interest, which may be purchased at any time by the company for \$250,000.

The company has granted an option to Perrex Resources Inc. whereby Perrex may earn 30% interest under the following terms:

- (a) minimum claim work obligations of \$500,000 by December 31, 1987 and cumulative exploration expenditures of \$1,500,000 by December 31, 1988 and \$3,000,000 by December 31, 1989, of which in excess of \$700,000 has been expended to November 30, 1987.

MINERAL PROPERTIES - continued

**Yellowstone claims option**

The company acquired an option to purchase a 6 claim group under the following terms:

- (a) scheduled payments to December 1990 totalling \$100,000 of which \$20,000 has been paid. Remaining payments are due as follows:

December 1, 1988	\$ 20,000
December 1, 1989	30,000
December 1, 1990	<u>30,000</u>
	<u>\$ 80,000</u>

- (b) minimum claim work obligation for each of the years ended December 1, as follows:

1987	\$ 25,000
1988	25,000
1989	25,000
1990	<u>25,000</u>
	<u>\$100,000</u>

- (c) a 10% net profits interest, which may be purchased at any time by the company for \$100,000.

**Payday group options**

The company acquired two options to purchase 2 mining leases, 3 crown granted mineral claims, 10 minerals claims and a reverted crown grant under the following terms:

- (a) scheduled payments to July 1993 totalling \$272,000 of which \$32,000 has been paid. Remaining payments are due in fiscal years as follows:

1988	\$ 10,000
1989	30,000
1990	40,000
1991	40,000
1992	70,000
1993	<u>50,000</u>
	<u>\$240,000</u>

- (b) issue of 200,000 common shares, which are held in escrow;

- (c) minimum work obligations for each year as follows:

1988	\$150,000
1989	100,000
1990	150,000
1991	<u>150,000</u>
	<u>\$550,000</u>

- (d) a 5% net profits interest;

- (e) a 25% interest (reverted crown grant only).

## 5. FIXED ASSETS

	1987			1986
	Cost	Accumulated Depreciation	Net	Net
Buildings & equipment	\$44,099	\$ 8,819	\$35,280	\$ -
Automotive equipment	<u>10,000</u>	<u>3,662</u>	<u>6,338</u>	<u>3,952</u>
	<u>\$54,099</u>	<u>\$12,481</u>	<u>\$41,618</u>	<u>\$ 3,952</u>

## 6. DUE TO AFFILIATED COMPANIES

	1987	1986
Claymore Resources Ltd.	\$13,924	\$17,969
McCrary Holdings Ltd.	<u>3,523</u>	<u>-</u>
	<u>\$17,447</u>	<u>\$17,969</u>

Amounts due are non-interest bearing with no fixed terms of repayment.

## 7. CONTINGENCIES AND COMMITMENTS

The company's commitments with respect to its property options are described in Note 4. Minimum annual expenditures for the next five years to maintain these options, assuming ongoing exploration is warranted, are summarized as follows:

	1988	1989	Year ended November 30			Total
			1990	1991	1992	
Oro claims						
Option payments	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 25,000
Exploration commitment	-	-	-	-	-	-
Mercury claims						
Option payments	6,000	-	-	-	-	6,000
Exploration commitment	-	-	-	-	-	-
Ketzka claims						
Option payments	10,000	-	-	-	-	10,000
Exploration commitment	-	-	-	-	-	-
Yellowstone claims						
Option payments	-	20,000	30,000	30,000	-	80,000
Exploration commitment	25,000	25,000	25,000	-	-	75,000
Payday group claims						
Option payments	10,000	30,000	40,000	40,000	70,000	190,000
Exploration commitment	<u>150,000</u>	<u>100,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>550,000</u>
	<u>\$206,000</u>	<u>\$180,000</u>	<u>\$250,000</u>	<u>\$225,000</u>	<u>\$75,000</u>	<u>\$936,000</u>

None of the above payments are required if the property is abandoned.

## 8. SHARE CAPITAL

Authorized - 50,000,000 common shares

	shares	1987
Balance at November 30, 1986	3,642,000	\$ 401,500
Issued during the year for:		
Cash	1,102,200	1,078,980
Mining properties	200,000	-
Options exercised	<u>120,000</u>	<u>6,000</u>
	<u>1,422,200</u>	<u>1,084,980</u>
	<u>5,064,200</u>	<u>\$1,486,480</u>

- (a) The company has received share subscriptions for 252,000 flow-through shares sold pursuant to an offering memorandum dated September 24, 1987. Such shares will be issued from treasury one year from the date of sale. Under the terms of the flow-through issue, exploration expenses are passed on to the investor who is entitled to deduct them from personal taxable income.
- (b) The company established a Director' and Management Stock Option Plan whereby 300,000 common shares were reserved for distribution to the company's management and board of directors. 120,000 of these share options were exercised during the year and 180,000 shares remain in reserve under this plan. Of this reserve, 50,000 shares are granted under option at 5¢ per share until the expiry date of April 29, 1991 and 130,000 remain to be granted.
- (c) Of the total shares issued, 1,450,000 common shares are held in escrow and may not be issued without the prior written consent of the Alberta Securities Commission.

## 9. SHARE ISSUE COSTS

	1987	1986
Agents' expense	\$113,697	\$ 3,500
Legal and audit fees	41,073	17,156
Listing and filing fees	-	3,500
Printing costs	<u>910</u>	<u>1,554</u>
	155,680	25,710
Beginning balance	<u>25,710</u>	<u>-</u>
	<u>\$181,390</u>	<u>\$ 25,710</u>

## 10. RELATED PARTY TRANSACTIONS

- (a) The company shares office facilities with Claymore Resources Ltd., an affiliated company. In this regard, the company was charged \$24,126 for office costs and management fees during the year.
- (b) The company engaged McCrory Holding (Yukon) Ltd., an affiliated company, as its project manager for exploration work on its mineral properties. Exploration costs paid to McCrory Holdings (Yukon) Ltd. amounted to \$349,923 during the period. These transactions were made under the same terms and conditions as from an unrelated company.
- (c) The Payday group was acquired by assignment of options held by Directors and Officers of the company. Consideration given totalled 200,000 common shares, which are held in escrow, plus \$30,000.



Yukon

ALBERTA STOCK EXCHANGE - YKN

Minerals

Corporation

April 19th 1988

## DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors are pleased to present the financial statements for the year ended November 30, 1987 and this report of the company's activities for the period.

YUKON MINERALS CORPORATION made significant progress in 1987 towards preparing its properties for the proving of production tonnage and we are optimistic that the 1988 season will define the economic viability of its KETZA 'HV Project', located near Ross River in the central Yukon Territory.

The KETZA Property was optioned to Perrex Resources Inc. in 1987 for \$3,000,000 in development funds with Yukon retaining a 70% interest and the first 10,000 tons mined. Nearly \$1,000,000 was spent in exploration of this property in 1987, of which \$800,000 was contributed by Perrex. Over forty silver occurrences were discovered, and half of these were trenched and sampled.

For 1988, the initial budget for KETZA is \$1,200,000. Exploration will include 5,000 feet of diamond drilling on five silver zones as well as 1000 feet of underground tunneling on three zones, and further surface exploration. Bulk sampling and metallurgical testing will be conducted as the work progresses through the summer. The size of the property has been increased to 555 claims with the recent acquisition of 152 adjacent claims which contain several unexplored occurrences of gold and silver. Mid-April is the scheduled time for road clearing and opening of the already established twenty-five man camp. Diamond drilling will begin immediately as a drill is now located on the property.

The ORO property, located some 120 miles southeast of KETZA in the Rancheria area of the Yukon, was also optioned to Perrex Resources Inc. in 1987 who expended \$80,000 on exploration in 1987. A \$200,000 program is scheduled by Perrex for ORO in 1988. Several previously discovered high grade silver zones will continue to be developed. The ORO property adjoins Silver Hart Mines who recently financed for production in 1988.

In the Slocan Camp, British Columbia, the PAYDAY property was the object of a \$300,000 winter program which undertook extensive surface and underground rehabilitation. Camp and support buildings were also established. This program was financed in October 1987 by a \$315,000 issue of 252,000 'flow-through' treasury shares at \$1.25 per share. The Company also secured a 75% option on the adjacent claims. Surface and underground diamond drilling are planned for PAYDAY for 1988.

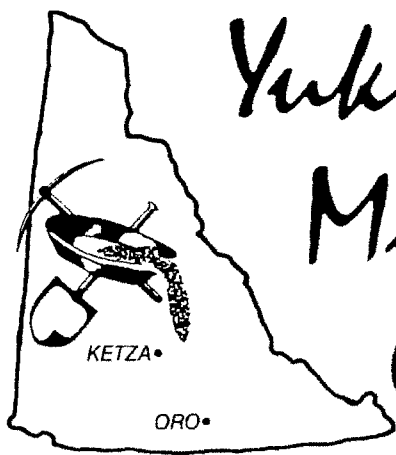
The Company's YELLOWSTONE property, which was the original producer in the old Sheep Creek Gold Camp, British Columbia, was optioned to Arakis Mining Corporation who may earn a 50% interest by expending \$500,000 by 1989. Arakis conducted a drilling program and plans to continue exploration at YELLOWSTONE in 1988.

In March of this year, the Company reached agreement to acquire a one-half option interest, net 40%, with Perrex Resources Inc., in the 16 claims HARKER-HOLLOWAY Gold Prospect, Kirkland Lake, Ontario. The option was acquired for a \$150,000 exploration expenditure by the end of 1989. The HARKER-HOLLOWAY property is optioned from Newmont Mining Corporation of Canada, who is currently the operator. This area of Ontario is undergoing intense exploration by several major mining Companies. Yukon Minerals plans to make other acquisitions in this area.

Over the past year, the Company has taken an aggressive stance in the exploration of its existing properties and in acquisition of other properties of merit. The Board extends its thanks for the contributions made by the employees and for the support of the shareholders in making possible these accomplishments. We look forward to 1988, confident that these collective efforts will confirm our expectation that Yukon Minerals Corporation will be a silver producing company.

ON BEHALF OF THE BOARD

Terence McCrory  
President



Yukon

ALBERTA STOCK EXCHANGE - YKN

Minerals

Corporation

March 30, 1988

**NEWS**

DEVELOPMENT & EXPLORATION PLAN: " HV PROJECT "

KETZA RIVER AREA - YUKON TERRITORIES

The Company is pleased to announce that financing for the development of the Ketz River property has been confirmed and the work program for the 1988 season has now been budgeted and scheduled. A total of \$1,200,000 has been funded by the Joint Venture Partner, Perrex Resources Inc. The Ketz property, located on Groundhog Creek, has a base camp established, access roads built, and a diamond drill located on the property ready to begin. A contract for the underground development has been signed.

The Ketz property was extensively explored in 1987, with a budget of nearly \$1,000,000. This program identified over 40 zones of silver-lead, of which 8 were trenched and shown to contain broad areas of high grade mineralization. The 1988 program will consist of 5000 feet of diamond drilling on 5 zones and 1000 feet of drifting on 3 of the 5 zones. The primary objective will be to prove production tonnage.

The Company has also acquired 150 claims in the MPR property which adjoins the Ketz to the south. Preliminary prospecting has identified 9 areas of interest, showing promising assays of silver and gold.

Funding in the amount of \$200,000 has also been confirmed for further development of the Oro property, located in the Rancheria area of the Yukon. This property was prospected and explored during 1986 and 1987, with several high grade silver zones being found. These discoveries, which are similar to the adjoining Silver Hart mine site, (also discovered by Yukon principals) will be targeted for a proposed drilling program.

Both the Ketz River and the Oro properties are in areas of intense exploration by several junior resource companies.

**NEW ACQUISITION - "HARKER - HOLLOWAY GOLD PROSPECT"**

Agreement has been reached with Perrex Resources Inc. for Yukon Minerals to acquire a one-half option interest, net 40%, of the Harker-Holloway Gold Prospect. The sixteen claims, located in the Holloway and Tannahill townships, are contiguous to the Iris Gold Group / Alberta Gold Exploration Corporation. The Property is under option from Newmont Exploration of Canada Limited who are the current operators. Perrex Resources Inc. has the right to earn an undivided 80% interest in the Claims by paying for \$300,000 in Approved Expenditures by September 30, 1989. Yukon Minerals Corp. will earn its 40% interest by contributing \$150,000.

Harker Gold Mines Ltd., lying to the immediate northwest of the Iris Gold Mines property, was the center of mining activity during the 1920's. Underground development carried out by Harker Gold during this time completed a 1,000 foot vertical shaft with four levels and 7,000 feet of drilling. A shoot was developed down to the 500 foot level which was 6 feet wide and contained 37,555 tons with an average grade of 0.273 ounces per ton gold. The Harker Gold Mine closed in 1929 and was inactive until 1944 when interest was revived in the search for gold along the then newly established Porcupine - Destor Fault Zone.

Several major mining companies are actively engaged in exploration and development in what has become known as the "Harker Holloway Gold Camp". Cominco, Newmont, Kerr Addison, and American Barrick, as well as Grandad, Silverhawk, Lenora and Canamax are all in the immediate vicinity. The most significant discovery is American Barrick's \$51 million, 1500 ton-per-day, Holt-McDermott Mine and Canamax's adjacent property which has proved 576,400 tons grading 0.216 ounces of gold per ton.

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January 11, 1988

PAYDAY GOLD-SILVER PROPERTY - SLOCAN M.D.

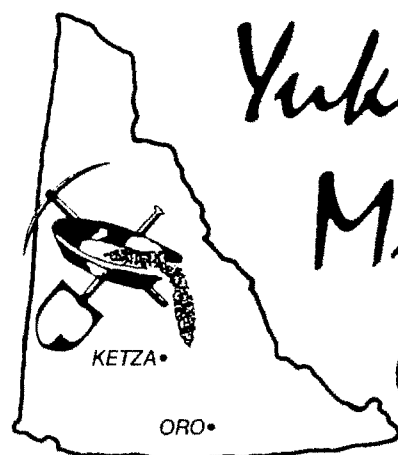
The Company has successfully negotiated an agreement to acquire a 75% interest in the contiguous DEADWOOD claim to add to its' Payday Property, located east of Slocan Lake at the headwaters of Springer Creek, B.C.

Past production from the Payday Mine was intermittent up to 1971, when selected production material ran 1.79 oz. gold and 206.8 oz. silver per ton. Recent sampling from a 4 foot quartz vein has yielded values of 0.52 oz. gold and 108.8 oz. silver per ton. Ruby silver has also been discovered in the old underground workings.

The Company has a \$320,000.00 program currently in progress and scheduled to end February 28, 1988. A permanent camp has been established on the mine site, where crews are driving a 100 foot slusher cross cut. A drill station at the end of the drift will enable 2000 feet of BQ diamond drilling to be completed on schedule.

The Company is also pleased to announce the opening of a new Vancouver office at 522 - 625 Howe St., V6C-2T6 to direct its' B.C. Operations. Staff will consist of R. Marshall Bertram, Director, Bruce Ellner, Marketing Director, and Michael Nielsen, Operations Field Manager. Any enquiries concerning the Company may be directed there.

Further information regarding the 1988 Exploration and Development Program will be released shortly. The Company looks forward to a busy and progressive year.



# Yukon Minerals Corporation

August 11, 1988

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## NEWS

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### EXPLORATION PROGRAM TO BEGIN ON THE SENATOR GROUP - SLOCAN

#### NEAR NORTHAIR'S WILLA PROJECT

The Directors are pleased to announce the Company will begin an exploration program on the Senator Group of claims, located in the Slocan Mining Division of B.C. The claims are situated seven kilometers northeast of Slocan, B.C. and eight kilometers south of the Willa Project currently under development by Northair. The Senator Group is part of the Company's Payday property.

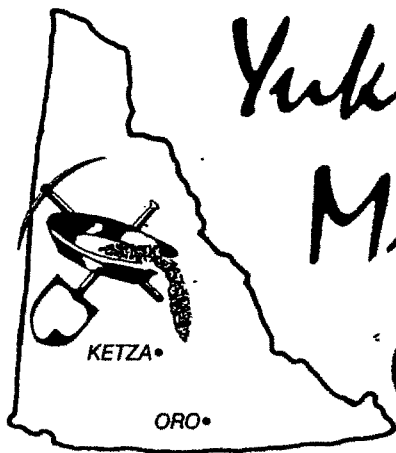
The Senator Group has been the object of a number of past, low tonnage, high grade gold-silver underground mining operations since 1896. Production records are few, but those available have indicated values of economic importance.

<u>Year</u>	<u>Tons</u>	<u>Oz. Gold</u>	<u>Oz. Silver</u>
1901	12	0.32	58.0
1901	22	0.64	63.8
1955	3	1.00	132.6

The Company sampled the various underground workings early in 1988, and subsequent assaying revealed encouraging results.

<u>Sample Location</u>	<u>(cm) Width</u>	<u>Oz. Gold</u>	<u>Oz. Silver</u>
1st level chute	17.8	0.322	48.58
1st level stope	25.0	0.400	31.41
2nd level stope 1	30.5	0.294	47.35
2nd level stope 2	-	0.300	32.33

Only limited attention has been given to determine the strike lengths of the veins on surface and to correlate the veins in the underground workings. A program of surface prospecting, geochemical and geophysical surveys and detailed geological and structural mapping and sampling of all underground workings has been recommended. These studies will be undertaken in conjunction with the drill program planned for the Payday property in early Fall.



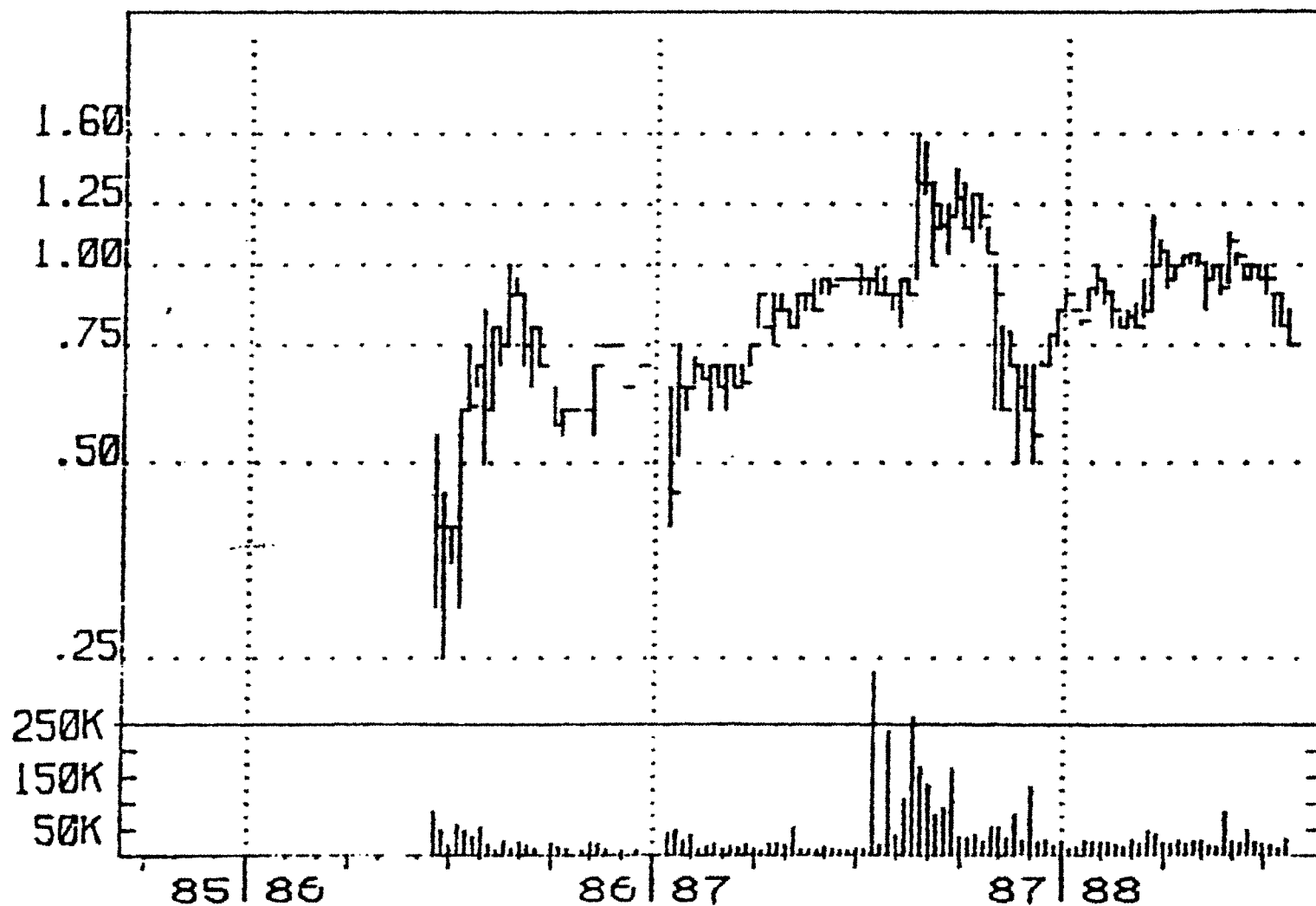
# Yukon Minerals Corporation

ALBERTA STOCK EXCHANGE - YKN

NEWS

Symbol:	Alberta Stock Exchange - CA YKN
Outstanding Shares:	5,064,200
Escrow Shares:	1,250,000
Estimated Float:	1,500,000 Shares
Recent Price:	\$ .85
90 Day High / Low	\$ 0.80 to \$1.00
12g Exemption	File # 82-1635, S&P US Pink Sheets

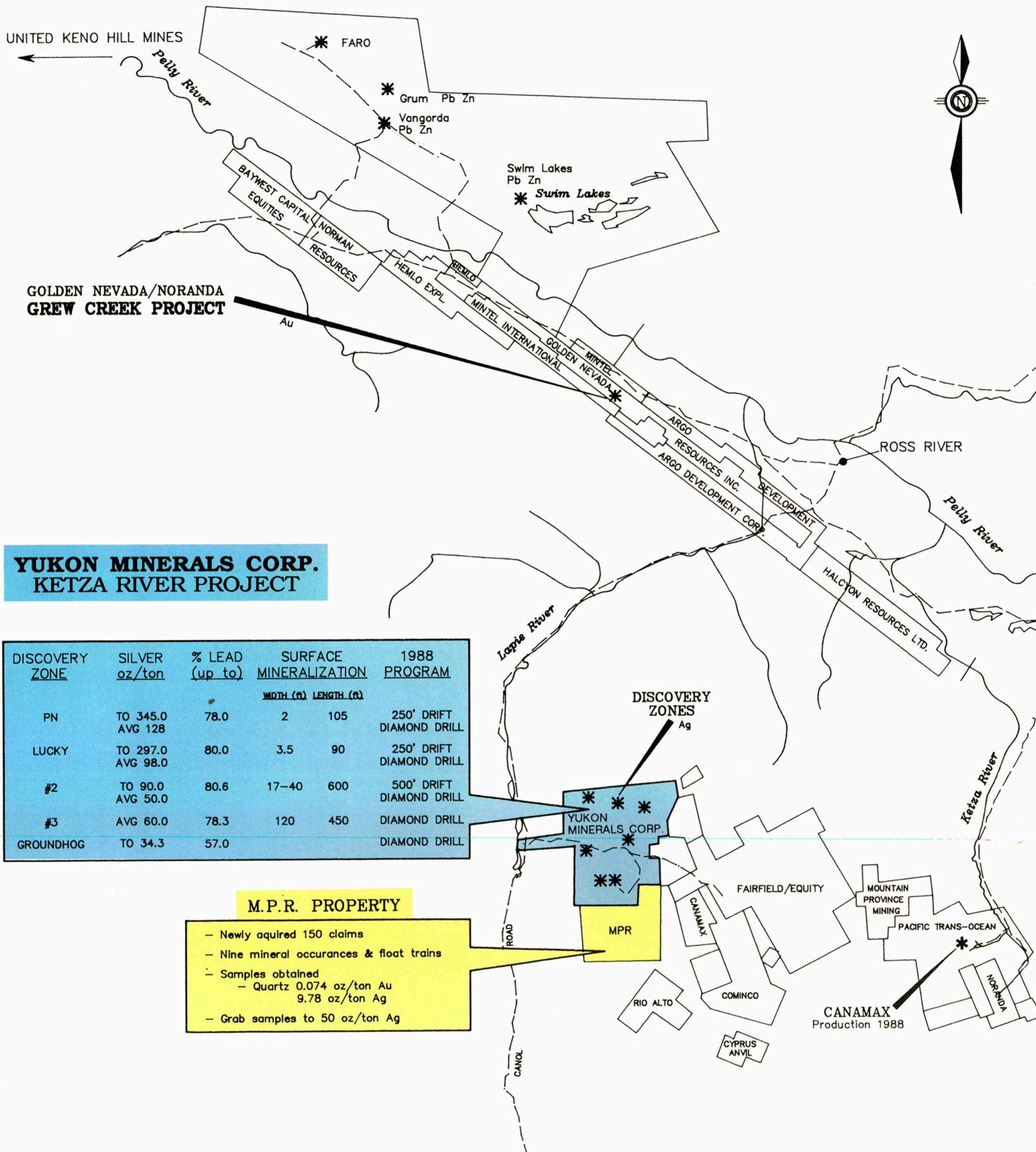
Yukon Weekly Chart June 13, 1986 to July 19, 1988



TO THE BROKER

YUKON MINERALS CORPORATION would like to keep you informed on the development of what could prove to be one of the BIGGEST SILVER FINDS in the Yukon. A complete brochure on the Company is available in your research department. Please fill out the enclosed Business Reply Card for continued information.

UNITED KENO HILL MINES



GOLDEN NEVADA/NORANDA  
GREW CREEK PROJECT

**YUKON MINERALS CORP.  
KETZA RIVER PROJECT**

DISCOVERY ZONE	SILVER oz/ton	% LEAD (up to)	SURFACE MINERALIZATION		1988 PROGRAM
			WIDTH (ft)	LENGTH (ft)	
PN	TO 345.0 AVG 128	78.0	2	105	250' DRIFT DIAMOND DRILL
LUCKY	TO 297.0 AVG 98.0	80.0	3.5	90	250' DRIFT DIAMOND DRILL
#2	TO 90.0 AVG 50.0	80.6	17-40	600	500' DRIFT DIAMOND DRILL
#3	AVG 60.0	78.3	120	450	DIAMOND DRILL
GROUNDHOG	TO 34.3	57.0			DIAMOND DRILL

**M.P.R. PROPERTY**

- Newly aquired 150 claims
- Nine mineral occurances & float trains
- Samples obtained
  - Quartz 0.074 oz/ton Au
  - 9.78 oz/ton Ag
- Grab samples to 50 oz/ton Ag

DISCOVERY ZONES  
Ag

YUKON MINERALS CORP.  
MPR

FAIRFIELD/EQUITY

MOUNTAIN PROVINCE MINING

PACIFIC TRANS-OCEAN

CANAMAX  
Production 1988

NORANDA

CYPRUS ANVL

COMINCO

RIO ALTO

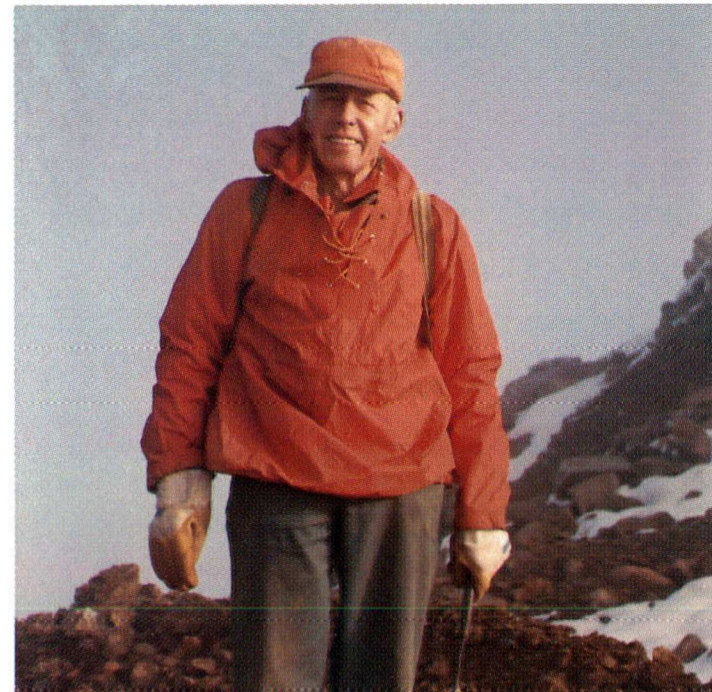
CANAMAX



**YUKON MINERALS CORP.  
& PERREX RESOURCE INC.  
JOINT VENTURE**

**YUKON - KETZA PROJECT  
SEAGULL LAKES DISTRICT, Y. T.**

**CONTACT:**  
MARSHALL BERTRAM, DIRECTOR  
BRUCE ELLNER, MARKETING  
#522 - 625 HOWE ST.  
VANCOUVER, B.C. V6C 2T6  
(604) 688-9476



*Prospector Harry Verslucce, the property locator, still going strong in his late 70's*

# MAJOR YUKON SILVER DISCOVERY

*by David O'Keefe*

**F**or a company that was only listed in mid-1986, Yukon Minerals has assembled an impressive group of properties in the Yukon and British Columbia. Certainly in part to the talented management that they have appointed, market-wise geologists, engineers and support staff.

The silver star of the portfolio is the Ketzahigh grade silver-lead property southeast of Grew Creek and west of the new Canamax mine site.

The 402 claim, 20,000 acre Ketzahigh property is a joint venture with Perrex Resources Inc., in which Perrex can earn a 30% undivided interest by spending \$3 million in exploration and development. Prospecting work so far has located a total of 40 mineralized veins with widths varying from two to fifty feet. Although it is early times in its development, the Ketzahigh property is already being compared to United Keno Hill Mines which has produced over 150 million ounces of silver since it began production in 1946, worth over a billion dollars at today's prices.

From assay results so far received, the comparison has undoubted merit. The original discovery, the "PN Zone", has been opened for 105 feet, averaging two feet in width and showing an average grade of 128 ounces of silver per ton and 78% lead, some grades running as high as 345 ounces of silver per ton.

Five hundred feet to the east of the PN Zone, the "Lucky Zone" was located by bulldozer trenching. This zone has so far been exposed over 90 feet, averaging 98 ounces of silver per ton over a 3.5 foot width, and appears to be widening at depth. Lead values of up to 80% are also contained in the mineralization.



*Panoramic view of the Ketzahigh property*

The total extent of these two zones is not yet known, but ongoing exploration and development will surely expand them. In the meantime two further areas of extensive mineralization have also been discovered. These zones, #2 and #3 are 500 feet apart and both have been trenched to a depth of 15 to 20 feet. Assays from Zone 2, which has a width between 17 and 40 feet hosts silver and lead bearing ore throughout, assaying to 90 ounces of silver per ton. So far this zone appears to extend for better than 600 feet.

Mineralization in Zone 3 has been traced over a width of 120 feet and a length of 450 feet. Several sub-parallel silver-galena bearing veins have been located and assays from trenching samples are averaging about 60 ounces of silver a ton with lead values

running to 80%. The discovery of zones 2 and 3 is of great significance, because even at this early stage of exploration, the tonnage implications are considerable. For example, 100,000 tons of this grade of ore would represent a gross value in excess of \$50 million.

The next phase of work, amounting to \$2.3 million, which is slated to begin in early April, will consist of extensive diamond drilling on five zones and the driving of adits for underground exploration.

A separate operation will be conducted on the PN and Lucky Zones. This will be a bulk sampling program with the intention of smelting some 2,000 tons of ore expected to average 150 ounces of silver and 50% lead per ton. The lead values alone are expected to cover all costs, leaving a residual profit

of some 300,000 ounces of silver.

The Oro property, 14 miles north of Rancheria, adjoins the property of Silver Hart Mines, which is due to go into production this year. As with the Ketz project the Oro is also joint ventured with Edmonton-based Perrex Resources.

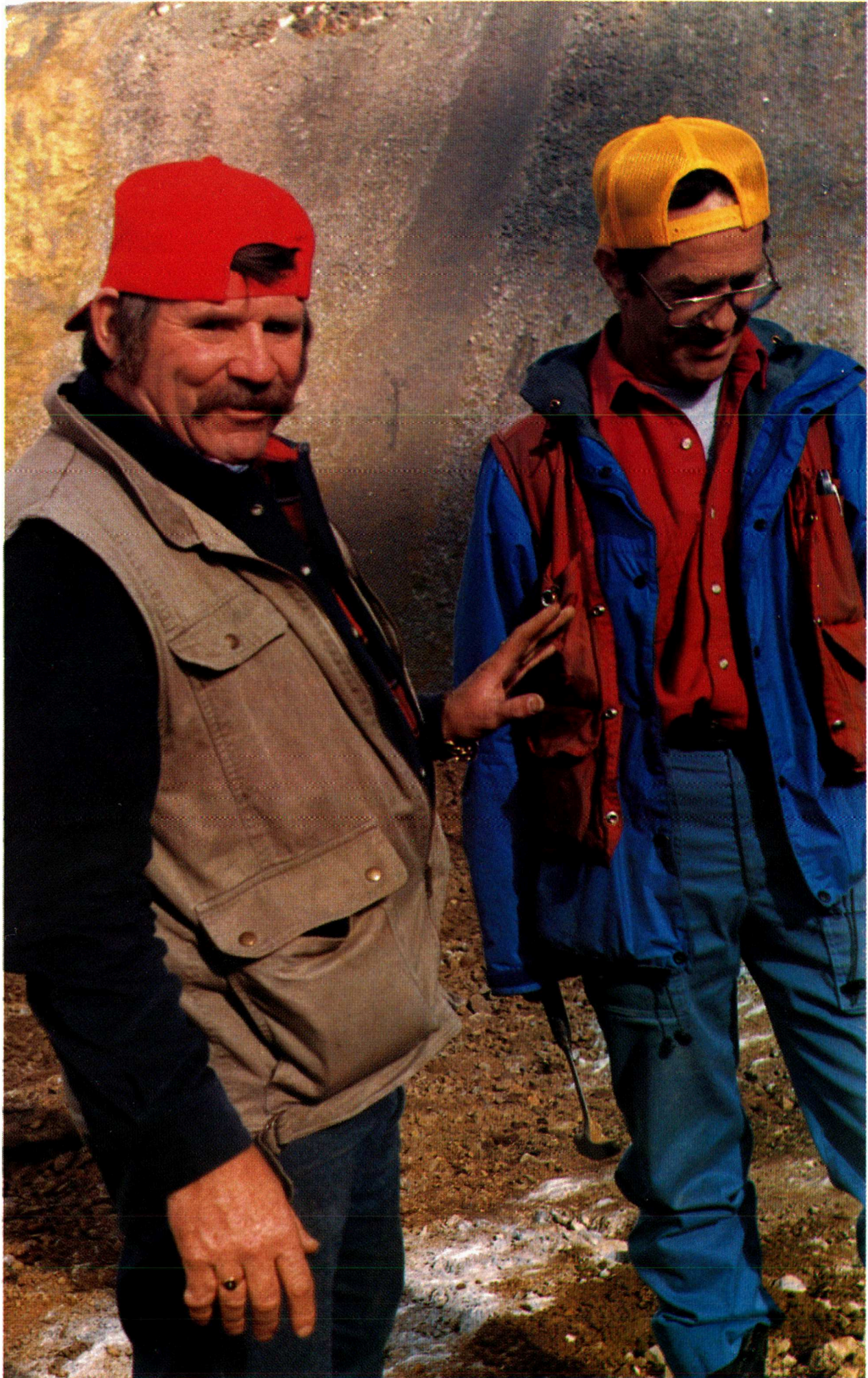
Exploration by the joint venture has defined a wide zone of silver mineralization and development has now reached the stage where they will be driving an adit into the vein system to determine grade and tonnage. During the 1988 season \$450,000 will be expended on this property.

Exploration is also underway on a couple of very handsome properties in the "Silvery Slocan" area of south central British Columbia. The company has been re-evaluating the Mercury property which was active at the turn of the century, reportedly shipping ore with an average grade of 229 ounces of silver per ton.

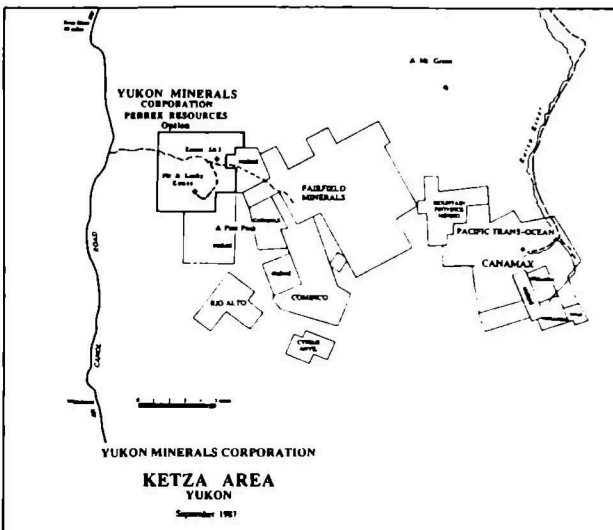
The other Slocan project, 30 miles south of the Mercury, is the silver-gold Payday property, consisting of two mining leases, three Crown Grants and ten claims. In common with most of the Slocan properties the Payday has been mined off and on since 1907. Early records of production have been lost, but there was one recorded shipment of 10 tons in 1971 which graded 1.79 ounces of gold and 206 ounces of silver per ton.

Recent sampling from a four foot quartz vein returned values of 0.52 ounces of gold and 108.8 ounces of silver per ton. Check work in the old underground workings also discovered ruby silver. Because of this property's potential Yukon Minerals has acquired a 75% interest in the contiguous Deadwood claims to add to the Payday property. A drilling program will be underway in the 1988 field season.

Yukon also has a property in the Sheep Creek gold camp in southern British Columbia, the former producing Yellowstone Gold Mine, which has been optioned to Vancouver-based Arakis Mining Corporation which can earn a 50% interest in the property by expending \$250,000 on ex-



*Bill Preston of Yukon Minerals and Alex Perron of Perrex Resources on the property.*



ploration by November 1989 and meeting the \$96,000 option payments. A work program is now in progress.

The Yellowstone was only briefly worked between 1900 and 1902, but even so produced a recorded 5,912 ounces of gold and 4,354 ounces of silver, with an average grade of 0.34 ounces of gold and 0.26 ounces of silver per ton.

It would seem that Yukon Minerals has, what is known in mining circles as an

"Elephant" on its hands with the Ketz property. For shareholders in this Alberta Stock Exchange listed company their investment seems to be of, if not solid gold, certainly of solid silver.

For further information on Yukon Minerals, contact Bruce Ellner, Marketing Director, 522-625 Howe Street, Vancouver, B.C. V6C 2T6, Phone (604)688-9476.

# INVESTMENT ADVISORY

Editor: Ron W. Loewen Contributing Editor: Dino Minicucci

Published by Pacific International Securities Inc.

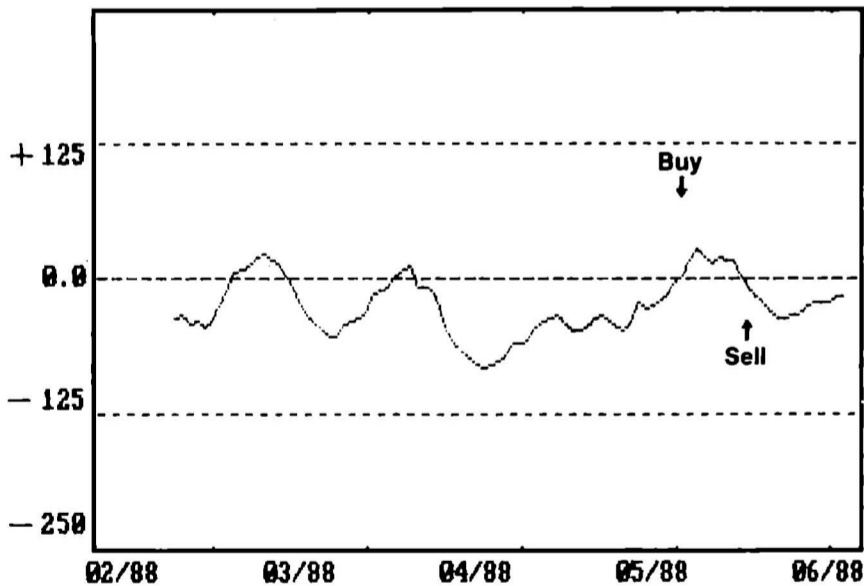
## V.S.E.I. OVERBOUGHT/ OVERSOLD OSCILLATOR

### SIGNALS FOR THE MONTH

Wednesday	June 1	Buy	1066.44
Tuesday	June 14	Sell	1086.54
VSE INDEX	June 30		1077.35
New York	Spot Gold		436.60

## MARKET COMMENTARY

On June 1st, our Overbought/Oversold Oscillator gave a buy signal which remained intact for over two weeks. On June 14th, our Oscillator gave a sell signal suggesting that many issues were getting ahead of themselves or were simply overbought in technical



VSE OVERBOUGHT/OVERSOLD OSCILLATOR — DAILY

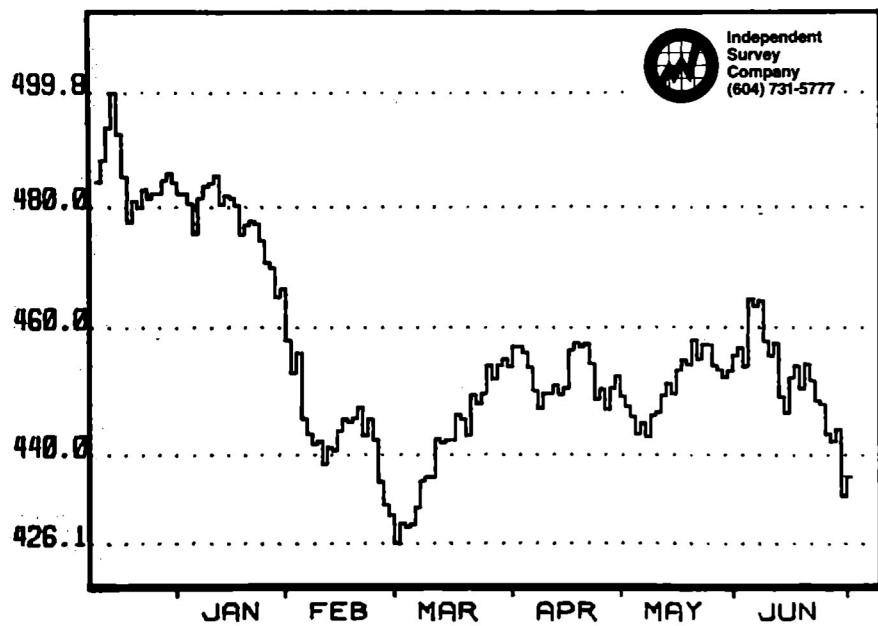
terms. As we mentioned in our June Issue, we did not expect to see a large percentage gain for the VSE Index, but more of a change in investor psychology. Subsequently our buy/sell signal produced only a 20 point gain during this move. We view this first rally as one of several we expect during the summer months ahead. Stock selection is still very important as we continue to view our market as being a bear market



VSE INDEX — DAILY

overall. This is not a time to simply buy any stock during these rallies. While the VSE Index gained less than 2% during our recent move, many of our past recommendations experienced substantial gains (Delaware, Skyline and Gulf Int'l.). We must remain disciplined and stick to our formula of investing in companies which possess strong management and fundamentals. Avoid the VSE paper plays as the pros will short sell and pick apart these situations leaving no room for profits for the average investor. Our daily share volume continues to increase showing that the general public's confidence for the VSE improves.

During the past month, the New York markets have also posted substantial gains. The summer rally is well underway but at present it looks overbought with many technical indicators confirming our suspicions. With the exception of Tokyo all world stock markets are trading well below their August '87 peaks. In fundamental terms the New York market is overvalued as measured by its price/dividend ratio (30:1). At present, investors are paying 30 dollars to earn 1 dollar in dividends or a 3.3% yield. Historically, when this ratio is 20:1 or a 5% yield, the New York markets are considered to be cheap. Major market advances are not born while fundamental and technical indicators point to the market as being

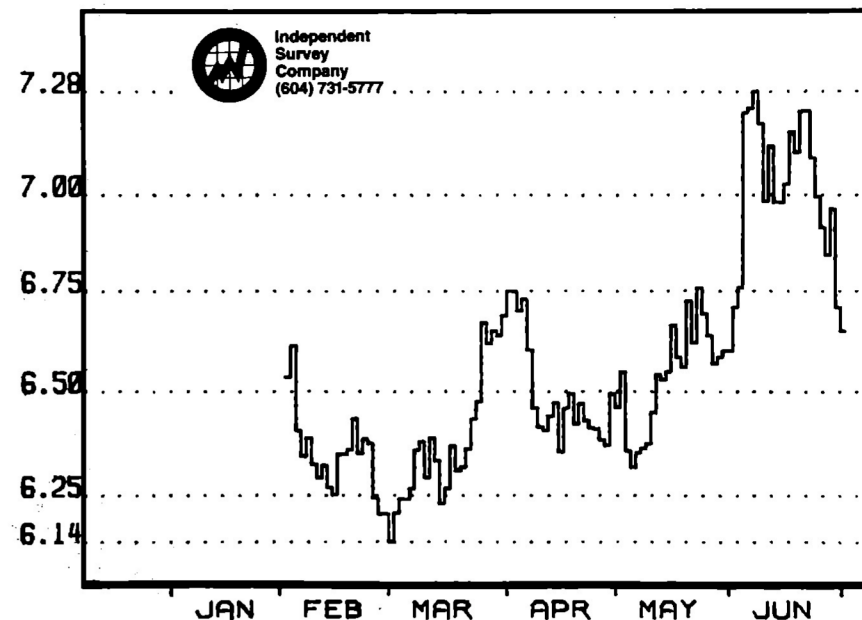


**LONDON GOLD — DAILY**

overextended. Stan Weinstein, editor of "The Professional Tape Reader", who was named Market Timer of the Year, had this to say in his most recent issue 24/06/88: "Despite all of the recent fireworks not much has really changed. The long term pattern, while improved, still demands caution. However, the next several weeks continue to look promising as the anticipated summer rally still appears to have further to run."

The fundamental reasons to own gold and gold

stocks continue. While the price of gold bullion has recently dropped to an oversold position, we remain bullish. Too much emphasis is put on gold by its day-to-day fluctuations. Wholesale commodity prices are on the rise and the Federal Reserve Board's recent action by raising short-term interest rates in



**LONDON SILVER — DAILY**

order to head off inflation fears are just two more reasons to put upward pressure on gold. This month we have included a daily chart on silver which shows a base building pattern.

## PRIVATE PLACEMENTS FOR VSE LISTED COMPANIES

Private placements are an effective way insiders finance their Vancouver Stock Exchange listed companies. Shares placed in this manner are prohibited from trading for a one-year period from the date the funds are advanced to the respective company. The probability of market promotion often increases toward the end of the one-year hold period. There is an exception to this restriction: when the private placement is purchased through an exempt institution, the shares may trade immediately. An exempt institution is usually a bank, pension fund or mutual fund with assets in excess of twenty-five million dollars. Since these shares may start trading immediately, market promotion will often begin shortly after the private placement is approved.

Date	Recipient	Issuer	Type of Share	Quantity	Unit Price	Total \$
12/31/87	C. Channing Buckland	Bethlehem Resources	common	400,000	.50	\$ 200,000
	DCC Equities Ltd.		common	1,000,000	.50	500,000
	Dr. Peter Geib		common	250,000	.50	125,000
	William Grafham		common	470,000	.50	235,000
	Multiple Opportunities Fund		common	500,000	.50	250,000
	New Venture Equities Inc.		common	1,000,000	.50	500,000
02/03/88	Prata Investments Ltd.	Thor Explorations Ltd. (N.P.L.)	common	400,000	.15	60,000
02/16/88	Deductible Opport. Fund 1987 Oil & Gas L.P.	Tylox Resources Corporation	common	400,000	1.25	500,000
01/29/88	Cal-Can Systems & Engineering Ltd.	Armeno Resources Ltd.	common	70,916	1.07	75,880
01/29/88	NIM & Co. Ltd. Partnership 1987		common	76,923	1.30	100,000
11/17/87			common	371,429	1.75	650,000
12/15/87			flow thru	484,074	2.06	1,000,000
01/29/88	WPH Consultants Ltd.		common	19,983	.60	11,976
01/19/88	*CLD Financial Opportunities Ltd.	Magellan Resources Ltd.	unit	400,000	1.05	420,000
	Goldcan Ltd.		unit	400,000	1.05	420,000
	*Multiple Opportunities Fund		unit	200,000	1.05	210,000
	North Lily Mining Co.		unit	400,000	1.05	420,000
	*Zuri Invest AG		unit	200,000	1.05	210,000

\*exempt institution

# VANCOUVER STOCK EXCHANGE INSIDER TRADING

Insider trading and private placement financing information listed below is public information obtained from the "British Columbia Commission Weekly Summary" which is compiled and published by the British Columbia Securities Commission, printed and distributed by the Vancouver Stock Exchange. While the information contained in the Weekly Summary is believed to be accurate, accuracy cannot be guaranteed.

Reporting Company	Insider	Transaction Date	Type of Ownership	Buy	Sell	Balance
Colussus Resource Equities Inc.	Murray Pezim, Director	01/30/88	trust/partnership	60,100 common	77,000 common	15,000
		01/30/88	beneficial owner	124,600 common		124,600
		01/30/88	beneficial owner		57,800 options	0
El Paraiso Resources Ltd.	Douglas Mason, Director	01/30/88	beneficial owner	16,000 common	5,500 common	398,010
Galveston Resources Ltd.	Peter Brown, Director	01/30/88	beneficial owner	200,000 options	150,000 options	200,000
Golden Lion Resources Ltd.	Eugenio Sirianni Holder of greater than 10%	12/19/87	trust/partnership	initial report common		330,164
		12/30/87	beneficial owner	initial report common		557,582
Inel Resources Ltd.	Ronald Adie Director & Sr. Officer	02/28/88	beneficial owner	50,000 common		75,872
		10/01/87	trust/partnership	initial report common		112,509
	Joyce Davis Director & Sr. Officer	02/28/88	beneficial owner	172,000 common		287,117
	Reginald Davis Director & Sr. Officer	02/28/88	beneficial owner	50,000 common		232,708
Tanqueray Resources Ltd.	Robert Gifford, Director	02/28/88	beneficial owner	50,000 common		154,274
		12/30/87	beneficial owner	17,000 common		533,000
Maurice MacDonald Director and Sr. Officer Holder of greater than 10%	Maurice MacDonald Director and Sr. Officer Holder of greater than 10%	12/30/87	beneficial owner	17,000 common		533,000
Topaz Exploration Ltd.	Michael Farrage Director & Sr. Officer	11/30/87	beneficial owner	31,500 common	221,300 common	1,107,750
Tundra Gold Mines Ltd.	Albert Applegath Holder of greater than 10% Sr. Officer & Director	12/30/87	beneficial owner		138,500 common	98,104
		William E. Laing, Director	12/30/87	beneficial owner		10,000 common
Nu Start Resource Corp.	Ronald Bieber Director & Sr. Officer	02/28/88	beneficial owner		5,000 common	174,000
Pezgold Resource Corporation	Arthur Clemiss Director	03/30/88	beneficial owner		32,500 common	182,500
	Michael Pezim, Director	03/30/88	beneficial owner		20,000 common	60,000
Aims Biotech Corp.	Nevin Miller Director & Sr. Officer	01/30/88	beneficial owner		1,500 common	554,650
Applied Energy Inc.	Harold Moll, Director	12/30/87	beneficial owner		5,000 common	462,400
Avino Mines & Res. Ltd.	Louis Wolfin Holder of greater than 10% & Director	01/30/88	beneficial owner	10,000 common		979,905
Beaupre Explorations	Robert Beaupre Director & Sr. Officer Holder of greater than 10%	01/30/88	beneficial owner	12,500 common		130,852
Berkely Resources Inc.	Louis Wolfin, Director Director & Holder of greater than 10%	01/30/88	beneficial owner	24,800 common		57,333
		01/30/88	trust/partnership	4,250 common		530,521
Bowes Lyon Resources Ltd.	Walter Passaglia Director	01/30/88	trust/partnership	15,000 common	305,000 common	15,000
Cons. Bel-Air Res. Ltd.	Arthur Clemiss, Director	01/30/88	beneficial owner	1,500 common		202,500
Highland-Crow Res. Ltd.	Wolfgang Rauball Director	11/30/87	beneficial owner		6,000 common	484,300
Linotronics Int'l Ltd.	Ronald Hunts, Director	01/30/88	beneficial owner	350,000 common		351,233
		01/30/88	trust/partnership	26,000 common		26,000
		12/30/87	beneficial owner		40,000 options	0
Meridor Resources Ltd.	Frank Lang, Director	11/13/87	beneficial owner	10,000 common		395,475

## RECOMMENDATION — SENIOR GOLD PRODUCER

### BGR PRECIOUS METALS INC. CAPITAL APPRECIATION AND A HEDGE AGAINST INFLATION BPT.A/T

BGR Precious Metals Inc. is a closed end investment company whose Class A shares are listed on the Toronto and Montreal Stock Exchanges. BGR invests primarily in precious metals and shares of precious metals companies in order to provide investors with capital appreciation and a hedge against inflation. The manager of the portfolio, BGR Management Ltd., is advised by Beutel, Goodman and Company Ltd. (on North American precious metals equities), Guardian Trustco International Inc. (on precious metal bullion investments) and by N.M. Rothschild Asset Management Limited (on non-North American precious metals equities).

The company is bullish on North American gold equities due to the stability of the political and labour environment (compared with South Africa), rapid expansion of gold regions, and low cash operating costs—approximately U.S. \$200 per ounce (South Africa - U.S. \$265 per ounce in 1987). For these reasons, the majority of BGR's precious metals equity holdings are in North American companies.

The portfolio is structured as follows:

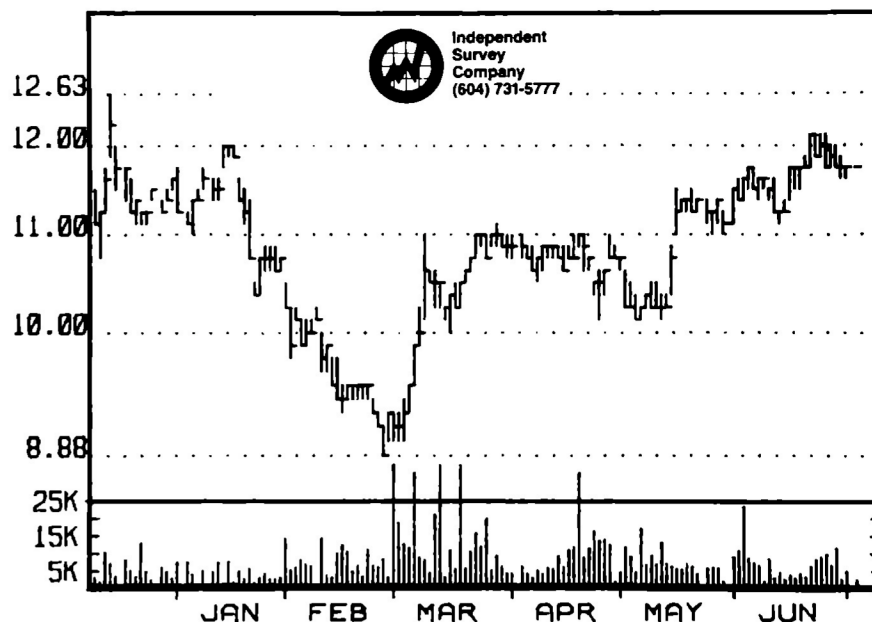
Canadian Equities, Convertibles	39.1%
Precious Metals	30.2%
U.S. Equities	2.6%
South African Equities	11.5%
South African Bonds	3.6%
Australian Equities	9.7%
Other Equities	3.3%

Total Investments at market value  
January 31/88 = \$80,775,000

At any one time, the portfolio is balanced between the precious metals themselves and precious metals equities. Fluctuations in metal prices and market conditions may result in the emphasis on one or another particular precious metal or a substantial portion of the portfolio in cash or cash equivalents. In 1987, the TSE Gold and Silver Index reached a high of 10,411 in August. Sensing that North American equities were overvalued, BGR began to take profits when the index reached 10,000 and was able to record nearly \$21 million of profit.

Net assets of the fund were \$84.9 million at January 31, 1988. Net asset value per share at this time was \$13.87; more recently, this value was \$13.96 per share as of June 30th.

BGR Precious Metals Inc., maintains a relatively cautious position in uncertain economic periods and has sufficient cash reserves to take advantage of



BGR PRECIOUS METALS INC. (BPT.A/T) — DAILY

worthwhile opportunities as they arise. In light of these facts, we feel that the accumulation of shares of BGR is a wise investment and provides the individual investor with a degree of protection against inflation.

## RECOMMENDATIONS — SPECULATIVE EXPLORATION

### TICKER TAPE RESOURCES LTD. TKT/V

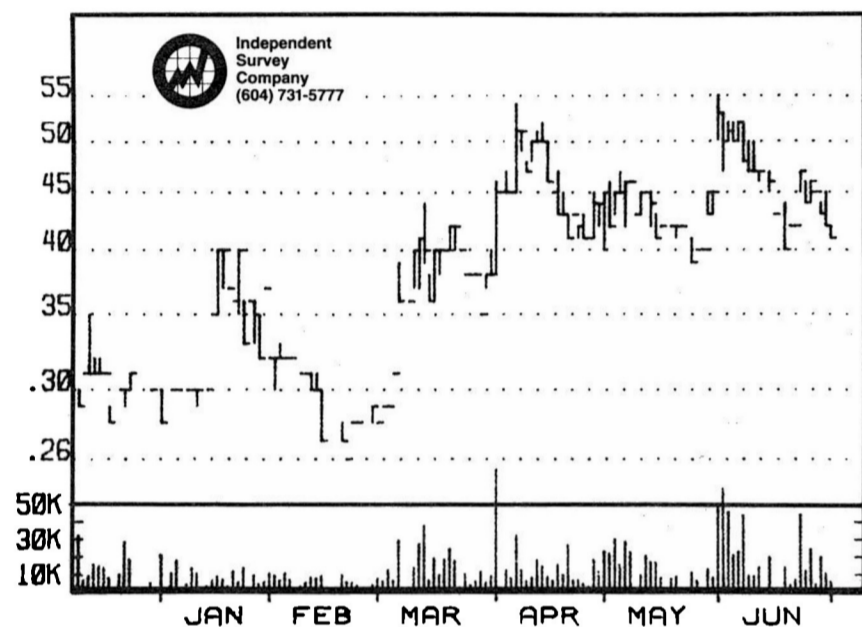
#### CAPITALIZATION

Shares Issued:	2,274,000
Escrow:	750,000
Director/Employee Options:	104,000 total 15,000 at 45¢ 89,000 at 60¢
Working Capital:	\$350,000
Price:	as of June 30 - 41¢

Ticker Tape Resources Ltd. is another Vancouver based mining company with an interest in the Skyline-Iskut River Area, Liard Mining Division, B.C. The company owns a 2000-acre property which is approximately 11 miles north of Skyline Exploration Ltd.'s Stonehouse gold deposit. Following encouraging results obtained from Phase II exploration on the property, Ticker Tape has staked additional claims in the area. The nearby Stonehouse deposit has reserves of 938,000 tons grading .73 ounces gold per ton. Nine miles south of the Ticker Tape property is the "Snip" property, which is under option to Delaware Resources Corp. The first assay results have been received from Cominco for the underground work on the property. Five assays from face samples collected over approximately 213 feet of drifting on

the twin zone indicates an uncut, length weighted average grade of 1.05 ounces per ton gold over an average true thickness of 7.2 feet.

Mapping by the Geological Survey of Canada indicates the rock underlying Ticker Tape's property belongs to the same formation hosting the Stonehouse deposit. Massive sulphide mineralization is found in the north and south zones of the property and Phase II exploration uncovered one hole with 59 feet of 1.31 ounces per ton silver, 2.6% zinc and .88% lead. A joint venture agreement is being negotiated with two companies: Endeavor Resources Ltd. and Clemgold Resources Ltd. Each company will earn a 33.3% interest in the property. To date, \$326,200 has been spent on exploration of Ticker Tape's property.



**TICKER TAPE RESOURCES LTD. (TKT/V) — DAILY**

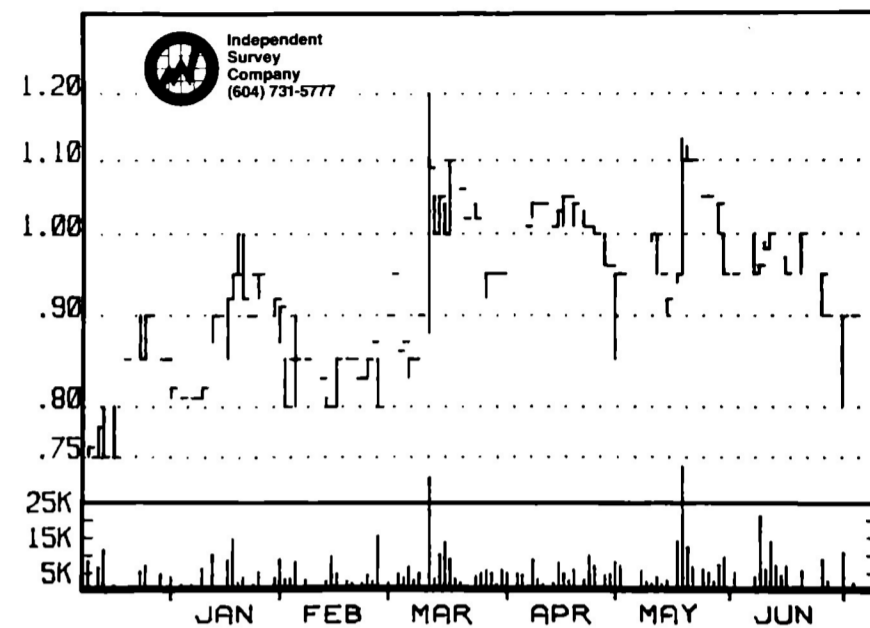
Management of Ticker Tape Resources needs no introduction. Chairman of the board is well known financier, Murray Pezim, who also serves as a director and/or officer of many other public companies. President of the company is another well known financier with extensive experience as a director of other public companies, Arthur Clemm. In order to be successful, a mining company should have two features: a good property and strong management. Ticker Tape Resources has a property in a gold camp that may be the area play of 1988 and one of the most prominent names in mining on the Board of Directors. With these two points in its favor, we feel that Ticker Tape is a buy at current price levels.

**YUKON MINERALS CORPORATION  
YUKON SILVER PROSPECT YKN/C**

**CAPITALIZATION**

<b>Shares Issued:</b>	5,064,200
<b>Escrow:</b>	1,250,000
<b>Director/Employee Options:</b>	500,000 between 5¢ and 65¢
<b>Working Capital:</b>	\$222,000 as of Feb. 29/88
<b>Listed:</b>	Calgary Stock Exchange
<b>Price:</b>	as of June 30 - 90¢

Yukon Minerals Corporation, listed on the Calgary Stock Exchange in the province of Alberta, could become a significant silver producer, based on their "Ketz Project" located near Ross River in the central Yukon Territory. The company has assembled an impressive group of mineral properties located in the Yukon, British Columbia and Ontario.



**YUKON MINERALS CORPORATION (YKN/C) — DAILY**

Yukon Minerals Corp. was incorporated on April 4th, 1986. It was founded by Terry McCrory, Bill Preston and Tony Rich. McCrory and Preston have prospected in the Yukon since 1969. Tony Rich has been a professional geologist since 1969 and has worked in the Yukon every year since 1964. Combined they have over 75 years experience in mineral exploration.

Yukon Minerals initially went public and raised \$300,000 through the sale of 400,000 shares at \$.75 per share. The company also received \$50,000 from the Yukon Territorial Government by way of an exploration grant. Through a secondary financing, Yukon raised an additional \$645,000 through the sale of 843,200 shares at \$.90. The company has acquired 6 precious metals properties, spent in excess of \$1,000,000 in exploration and development in 1987 and has now negotiated for \$3,000,000 in development expenditures with their joint venture partners during 1988-89.

The focal point for the company is their "Ketz" high grade silver-lead property located southwest of Grew Creek and west of the new Canamax mine site. The 555 claim property is a joint venture with Perrex Resources Inc., in which Perrex can earn a 30% undivided interest by spending \$3,000,000 in exploration and development. Explorations to date have located a total of 40 mineralized veins with widths varying from two to fifty feet. Although it is early in its development, the "Ketz" property is already being compared to United Keno Hill Mines which has produced over 150 million ounces of silver since it began production in 1946. Judging from 1987

assays, the comparison has undoubted merit. In the original discovery, the "PN Zone" has been opened for 105 feet, averaging two feet in width and showing an average grade of 128 ounces of silver per ton and 78% lead, with some grades running as high as 345 ounces of silver per ton.

Five hundred feet to the east of the "PN Zone", the "Lucky Zone" was located by bulldozer trenching. This zone has so far been exposed over 90 feet, averaging 98 ounces of silver per ton over a 3.5 foot width, and appears to be widening at depth. Lead values of up to 80% are also contained in the mineralization. The total extent of these two zones is not yet known, but ongoing exploration and development will surely expand them. In the meantime, two further areas of extensive mineralization have also been discovered. These zones, #2 and #3 are 500 feet apart and both have been trenched to a depth of 15 to 20 feet. Assays from Zone #2, which has a width between 17 and 40 feet hosts silver and lead bearing ore throughout, assaying to 90 ounces of silver per ton. To date this zone appears to extend for over 600 feet.

Mineralization in Zone #3 has been traced over a width of 120 feet and a length of 450 feet. Several sub-parallel silver-galena bearing veins have been located and assays from trenching samples are averaging about 60 ounces of silver per ton with lead values running to 80%. The discovery of Zones #2 and #3 is of great significance, because even at this early stage of exploration, the tonnage implications are considerable. For example, 100,000 tons of this grade of ore would represent a gross value in excess of \$50 million.

For 1988, the initial budget for "Ketz" is \$1,200,000. Exploration includes 5,000 feet of diamond drilling on five silver zones as well as 1,000 feet of underground tunneling on three zones, and further surface exploration. Bulk sampling and metallurgical testing will be conducted as the work progresses through the summer. The size of the property was increased to 555 claims with the recent acquisition of the adjacent 152 claim MPR Property which contains several unexplored occurrences of gold and silver. The company has established a twenty-five man camp and the exploration and drilling program is currently underway. A progress report will be released when results of the program have been compiled. The company has also completed a \$500,000 private placement of flow through shares at \$1.00 per share. The funds will be used for exploration on the MPR Property and for drilling the Payday Property, located in southern B.C. A complete informational brochure on the company is available on request.

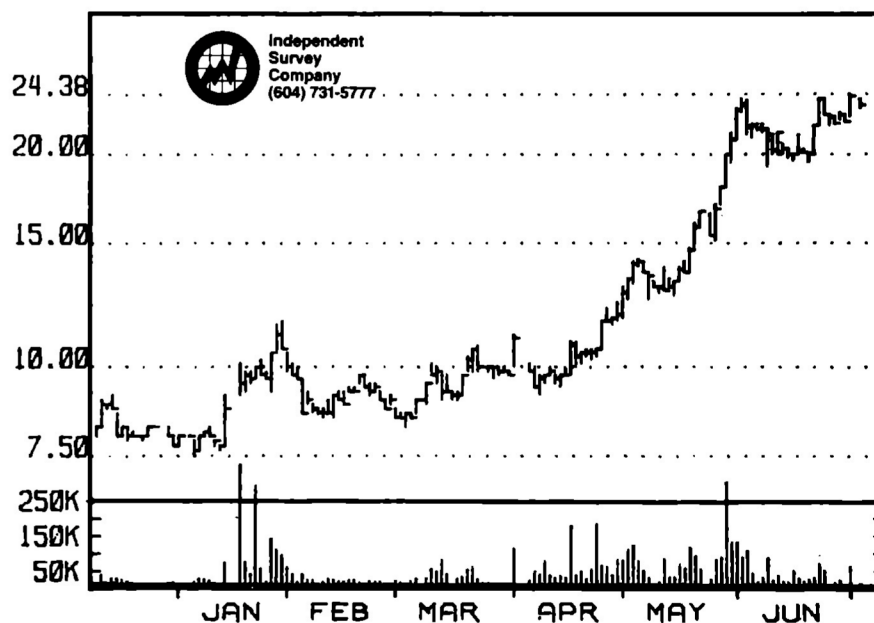
We feel that Yukon Minerals offers investors an excellent opportunity to participate in a potentially high grade silver deposit.

## SKYLINE GOLD CAMP UPDATE

We feel it is timely to bring our readers up to date on our buy recommendations located in the Skyline Gold Camp. Since we last reported, Stock Promoter Murray Pezim has made a land grab to control the largest land position in this region. Pezim's merchant bank "Prime Capital" now has agreements with several VSE-listed companies which, over the next few years, will involve expenditures of \$10 to \$15 million in this Skyline-Iskut River area.

Recent developments within individual companies include:

**DELAWARE:** appointed the former Premier of British Columbia, the Honourable William R. Bennett as a director. Announced its intention to consider a stock split of three new shares for every one old share. Initial assay results on their "Twin Zone" over 213 feet indicate an uncut, length-weighted average grade of 1.05 ounces per ton gold over an average true thickness of 7.2 feet.

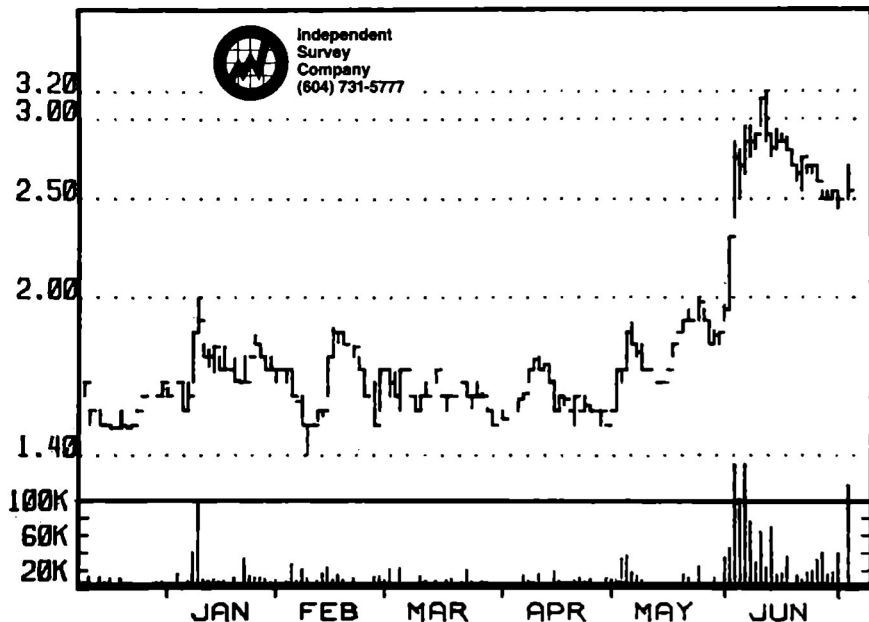


DELAWARE RESOURCES CORP. (DLW) — DAILY

**SKYLINE:** began work on a new zone which is situated 800 metres from the Cominco-Delaware discovery. Trench samples from this area have returned values of 7.35 ounces gold per ton over 30 cm and one section of 11.11 ounces gold per ton over 30 cm. These results are significant as they indicate the potential of a new area of gold mineralization north of the existing Skyline mine. Full production of their mill is to start by July 1st.

**GULF INTERNATIONAL:** detailed surface work began in mid-June. A full diamond drilling program will commence in the early part of July. A minimum of 15,000 feet of drilling is planned. It is interesting to note that the Pezim Group of Companies have done

their best to surround the entire Gulf property.



**GULF INTERNATIONAL MINERALS LTD. (GIM) — DAILY**

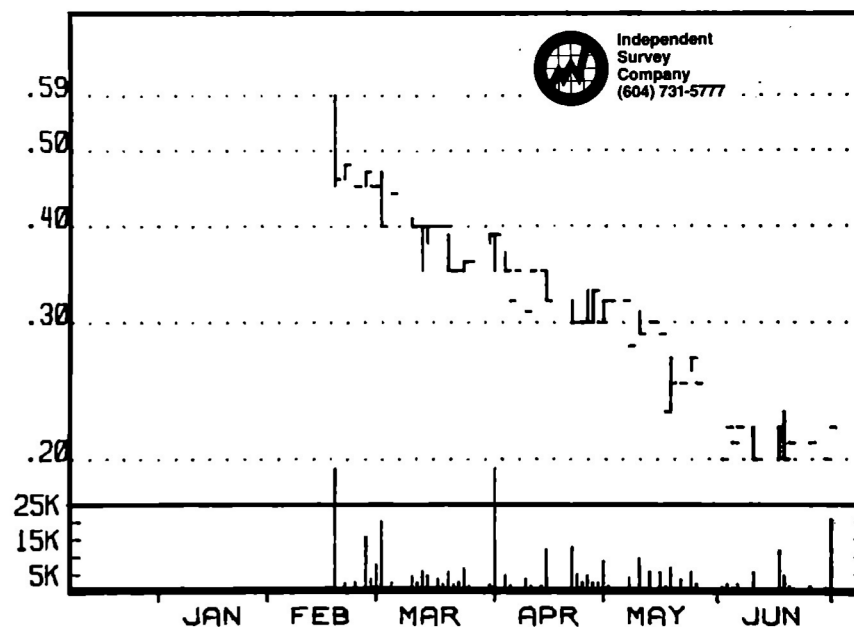
## RECOMMENDATIONS — LOW PROFILE-LOW PRICED

Listed below, in no particular order, are Low Profile-Low Priced V.S.E. listed companies that are often candidates to sudden market activity as a result of new acquisitions, changes of control or reverse takeovers. As written in our booklet "Speculating on the Vancouver Stock Exchange", we look for as many of the following clues:

- 1) low market price
- 2) favourable technical pattern
- 3) a relatively dormant company
- 4) large working capital positions
- 5) shares for debt settlement
- 6) low priced director and employee stock options
- 7) company insiders with an excellent record of promoting other issues
- 8) a small public float
- 9) company insiders buying large positions in private placements
- 10) guaranteed rights offerings
- 11) reported insider trading purchases in their stock.

### GLADSTONE RESOURCES LTD. GAO/V

<b>Shares Issued:</b>	2,038,973
<b>Escrow:</b>	750,000
<b>Director/Employee</b>	
<b>Stock Options:</b>	101,000 employee at 45¢ 101,000 director at 45¢
<b>Working Capital:</b>	Nil
<b>Price:</b>	as of June 30 - 22¢

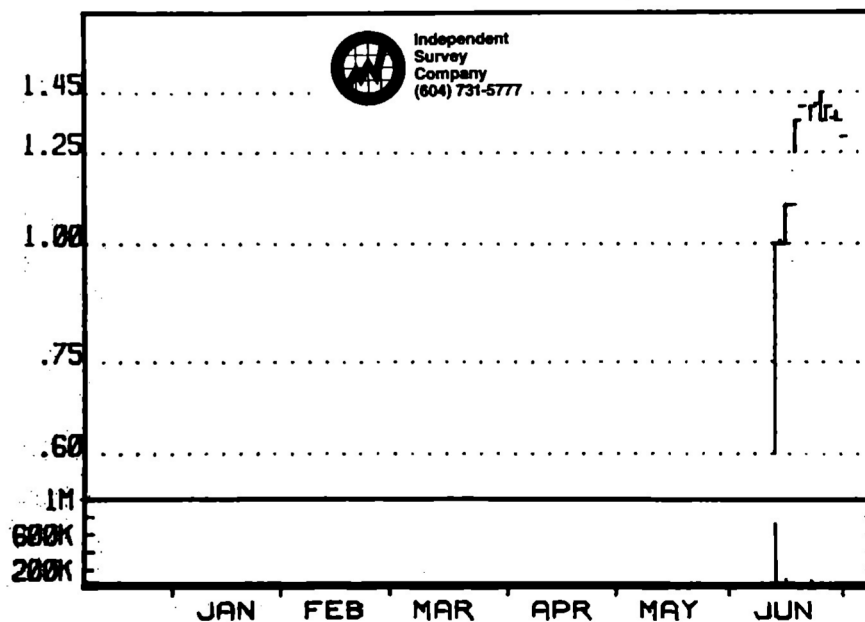


**GLADSTONE RESOURCES LTD. (GAO/V) — DAILY**

- The company went public in February, 1988 500,000 shares at 45¢.
- Holds interests in mineral properties in Nevada and California.
- Stage I on the American Gladstone property (California) will examine the western extension of the Gladstone vein (past production 206,273 ounces of gold).

### GLIDER RESOURCES LTD. GRI/V

<b>Shares Issued:</b>	1,650,001
<b>Escrow:</b>	750,000
<b>Director/Employee</b>	
<b>Stock Options:</b>	95,000 at 50¢
<b>Working Capital:</b>	\$50,000
<b>Price:</b>	as of June 30 - \$1.30



**GLIDER RESOURCES LTD. (GRI/V) — DAILY**

- Glider Resources Inc. went public June 13.
- The company holds an option to earn a 49% interest in nine mining claims in the Osoyoos Mining Division, B.C. and owns ten claims in the Cariboo Mining Division, B.C.
- In order to exercise the option on the Osoyoos property, Glider must pay \$10,000 to Makus Resources upon commencement of work and \$490,000 on exploration and development over the next 2 years.

## MARKET TIMING THE VSE INDEX

The Vancouver Stock Exchange formally launched its index in January 1982. Devised as a benchmark for the private investor, the index reflects the underlying philosophy of the Vancouver venture-capital market. Widely cited in daily news broadcasts and investment commentaries, our index provides us with a single summary figure of trading activity on any given trading day. Generally speaking, a share-price index provides a summary of the price movements of a range of shares on a particular market, over a specified period of time. Market indexes portray the "mood of the marketplace" and are widely used by financial analysts, the media and investors as analytical tools for tracking, explaining and forecasting market behaviour.

The VSE Index is comparable to other major indexes across North America. Like most of its counterparts, the index is capital weighted—that is, the companies which make up the index are given importance based on their capitalization (number of shares outstanding x market price). In this way, the largest or most highly capitalized companies have the greatest impact on index movement. The following includes the most important criteria for the VSE Index:

1. Newly listed companies are not included until 30 days after listing.
2. Where a company is already interlisted on another Canadian stock exchange, the company is included only if at least 50 percent of the share volume has taken place in Vancouver during the previous 90-day period.
3. Where a stock becomes interlisted, it will be removed from the index if trading volume on the VSE falls below 30 percent of total trading volume on all combined Canadian exchanges.
4. Since most companies only influence the index when their stock is traded, those which have been halted or suspended have no effect on index movement until such time as they are reinstated.
5. When a company is delisted, the index calculation includes its trading activity up to the end of the day it is removed from the system.

The VSE Index has a definite handicap as a result of point #3. When VSE listed companies come of age, they are usually interlisted on the Toronto or NASDAQ exchange where share volume usually far exceeds that of the VSE. Many quality issues are removed from the VSE Index as a result. We find our VSE Overbought/Oversold Oscillator more accurately reflects the "psychology" of investors vs. the VSE Index, as the Index has an obvious downside bias.

## STOCK RECOMMENDATION PRICES

Company	Symbol/ Exchange	Shares Issued	Price as of June 30/88
BGR Precious Metals Inc.	BPT.A/T	6,124,038	\$ 11¼
Ticker Tape Res. Ltd.	TKT/V	2,274,000	.41
Yukon Minerals Corp.	YKN/C	5,064,200	.90
Gladstone Res. Ltd.	GAO/V	2,038,973	.22
Glider Res. Ltd.	GRI/V	1,650,001	1.30

## SUMMARY

A very positive news release was issued on June 30th concerning Alban Exploration (one of our past recommendations which is still an excellent buying opportunity). Alban announced that Placer Dome Inc. (also one of our past recommendations) has agreed to purchase 150,000 shares of Alban, by way of a private placement, subject to regulatory approval. Alban has agreed to grant Placer Dome a first opportunity to enter into joint ventures on any of Alban's properties. A representative of Placer Dome will also be appointed as a director of Alban. This is the first time Placer Dome Inc. has ever purchased shares in a junior VSE listed company and we view this as a very positive endorsement of Alban from one of the largest gold mining companies in North America.

We continue to accumulate our recommendations on this current market weakness. Issues located in the Skyline Gold Camp look very exciting as their summer drilling programs begin. Our favourites in this region continue to be Gulf International and Consolidated Sea Gold. This area is likely to be *the* mineral play in Canada this year with Murray Pezim being in the spotlight.

Stock charts courtesy of: Independent Survey Company  
P.O. Box 6000, Vancouver, B.C. V6B 4B9 (604) 731-5777.

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