

NDU Resources has discovered a new Cu Pb Zn occurrence in central Yukon, 42 km east of Keno Hill.

The area has been known to be geochemically anomolous since 1964 and the property has been prospected previously several times.

NDU has carried out soil geochemical surveys, electromagnetic and magnetic surveys and has done minor geological mapping. Geochemical surveys are complicated by patchy cover by thick glacial deposits and very low pH water that causes difficult to interpret transported anomalies due to extensive mobilization of Cu and Zn from their sources. Expenditures by NDU on this work total \$103,000. Early in 1988 field season NDU drilled 8 holes. Four of these were to test a lead-arsenic soil geochemical anomaly at the east edge of their grid. All four intersected mineralization; the best intersection was 35' averaging 3.32% Cu, 3.68% Pb, 6.59% Zn, 2.08 oz/ton Ag and 0.03 oz/ton Au. The mineralization dips approximatley 60° to the south against the topography thus open pit potential is highly limited. The true thickness would be about 10 m. The vendors believe that there are two zones intersected by the drillholes and that no hole is long enough to have hit both zones. It is likely that this is true. Expenditures by NDU are estimated at \$300,000 for this drilling.

The mineralization is stratiform and the vendors believe that it is volcanogenic, thus it is reasonable to expect good continuity along the zone. It is hosted by muscovite chlorite schists and graphitic

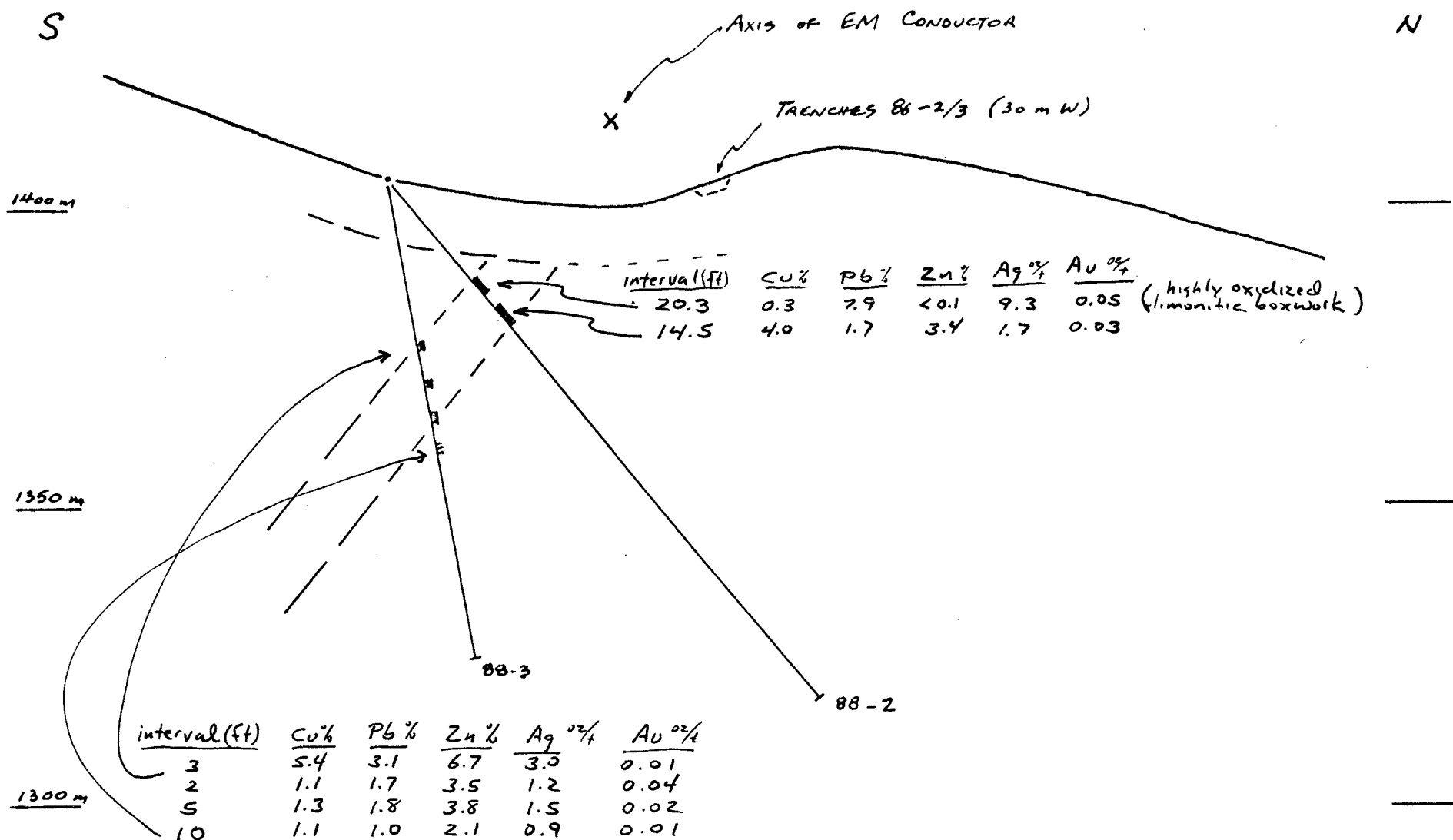
schists. There is a strike length of 380 m within which extensions to the mineralization are possible. The mineralization has not proved to be directly detectable by geophysics or geochemistry thus there are only secondary indications that the zone extends the full 380 m.

NDU owns 66 2/3% interest in the property, SMD Mining Ltd. owns 33 1/3% interest and Chevron Minerals has a 5% net profits interest. NDU is able to fund the next phase of drilling through flow through offerings but is interested in major company involvement especially a northern operator. NDU's president Jim Stephen, and Al Archer, a director, have talked a bit about terms. They want anyone to get involved with the property through the company. They see a 300,000 share private placement at \$3.00 with options on additional shares following an escalating price and block size schedule. They realize that eventual control must be assumed.

There are approximately 3,000,000 shares issued at this time, with all warrants and options there would be approximately 3,500,000 shares outstanding. The stock is currently trading around \$2.25.

This property would appear to have a reasonable chance of containing a 5 to 10 million tonne sulphide deposit. It is not likely that the 35 foot intersection noted above will be representative of overall grade. The mineralization is highly oxidized near the bedrock surface and most zinc and copper is leached out preferentially relative to lead. The deeper intersections are vuggy and some supergene enrichment of copper is

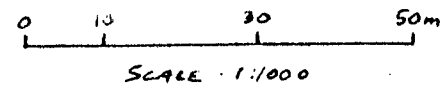
possible. The mineralization is fine grained (about midway between Faro and Grum grainsize) and may prove to be metallurgically difficult.



(highly oxidized limonitic boxwork)

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 ■ MASSIVE SULPHIDES

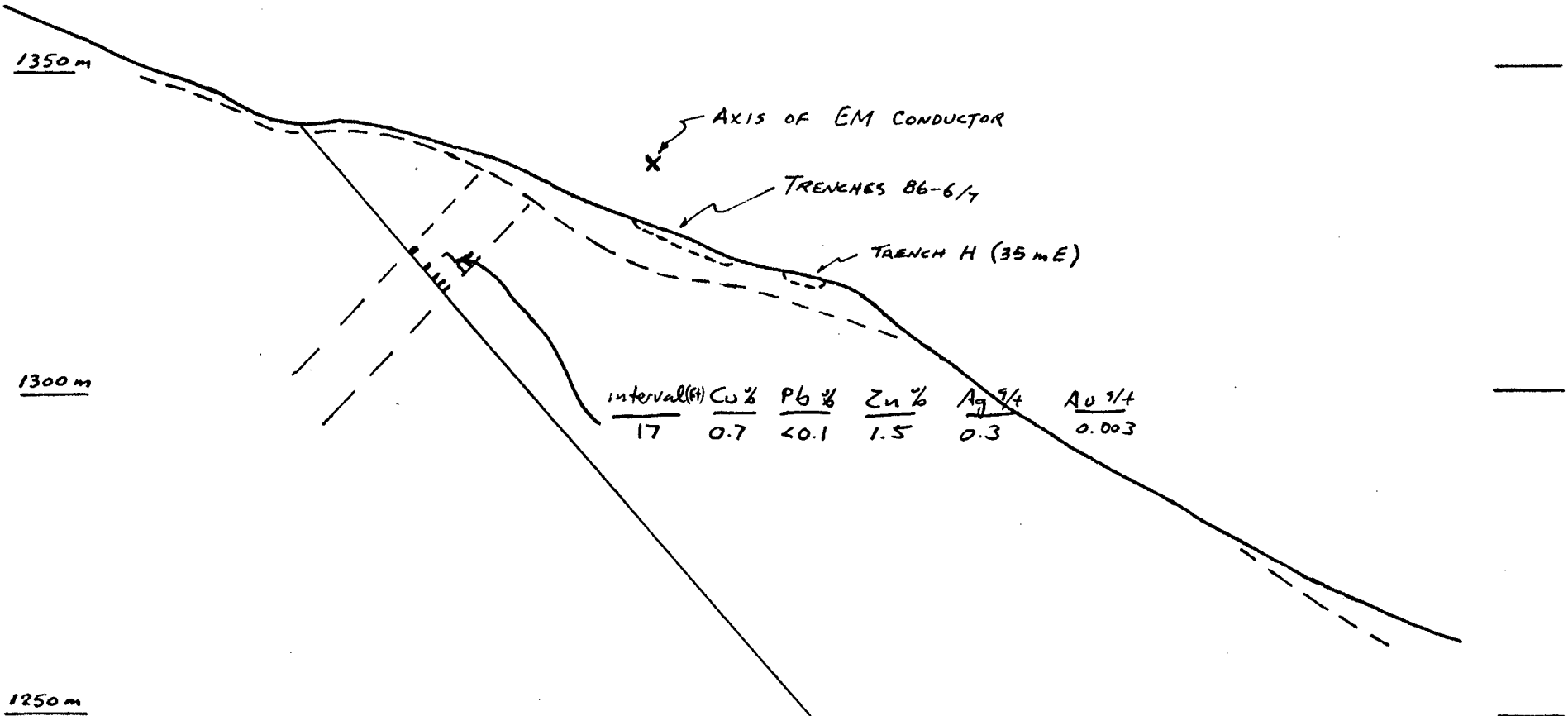
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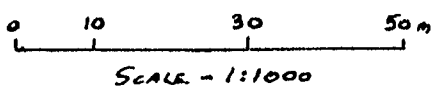
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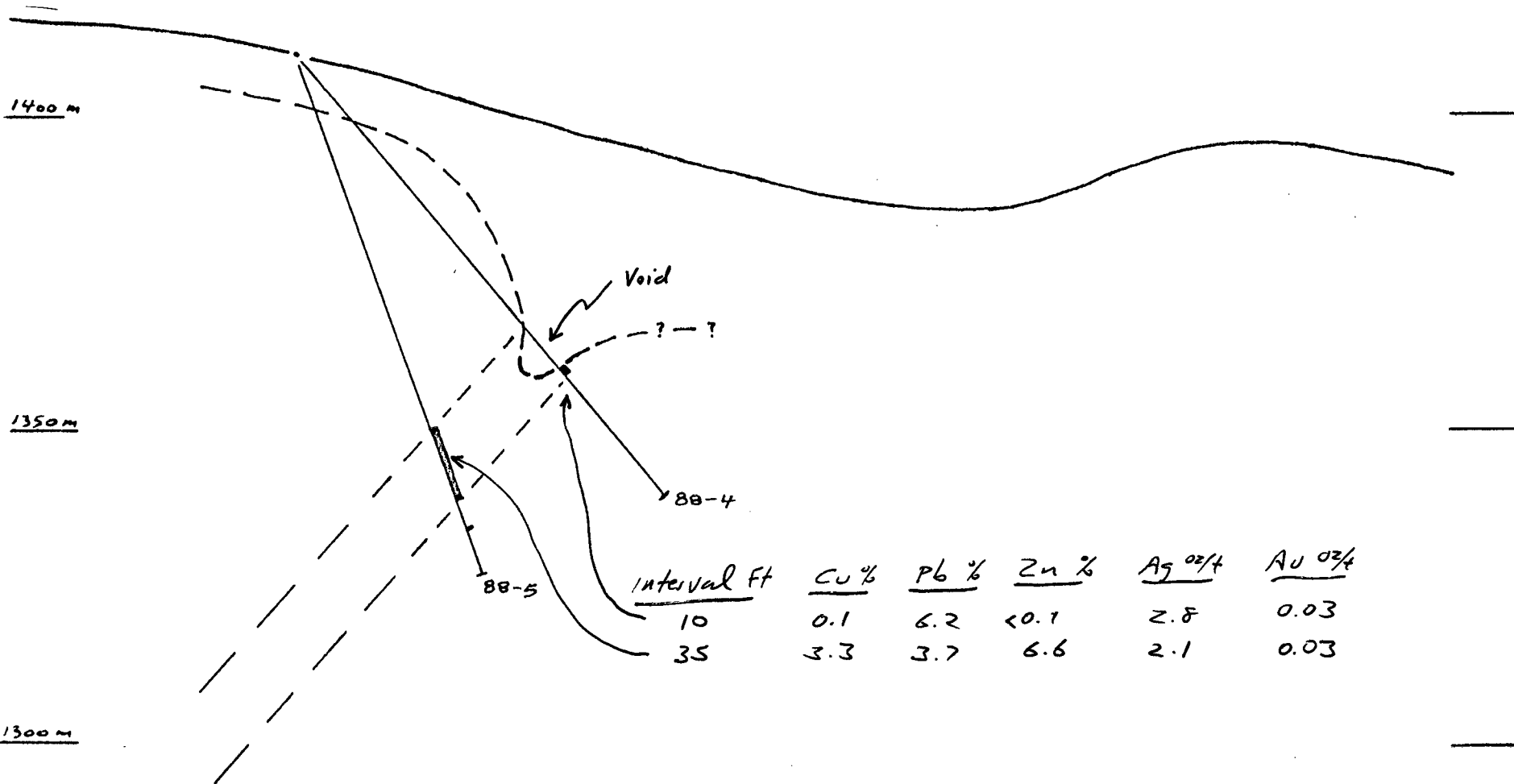
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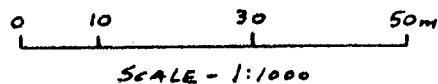
| Interval Ft | Cu % | Pb % | Zn % | Ag oz/t | Au oz/t |
|-------------|------|------|------|---------|---------|
| 10 | 0.1 | 6.2 | <0.1 | 2.8 | 0.03 |
| 35 | 3.3 | 3.7 | 6.6 | 2.1 | 0.03 |

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