

PROSPECTUS

ADASTRAL RESOURCES LTD.

062290

PROSPECTUS

March 30, 1988.

Macauley Creek Property,
Whitehorse Mining Division,
Yukon Territory

1.

NAME AND INCORPORATION

Adastral Resources Ltd. (the "Issuer") was incorporated as a Specially Limited Company on November 15, 1971 under the name of Adastral Mining Corporation Ltd. (N.P.L.) by the registration of its memorandum and articles. Effective June 17, 1987 the Issuer changed its name to Adastral Resources Ltd., ceased to be a Specially Limited Company, altered its memorandum by consolidating all of its shares on the basis of one post-consolidation share for each three pre-consolidation shares, increased its authorized capital to 10,000,000 common shares without par value and adopted new articles. Upon the issuance of a receipt for its final prospectus by the British Columbia Securities Commission, the Issuer will be a reporting company.

On April 6, 1987, the Issuer was registered to carry on business in Yukon Territory.

The address of the head office of the Issuer is 806-602 West Hastings Street, Vancouver, B.C., V6B 1P2, and the address of its registered and records office is Box 49200, Four Bentall Centre, 2500-595 Burrard Street, Vancouver, B.C., V7X 1L1.

2.

DESCRIPTION OF BUSINESS

The Issuer is engaged in the acquisition, exploration and development of mineral properties. The Issuer holds the mineral properties herein described and intends to seek and acquire additional properties worthy of exploration and development.

3.

PROPERTIES OF THE ISSUER

A. Macauley Creek Property, Whitehorse Mining Division, Yukon Territory

1. Terms of Acquisition

The property comprises a total of 59 claims of which three claims (the "Adastral Ground") are held as to 100% by the Issuer and 56 claims comprising 52 Goat Claims and four Ridge Claims (the "Kennco Ground") are held under option.

The Adastral Ground was originally located by the Issuer in 1972 as a part of a larger claim group. The Issuer has maintained the three claims with the highest potential value by arranging to have work carried out on the claims or by paying cash in lieu of the performance of work.

By agreement dated April 6, 1987 (the "Kennco Agreement") with Kennco Explorations, (Western) Ltd. ("Kennco") of Suite 1609, 8 King Street East, Toronto, Ontario, M5C 1B5, the Issuer was granted the exclusive option to purchase a 100% interest in the Kennco Ground by paying to Kennco the sum of \$250,000 on or before January 31, 1992. As long as the option is in effect,

the only obligation of the Issuer involving a significant financial obligation is to maintain the Kennco Ground in good standing; there are no periodic cash payments required to be made to Kennco.

If the option is exercised, the Issuer will pay royalties to Kennco as follows:

- (a) 2% of net smelter returns in respect of the Kennco Ground, and
- (b) 2% of net smelter returns in respect of the Adastral Ground, up to a cumulative total of \$500,000.

2. Location and Access

The property is situated adjacent to the Yukon-British Columbia boundary in southwestern Yukon, approximately 78 km. south of Whitehorse (Figure 1). The property is reached by helicopter from the Mount Skukum Mine approximately 23 km. to the north of the property. A road connects the Mount Skukum Mine to Whitehorse.

The property is above timber-line and ranges in elevation from 1350 m. to 2100 m. above sea level.

3. Prospecting History and Work Already Undertaken by Issuer

The first recorded prospecting in the area was carried out in 1972 by J.R. Woodcock, the President of the Issuer, who conducted a brief program of geochemical exploration for precious metals and discovered oxidized float on glacial moraines along the south branch of Macauley Creek. Some of the samples taken by Mr. Woodcock assayed as high as 1,192 ounces of silver per ton and 1.42 ounces of gold per ton. In 1972 and 1973 the Issuer located 30 claims to cover all the known and potential mineralized areas.

In 1973 Dome Explorations (Canada) Ltd. and Jorex Limited optioned the claims from the Issuer and contracted J.R. Woodcock Consultants Ltd. to conduct a mapping program on and around the claims. During the course of this work, the Discovery Zone (Macauley Creek East Zone) and the West Vein System were discovered. Because of low metal prices for gold and silver at the time, the option terminated and the property title returned to the Issuer.

In 1980 and 1981, Kennco located 131 claims over the Adastral Ground, and carried out a program of prospecting and mapping. During the course of this work, six additional precious metal showings were discovered. Kennco subsequently curtailed its exploration program due to budget reductions, but retained

the 52 Goat Claims forming part of the Kennco Ground by paying cash in lieu of the performance of work.

Management of the Issuer estimates that the Issuer has spent approximately \$20,821 on the exploration of the property. Other parties have spent an additional approximately \$160,000 on the exploration of the property.

4. Underground and Surface Plant and Equipment

There is no surface or underground plant or equipment on the either the Adastral Ground or the Kennco Ground other than as disclosed herein and there has been no underground exploration thereon except as herein set forth. **The aforesaid property is without a known body of commercial ore and the proposed program is an exploratory search for ore.**

5. General Geology

Within the northeastern part of the Coast Crystalline Complex in southern Yukon Territory are two centres of Tertiary volcanic rocks of the Skukum Group including the Mount Skukum block and the Bennett Lake Complex. The Bennett Lake centre represents a cauldron subsidence, which is marked by a bounding discontinuous ring dike with diameter 23 kilometers. Within this ring dike is a sequence of flat lying Tertiary acid volcanics, mainly tuffs and ignimbrites, in addition to a felsite sill and some felsite dikes. Erosion has removed much of the volcanic complex revealing large sections of the acid pyroclastics and exposing the basement batholithic rocks and the ring dike. The Issuer's Macauley Creek Property is situated in the approximate centre of the Bennett Lake cauldron subsidence feature (see Figure 1).

6. Mineralization

A number of veins and stringers within the volcanic rocks on the property contain sulphides including arsenopyrite and galena, and much of this sulphide mineralization has associated precious metals. Brief descriptions are given for four showings. The Discovery and West Vein System are on the Adastral Ground; the Jake and Mouse are on the Kennco Ground.

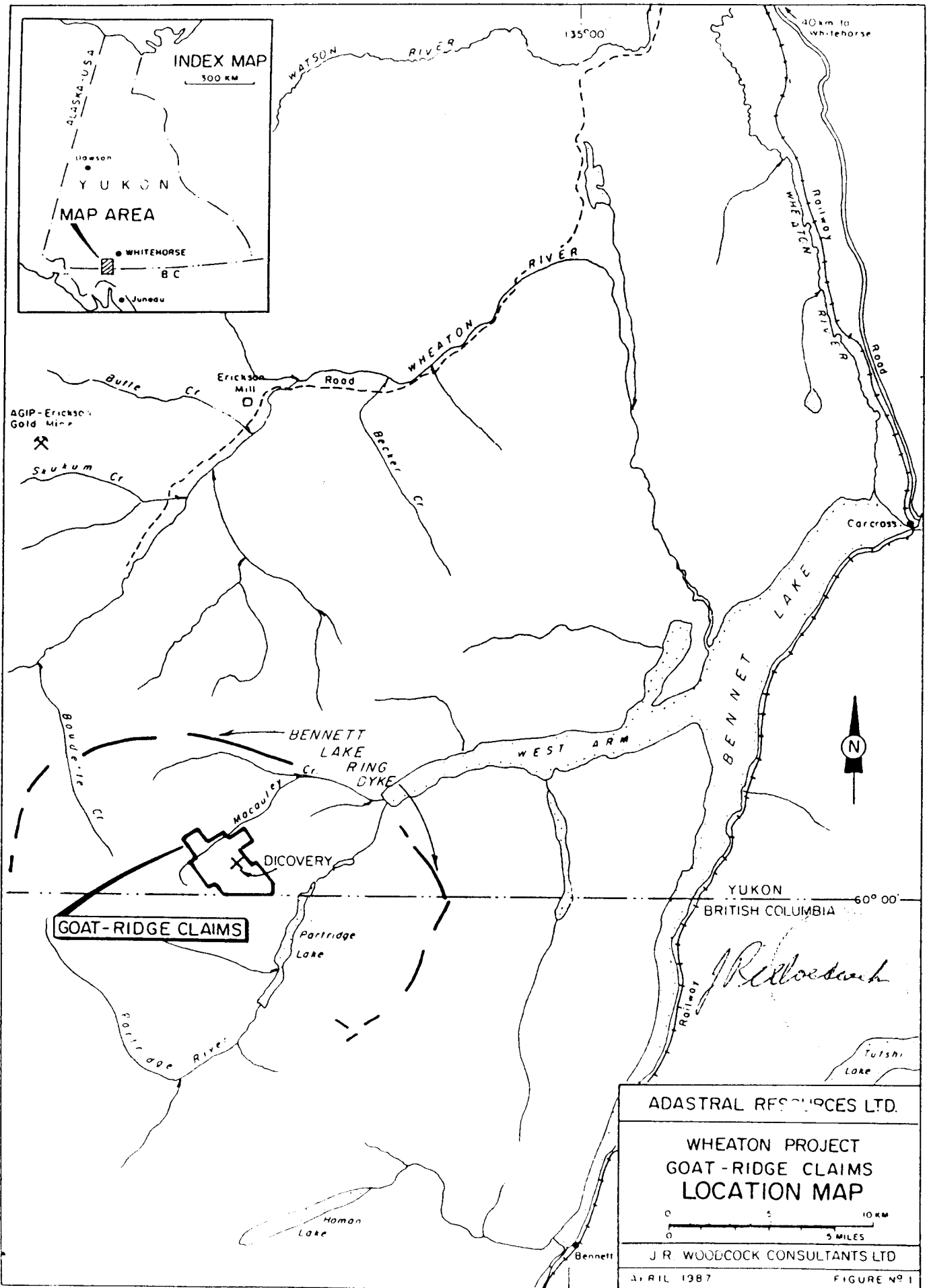


Figure 1

i) Discovery Showing

The Discovery showing, which occurs in steep topography at the head of a subsidiary drainage of Macaulay Creek, is the source of the high grade float discovery in 1972. A gossan, which is exposed over a length of 270 meters with a horizontal width of up to 100 meters, marks an alteration zone. On the geological map (Figure 2) these have been divided into "altered volcanic rock" and "mineralized rock." The altered volcanic rock is a purple colour and contains a stockwork of quartz veinlets. The mineralized rock is variably silicified and contains arsenopyrite, pyrite, galena, some chalcedony, and occasionally fluorite. Much of the mineralized rock is oxidized with a depletion of sulphide and formation of limonite and scorodite. Microscopic examination of a sulphide-rich specimen shows the presence of arsenopyrite, chalcopyrite, covellite, minor galena, and abundant scorodite. Argentite (a silver mineral) is mixed with the scorodite and also replaces galena. The silver and also the gold values are associated with the lead; arsenopyrite by itself appears to be devoid of precious metals.

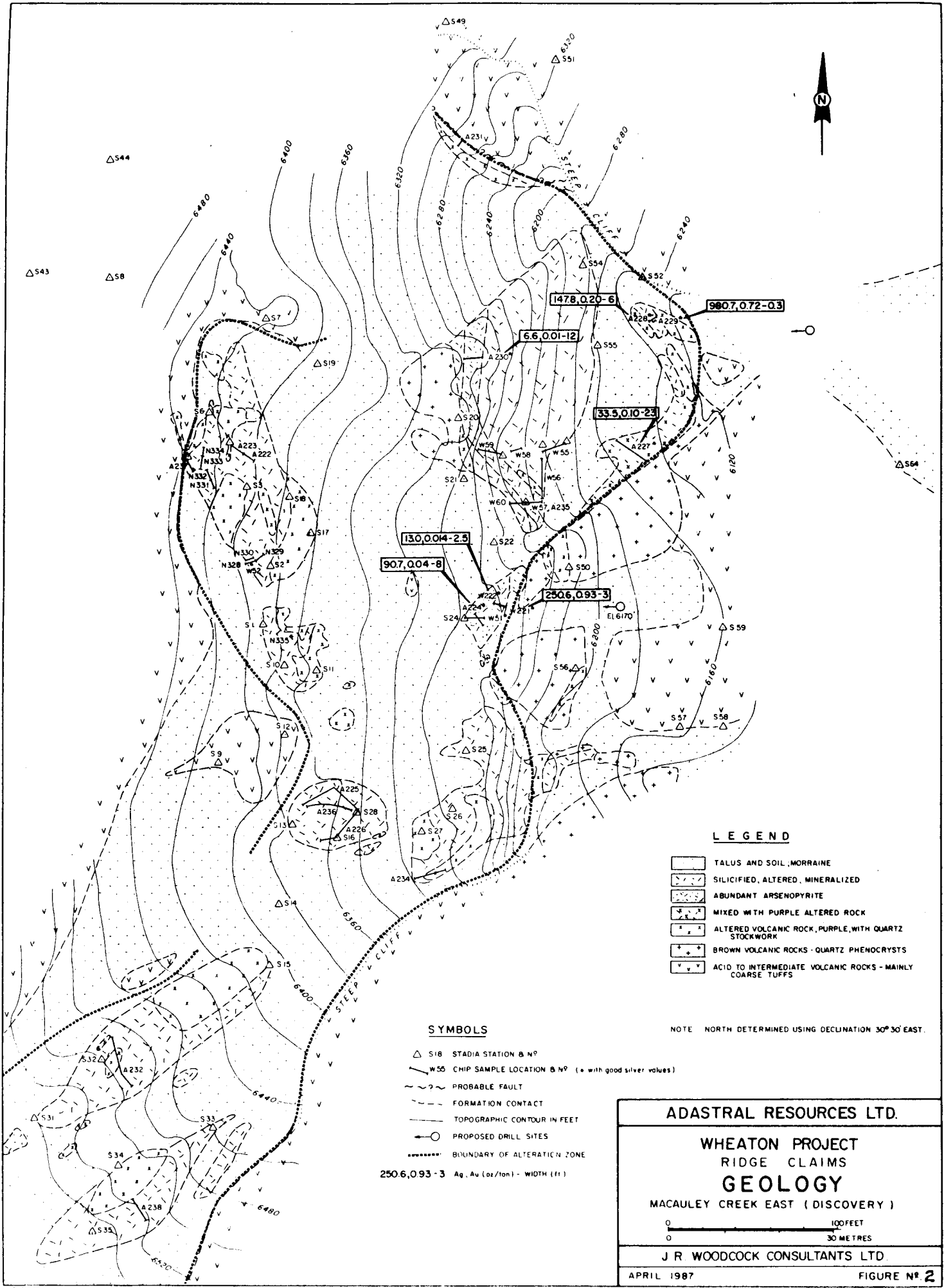
About 37 chip samples were taken on the alteration zone; the locations are shown in Figure 2. The more significant values are shown in boxes on this figure. The best values were obtained along the eastern hanging wall contact of the alteration zone. Values from three sample sites along a length of about 100 meters at the eastern contact yielded high silver values (33.5 to 250 oz. per ton) accompanied by somewhat erratic gold values (0.04 to 0.97 oz. per ton).

ii) The West Vein System

The West Vein System also occurs on the Adastral Ground. It consists of a number of parallel or subparallel veins of carbonate and arsenopyrite that occur in volcanic rocks over an exposed width of about 130 meters. This systems has low precious metal values; however mineralized float was picked off talus to the east. A galena-rich specimen assayed 15 oz/ton Ag and 0.92 oz/ton Au; a scorodite-rich specimen from the same locality assayed 10 oz/ton Ag and 0.29 oz/ton Au.

iii) The Jake

This showing lies south of Adastral's West Vein System and includes some mineralized chalcedonic veins. A few



LEGEND

- TALUS AND SOIL, MORRAINE
- SILICIFIED, ALTERED, MINERALIZED
- ABUNDANT ARSENOPYRITE
- MIXED WITH PURPLE ALTERED ROCK
- ALTERED VOLCANIC ROCK, PURPLE, WITH QUARTZ STOCKWORK
- BROWN VOLCANIC ROCKS - QUARTZ PHENOCRYSTS
- ACID TO INTERMEDIATE VOLCANIC ROCKS - MAINLY COARSE TUFFS

NOTE NORTH DETERMINED USING DECLINATION 30° 30' EAST.

SYMBOLS

- S18 STADIA STATION & N°
- W55 CHIP SAMPLE LOCATION & N° (* with good silver values)
- PROBABLE FAULT
- FORMATION CONTACT
- TOPOGRAPHIC CONTOUR IN FEET
- PROPOSED DRILL SITES
- BOUNDARY OF ALTERATION ZONE

2506,093-3 Ag, Au (oz/ton) - WIDTH (ft)

ADASTRAL RESOURCES LTD.

WHEATON PROJECT
RIDGE CLAIMS
GEOLOGY
MACAULEY CREEK EAST (DISCOVERY)

0 100 FEET
0 30 METRES

J R WOODCOCK CONSULTANTS LTD.

APRIL 1987

FIGURE N° 2

chip samples are reported across such vein material. One of these assayed 1.39 oz/ton Ag plus 0.41 oz/ton Au across 2.5 meters and a second assayed 0.11 oz/ton Ag and 0.002 oz/ton Au across 3.3 meters. Another chip sample across vein material assayed 17.5 oz/ton Ag and 0.19 oz/ton Au across 0.6 meters.

iv) The Mouse

This is in area where good values were obtained in mineralized float along a gulley and in the cirque at the head of the gulley. Analytical results from 11 of these pieces of float are reported by Kennco. Most have some silver values; results of the five best samples plus the results of two samples from the float in the cirque are as follows:

<u>% Cu</u>	<u>% Pb</u>	<u>% Zn</u>	<u>oz/ton Ag</u>	<u>oz/ton Au</u>
0.287	2.48	.83	176.0	0.051
0.097	3.74	0.11	234.0	0.132
0.01	0.73	0.02	49.9	0.01
0.01	0.59	0.01	53.2	0.009
0.11	2.48	0.08	192.0	0.223
0.06	1.32	0.13	96.0	0.051
2.17	0.05	0.03	12.4	0.183

7. Conclusions and Recommendations

The presence of the numerous precious metal prospects in the Wheaton River district including the new AGIP deposit suggest a precious metallogenic province. The association with a cauldron subsidence structure at Macauley Creek in addition to the good silver-gold values in a number of the samples indicates that the property merits further exploration for precious metal deposits.

The best prospect mapped to date is the Discovery prospect where the precious metal values are found in an altered gossan zone, mainly concentrated along the easterly faulted hanging wall of this zone. The effect of the surface weathering and oxidation on the precious metal values is not known; however J.R. Woodcock suggests that the hypogene zone should also have high values.

The Discovery prospect is sufficiently advanced so as to be drilled without further work. Additional surface sampling will refine the surface picture but will not give any information on the variations with depth. A Stage I program to include 2500 feet of diamond drilling is recommended. Two drill sites have been prepared to the east of and above the hanging wall contact and a number of drill holes can be fanned out from each of these

sites. Maximum recovery is desirable; therefore NQ core has been recommended.

The results of this first drill phase should give information on the precious metal values in the unweathered rock; on the distribution of values within the eastern high grade part of the zone; and on the possibility of finding other precious metal shoots under the rest of the gossan zone.

During the drill program, additional surveying and geological mapping should be carried out to further refine the map made for Dome Explorations in 1973. In addition, as part of Stage I, other prospects on the claims and adjacent areas should also be mapped, trenched, and sampled with a view to exploring them in Stage II of the program or in the following season.

The results of the mapping program and the diamond drilling of Stage I should give information to enable the geologists to select appropriate drill sites for the next stage of the drilling.

Some drill core should be used for preliminary bench tests to determine distribution of precious metals and recoveries.

The budget estimates as shown separately include \$220,000 for the Stage I drill program; \$45,000 for the Stage I mapping program, making a total for Stage I of \$265,000 and an amount of \$245,000 is estimated for the success-contingent Stage II drill program.

Budget

Drill Program, Stage I

Helicopter (mob, demob, drill set-up, supply trips)	\$ 27,000
Drill and camp site preparation, mobilization costs	8,000
Direct drilling costs 2,500 feet at \$34	85,000
Misc. drill supplies - polymer, core boxes, water, etc.	9,500
Mob and demob drill and crew, camp construction	7,000
Geologist and assistant for drill program	17,500
Consulting, management, field mapping	6,000
Equipment rentals, misc. supplies, food for geologist and staff, etc.	6,000
Assays	6,000
Report, drafting, etc.	6,000
Travel	3,000
Freight, vehicle	5,000
Claim costs (Assessment Work)	5,500
Contingency	<u>28,500</u>
Sub-Total	\$220,000

Mapping the Other Prospects, Stage I

Helicopter support from Skukum	\$10,000
Geologist and assistants	\$ 9,500
Assays	3,500
Camps, Supplies, misc.	7,500
Trenching and sampling	10,000
Report, drafting	<u>4,500</u>
Sub-Total	<u>\$ 45,000</u>
Total Stage I	<u><u>\$265,000</u></u>

Drill Program, Stage II

Site preparation	\$ 8,000
Direct drill costs 4,000 feet at \$34	136,000
Misc. drill supplies	12,000
Helicopter supply trips	6,000
Geologist and assistant 30 days at \$500	15,000
Consulting, management	5,000
Drafting, report	4,000
Assays	8,000
Rentals, supplies, food	6,000
Preliminary bench tests	15,000
Contingencies	<u>30,000</u>
Total	<u><u>\$245,000</u></u>

The Issuer proposes to carry out Stage I of the recommended program at an estimated cost of \$265,000, which amount will be raised from the proceeds of the Offering. The Issuer does not intend to proceed with Stage II of the recommended program unless favourable results are encountered on Stage I.

The foregoing is taken in part from, and is based in reliance on a report on the property (the "Woodcock Report") dated April 15, 1987 by J.R. Woodcock, endorsed by C.J. Westerman Ph.D. The Woodcock Report is available for inspection during normal business hours during the distribution of the securities offered hereunder at 720-999 West Hastings Street, Vancouver, B.C. V6C 2W2.