

May 20, 1988

062293

REPORT ON THE
GREW CREEK PROPERTY
YUKON TERRITORY, CANADA
NTS 105F/15 and 105K/2

For

ARGO DEVELOPMENT CORP.
#1550 - 609 Granville Street
Vancouver, B.C.
V7Y 1C6

By

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Delta, B.C.
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JANUARY 9, 1988

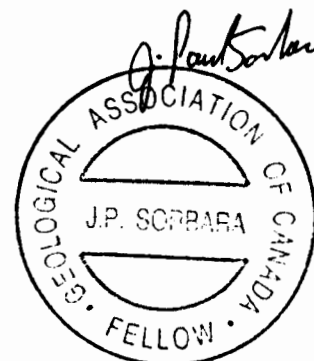


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SUMMARY

Argo Development Corp. of Vancouver, British Columbia, holds an option on 280 mineral claims in the Yukon Territory that surround the eastern section of a newly discovered epithermal gold deposit being explored by Noranda Exploration and Golden Nevada Resources. This deposit is very significant and is Noranda's best property in British Columbia and the Yukon. Work to date on it has included drill intersections of 103.3 feet grading 0.34 oz gold/ton and 4.4 oz silver/ton.

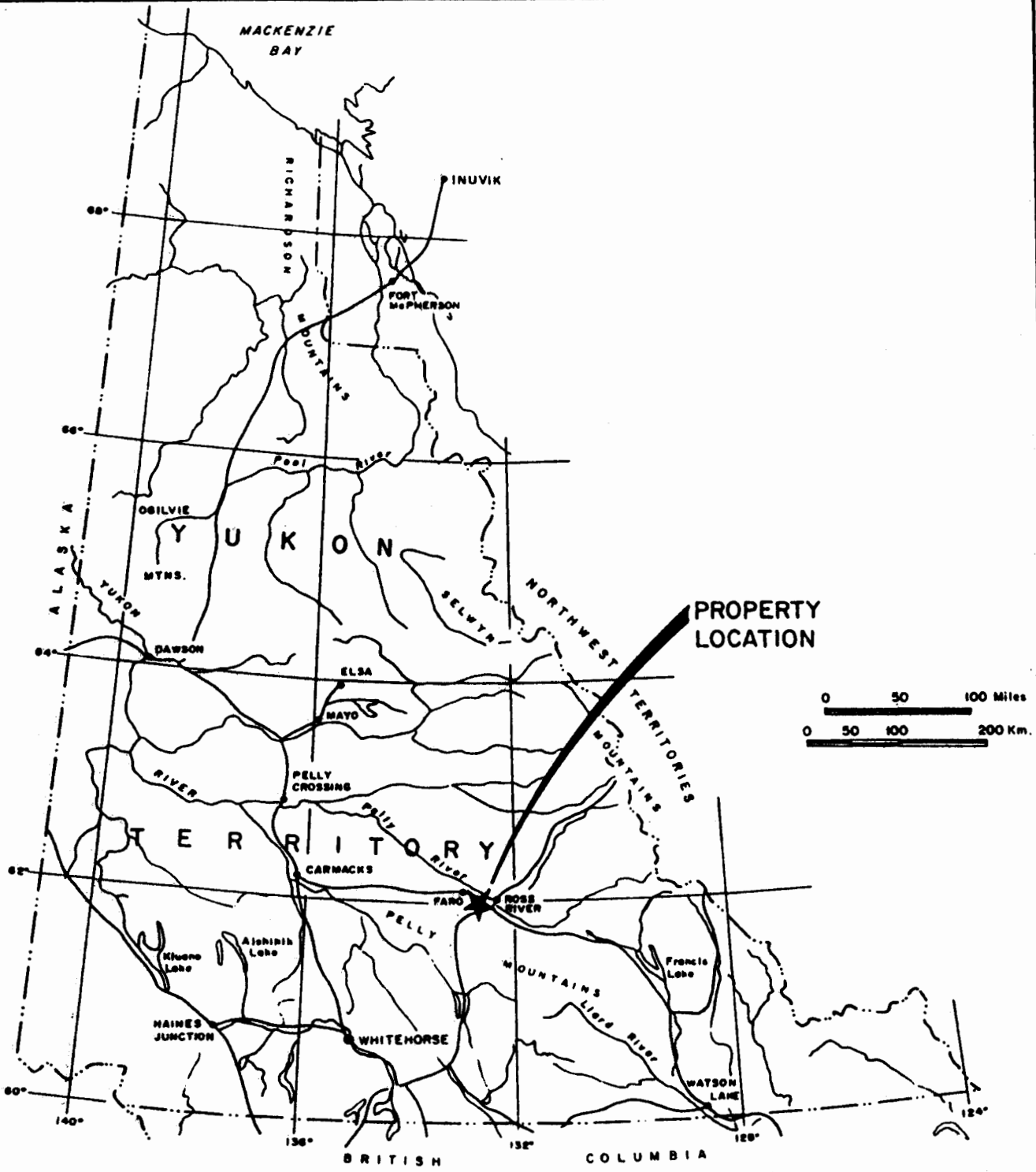
The Argo Development Corp. property is strategically located with respect to the controlling structures and known mineralization on the Noranda/Golden Nevada property. Little or no work has been done on this property which is believed to have the potential to host epithermal mineralization, possibly related to the nearby known mineralization.

A program of exploration designed to test the potential of the Argo Development Corp. property is recommended by the writer.

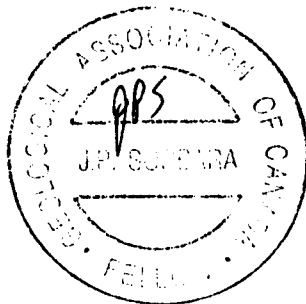
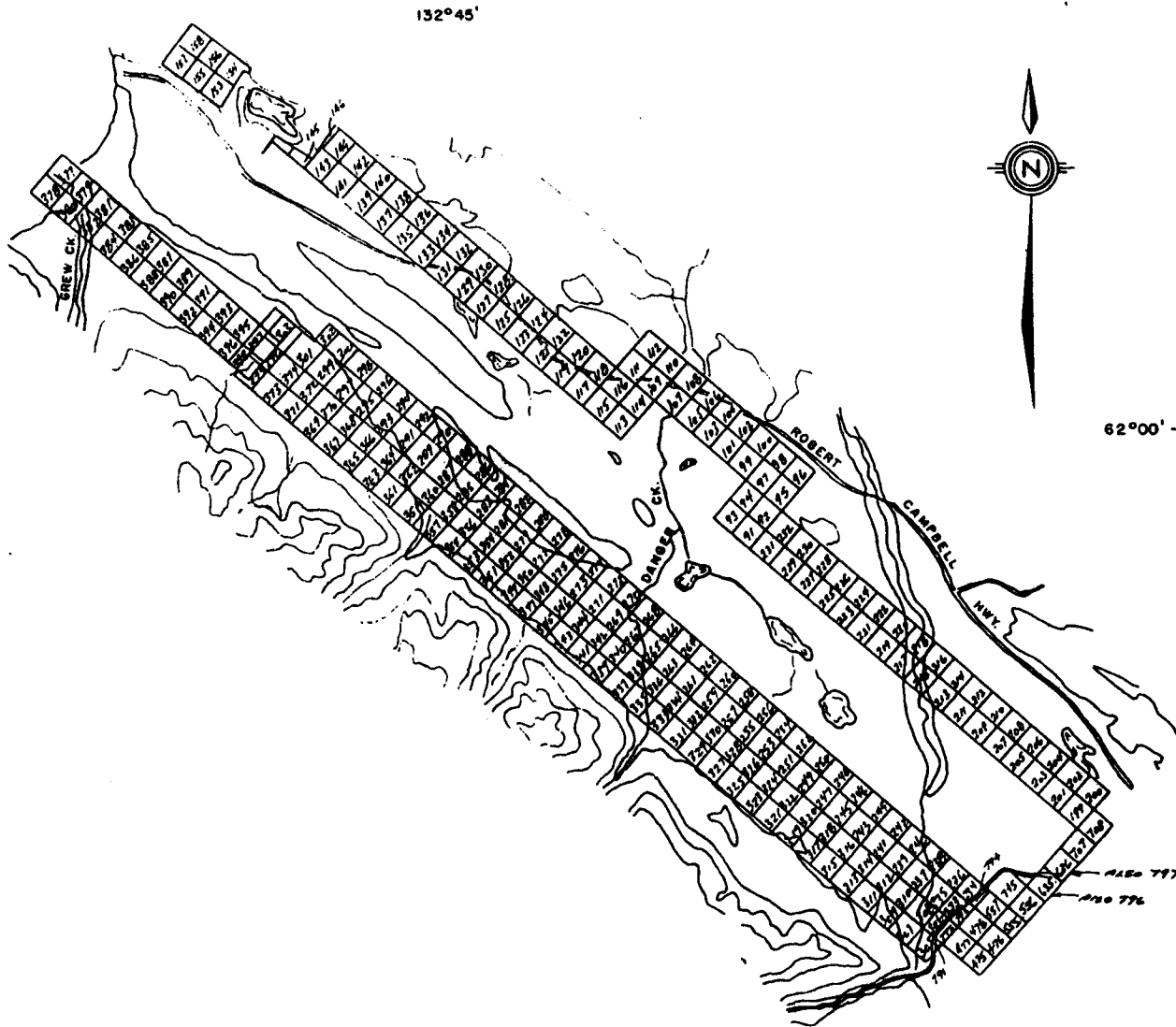
INTRODUCTION

This summary and evaluation of the Grew Creek Property is done at the request of Mr. Murray Garrison, on behalf of Argo Development Corp. The main purpose of the report is to evaluate the potential of the property for hosting precious metal deposits of the epithermal type and to propose an exploration program designed to test that potential.

The report is based upon a review of the work that has been conducted on the adjacent Noranda/Golden Nevada Resources property since it was staked in 1983 and upon other published



ARGO DEVELOPMENT CORP.		
GREW CREEK PROPERTY		
GENERAL LOCATION MAP		
ROSS RIVER AREA		
YUKON TERRITORY		
Scale: 1 cm = 63 Km. 1" = 100 Miles	Date: Jan. 5, 1988	N.T.S. 105 F/15 105 K/2
J.P. SORBARA & ASSOCIATES		Figure: 1



ARGO DEVELOPMENT CORP.		
GREW CREEK PROPERTY		
CLAIM MAP		
Scale: 1:125,000 1" = 2 miles	Date: Jan. 1988	N.T.S. 105 F/15 105 K/2
J.P. SORBARA & ASSOCIATES		Figure: 2

geological maps and reports on the Yukon Territory. The writer has worked throughout the Yukon, is familiar with the property area, and wrote the Engineering Report (dated April 8, 1987) on the adjacent Noranda/Golden Nevada property. He has not, however, geologically examined the property personally and an examination at the time of writing was not practical due to winter conditions.

PROPERTY AND OWNERSHIP

The property which is the subject of this report comprises 280 quartz claims located about 10 kilometers west of the town of Ross River in the Yukon Territory. Ownership of these claims is held by Prime Capital of Vancouver, B.C. who has granted an option to Argo Development Corp. by which Argo Development Corp. can earn a 100% interest in the property by funding exploration over a several year period.

A list of the pertinent claim data is given below:

<u>CLAIM NAME AND NUMBER</u>	<u>RECORD DATE</u>
RAN 91 to 120	November 23, 1987
RAN 121 to 146	November 24, 1987
RAN 153 to 158	November 24, 1987
RAN 199 to 232	November 24, 1987
RAN 233 to 304	November 25, 1987
RAN 305 to 376	November 25, 1987
RAN 377 to 398	November 25, 1987
RAN 475 to 478	November 30, 1987
RAN 555 to 557	November 25, 1987
RAN 635 to 636	December 14, 1987
RAN 707 to 708	November 25, 1987
RAN 791 to 794	November 25, 1987
RAN 795 to 797	November 25, 1987

TOTAL: 280 Claims.

LOCATION AND ACCESS

Argo Development Corp.'s property on Grew Creek is located in the south-central portion of Canada's Yukon Territory. The property is centered at approximately latitude 62°03'N and longitude 132°43'W and can be found on NTS Map Sheets 105F and 105K. The center of the property is 10 kilometers west of the town of Ross River and 40 kilometers southeast of the mining town of Faro.

The Argo Development Corp. claims surround the eastern half of the Noranda/Golden Nevada property which has had excellent results over the past year (Figure 3).

Access to the property is excellent. The all-weather Robert Campbell Highway leading to Ross River runs along the northern section of the property (Figure 2). In addition, the Faro-Ross River power grid is very close and accessible to the property.

HISTORY AND PREVIOUS WORK

The history of mineral exploration in the southern Yukon dates back past the Klondike Gold Rush of 1898. This large region has seen renewed exploration efforts in several periods dating back to the early 1900's. The large Faro lead-zinc mine was found 40 kilometers northwest of Grew Creek.

The history of the Noranda/Golden Nevada property on Grew Creek, apart from very minor earlier work, dates back to 1983. In June of that year, Mr. A. Carlos was prospecting in the area and discovered a small knoll that was formed as a result of intense silicification of rhyolitic volcanics. He staked the Canyon 1 to 40 claims to cover this showing and in November of

1983 signed an option agreement with Hudson Bay Exploration. Additional claims were added in 1984 to form a continuous belt of 482 claims.

In March, 1984, Hudson Bay started exploration with VLF-EM, magnetic and gradiometric surveys as well as geological mapping and lithochemical sampling. This work showed that covered basic volcanic rocks could be distinguished from more favourable felsic units by magnetics and that the showing area was in a zone of low resistivity. A small cat trenching and diamond drilling program extended the known mineralization with significant values in all but one of the holes.

Further drilling was done in the fall of 1984, bringing the total to 1,732 meters in 13 holes, with the aim of testing the limits of the zone with long step-out holes. Results showed structural complexity and were considered disappointing.

Phase I of the 1985 exploration program consisted of mapping and geochemical sampling over a large portion of the property and resulted in the discovery of a new mineralized zone, called the Tarn zone, 2 kilometers east of the original Grew zone.

Phase II trenching of both the Tarn and Grew zones as well as till sampling to locate potential bedrock sources for gold were successful. The geology of the silicified zones was well exposed and mapped. The till sampling indicated a basal anomaly and at least one other anomalous horizon in the till up-ice of the Grew Creek and down-ice of the Tarn zone.

The last phase of 1985 exploration involved the sinking of 19 rotary drill holes (1,660 meters) in order to test till sections between the two mineralized zones and the bedrock beneath the Tarn alteration zone. This work resulted in the iden-

tification of the anomalous gold horizon in one line of holes, two anomalous zones in the Tarn zone and the probable continuation of the southern portion of the Grew Creek zone.

In 1986, Hudson Bay Exploration was, unfortunately, unable to raise money for their own exploration and could not find a joint venture partner to continue work. The claims reverted to Mr. Carlos in January, 1987 and the property was then optioned by Noranda Exploration Co., Ltd. who explored the property jointly with Golden Nevada Resources Ltd. in 1987.

During 1987, exploration work on the Noranda/Golden Nevada property has elevated it to the status of one of the Yukon's most promising properties. Diamond drilling has shown the deposit to be stratabound, with good gold grades occurring in tuffaceous rocks. The deposit has tonnage potential and is viewed by Noranda's President, John Harvey, to be their best property in British Columbia and the Yukon (Northern Miner, January 11, 1988).

The latest drill results include 103.3 feet grading 0.34 oz gold/ton and 4.4 oz silver/ton from Hole No. 87-29. This interval included a section of 59.1 feet averaging 0.55 oz gold/ton and 7.6 oz silver/ton (Northern Miner, January 11, 1988).

Encouraged by these exceedingly good results, Argo Development Corp. acquired an option on their claims which surround the eastern half of the Noranda/Golden Nevada property. Little or no work has been done on these new claims which Argo Development Corp. hopes to explore in 1988.

REGIONAL GEOLOGY AND MINERALIZATION

The Tintina trench is a major tectonic fault feature

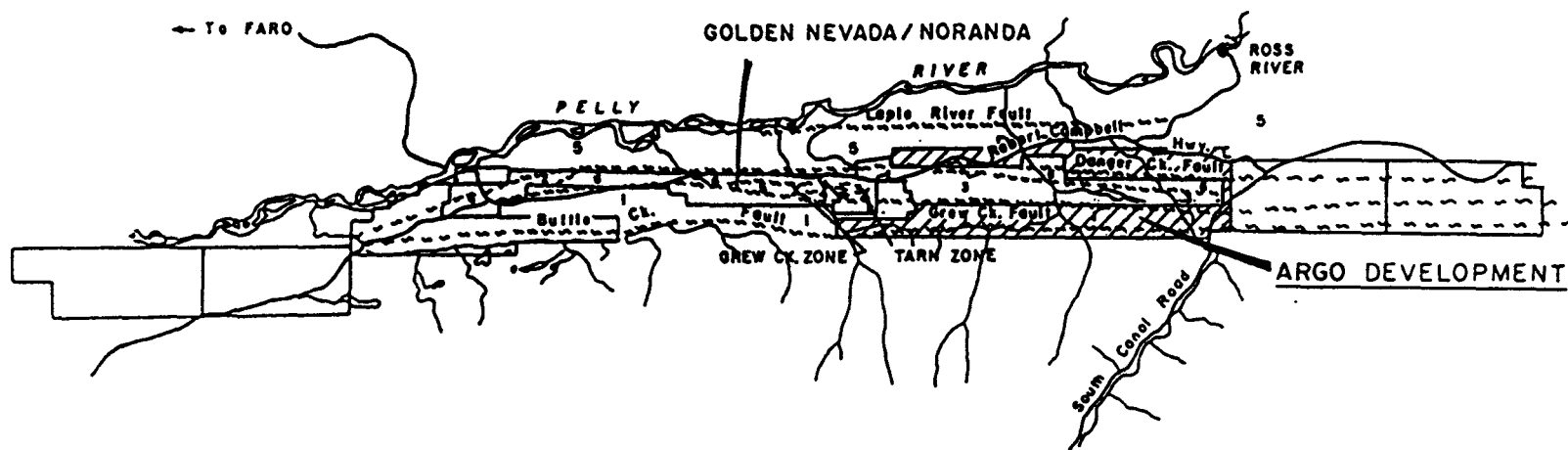
formed during late Cretaceous which has a right lateral displacement of about 450 kilometers. At Grew Creek, epithermal gold and silver mineralization is found within Eocene felsic volcanic rocks in the Tintina trench.

In the Grew Creek region, rocks of the Pelly-Cassiar Platform have been faulted up against rocks of the Anvil Allochthon. The Pelly-Cassiar rocks comprise paleozoic phyllite, argillite and laminated cherts of the Kechika Group while the Anvil rocks eugeoclinal equivalents of the Selwyn Fold Belt (Tempelman-Kluit, 1972).

The Grew Creek area itself is believed to be underlain by the lithology of a generally andesitic to basaltic stratovolcano that lies within a fault bounded graben that is part of the Tintina system. The structures defining this graben, the Grew Creek and Danger Creek faults, trend acutely towards the main Tintina fault system and are believed to be deep seated in nature and may have controlled the emplacement of magmatic intrusions. Other faults in the project area are the Buttle Creek and Lapie River faults which are roughly parallel to, and outside of, the Grew Creek and Danger Creek structures (Figure 3).

Limestone and basaltic volcanic rocks of Permian age are faulted against metasedimentary and metavolcanic rocks of Silurian age along the outer faults. Within the inner block are preserved basic to acid volcanics and clastic sedimentary rocks of Cretaceous and Tertiary ages. The mineralized zones found to date on the Noranda/Golden Nevada property are epithermal centers within this inner block.

A series of porphyritic rhyolite flows is reported to underlie the area from Rat Creek southeast to the Lapie River. Rhyolitic to intermediate tuffs with minor interbedded andesite and dacite lie to the northwest of the porphyritic rhyolite.



LEGEND

TERTIARY

- 6 Sandstone, conglomerate, shale, coal, minor basaltic tuff.
- 5 Basaltic tuff, basalt, andesite, dacite, sandstone.
- 4 Felsic flows and tuffs.
- 3 Rhyolite flows and arkose, basaltic tuffs, conglomerates.

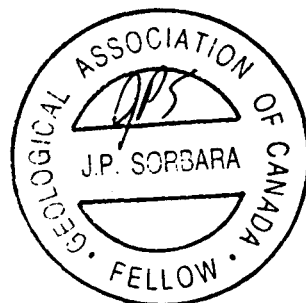
CRETACEOUS

- 2 Monzonite, monzodiorite.

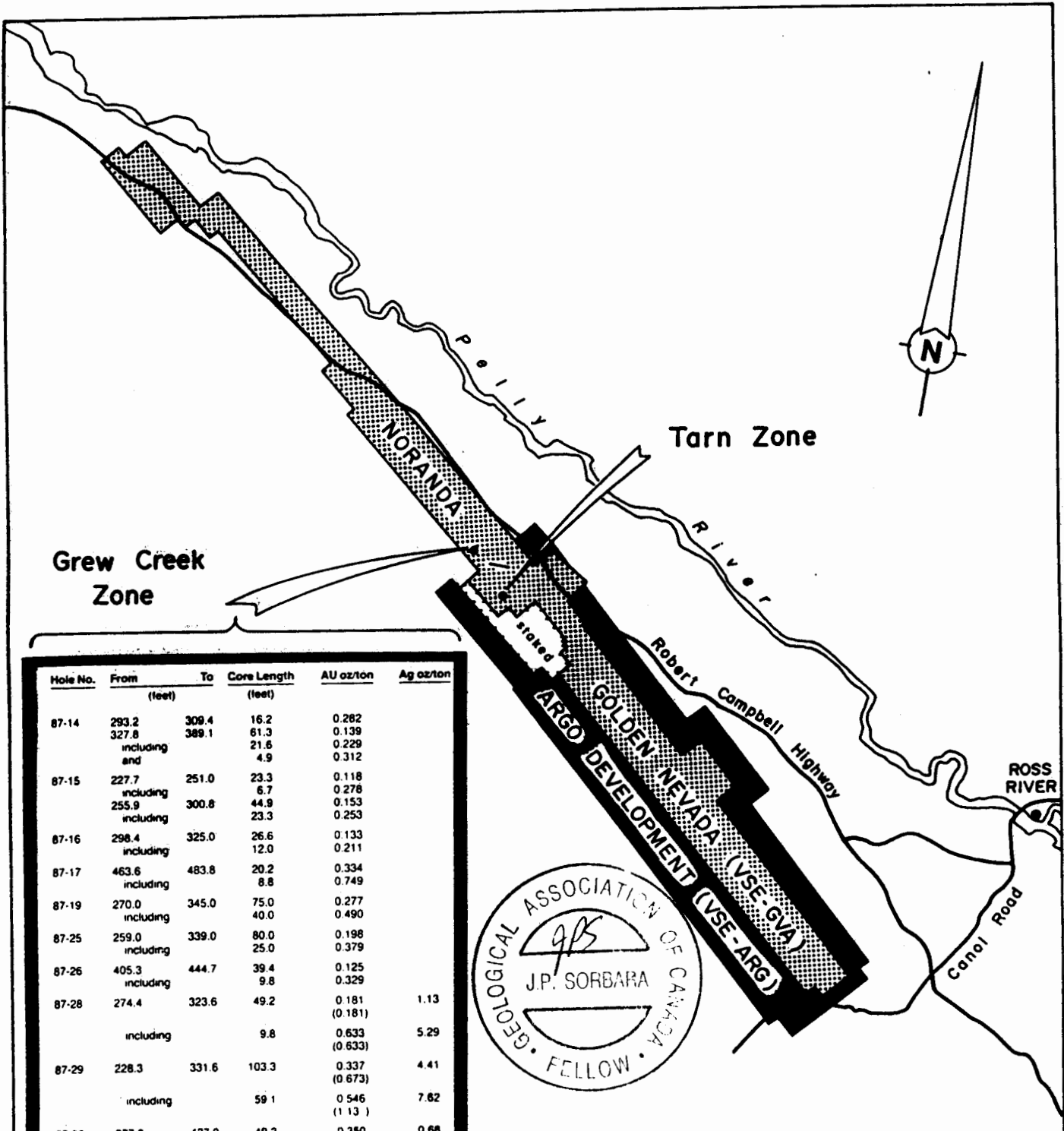
PERMIAN

- 1 Metasediments, metavolcanics.

- Faults.
- Claim boundary.



ARGO DEVELOPMENT CORP.		
GREW CREEK PROPERTY		
GENERALIZED GEOLOGY OF GREW CREEK AREA		
ROSS RIVER AREA YUKON TERRITORY		
Scale: As indicated	Date: Jan. 1988	N.T.S. 105 F/15 105 K/2
J.P. SORBARA & ASSOCIATES		Figure: 3



Grew Creek Zone

Tarn Zone

Hole No.	From (feet)	To (feet)	Core Length (feet)	AU oz/ton	Ag oz/ton
87-14	293.2	309.4	16.2	0.292	
	327.8	389.1	61.3	0.139	
	including		21.6	0.229	
	and		4.9	0.312	
87-15	227.7	251.0	23.3	0.118	
	including		6.7	0.276	
	255.9	300.8	44.9	0.153	
	including		23.3	0.253	
87-16	298.4	325.0	26.6	0.133	
	including		12.0	0.211	
87-17	463.6	483.8	20.2	0.334	
	including		8.8	0.749	
87-19	270.0	345.0	75.0	0.277	
	including		40.0	0.490	
87-25	259.0	339.0	80.0	0.198	
	including		25.0	0.379	
87-26	405.3	444.7	39.4	0.125	
	including		9.8	0.329	
87-28	274.4	323.6	49.2	0.181	1.13
				(0.181)	
	including		9.8	0.633	5.29
			(0.633)		
87-29	228.3	331.6	103.3	0.337	4.41
				(0.673)	
	including		59.1	0.546	7.62
			(1.13)		
87-30	377.8	427.0	49.2	0.350	0.68



ARGO DEVELOPMENT CORP.		
GREW CREEK PROPERTY		
Property Location in Relation to Noranda / Golden Nevada Property		
Scale: 1 : 22,000	Date: March 1988	N.T.S. 105-F/18 105-K/2
By J.P. Sorbara & Associates		Figure: 3a



This tuffaceous sequence is in fault contact with a moderately sorted polymictic conglomerate with 5% felsic volcanic clasts that is interbedded with sandstones. The conglomerate is in turn overlain by a sequence of intermediate to basic volcanic tuffs and flows with interlayered sandstone and conglomerate.

The uppermost unit in the area consists of sandstone, shales and conglomerate with some basaltic tuff and is believed to be Eocene in age. This unit trends northwest-southeast and is fault bounded to the northeast by the Danger Creek fault (Figure 3).

The precious metal mineralization found to date on the Noranda/Golden Nevada property is epithermal in nature and occurs in two distinct zones, the Grew Creek zone, which was the original silicified knoll, and the Tarn zone (Figure 3). These two centers lie about 2 kilometers apart between the Danger Creek fault and the Grew Creek fault. The origin of these zones is believed to be related to the interaction of deep seated magma and groundwater along faults which created a hydrovolcanic eruption and brecciation.

The Grew Creek zone is outlined by bedrock geochemical gold values greater than 100 ppb. The known gold and silver mineralization occurs in two discreet systems, referred to as the western and eastern systems, that are characterized by quartz-chalcedony vein stockworks and silicification. Both systems exhibit characteristics of, and are believed to be, epithermal hot spring gold deposits.

The Tarn zone consists of gold bearing quartz-fluorite veinlets within a 900 x 100 meter sericitic alteration system which runs roughly parallel to the bounding graben faults. This zone is believed to be an open vein convection system, i.e. one in which ore fluids boil within fractures open to the surface.

Gold deposition in this type of system occurs at depths beneath the paleosurface of 300 to 550 meters with only anomalous gold values at higher levels. It is possible that the anomalous gold values in the Tarn zone represent this higher level.

PROPERTY GEOLOGY

The Argo Development Corp. property covers both the north and south sides of the Noranda/Golden Nevada property (Figures 2 and 3). Little, if any, detailed mapping has been done on this property, which is mostly covered with overburden and vegetation, and consequently no detailed geologic information is available for this ground.

Regional work, as well as work on the Noranda/Golden Nevada property, indicates that the area between the Danger Creek and Grew Creek faults is underlain by basaltic and rhyolitic tuffs, sandstone, conglomerate and minor volcanic flows (Figure 4).

The area to the north of the Danger Creek Fault is believed to be mostly underlain by Upper Paleozoic metamorphosed basalt flows and tuffs as well as some marble.

To the south of the Grew Creek Fault, the area is reportedly underlain by Paleozoic phyllite, banded brownish-grey chert and dark grey argillite (Duke and Godwin, 1986) (Figure 4).

CONCLUSIONS

The Argo Development Corp. claims which are the subject of this report surround the southeast section of the Noranda/Golden Nevada property in the Grew Creek region of the Yukon

Territory. This (Noranda/Golden Nevada) property has had superb exploration results over the past year including drill results of 103.3 feet grading 0.34 oz gold/ton and 4.4 oz silver/ton and 49.2 feet grading 0.18 oz gold/ton and 1.1 oz silver/ton. It is widely regarded as a very significant new epithermal gold deposit which is believed to be the best new discovery in British Columbia and the Yukon.

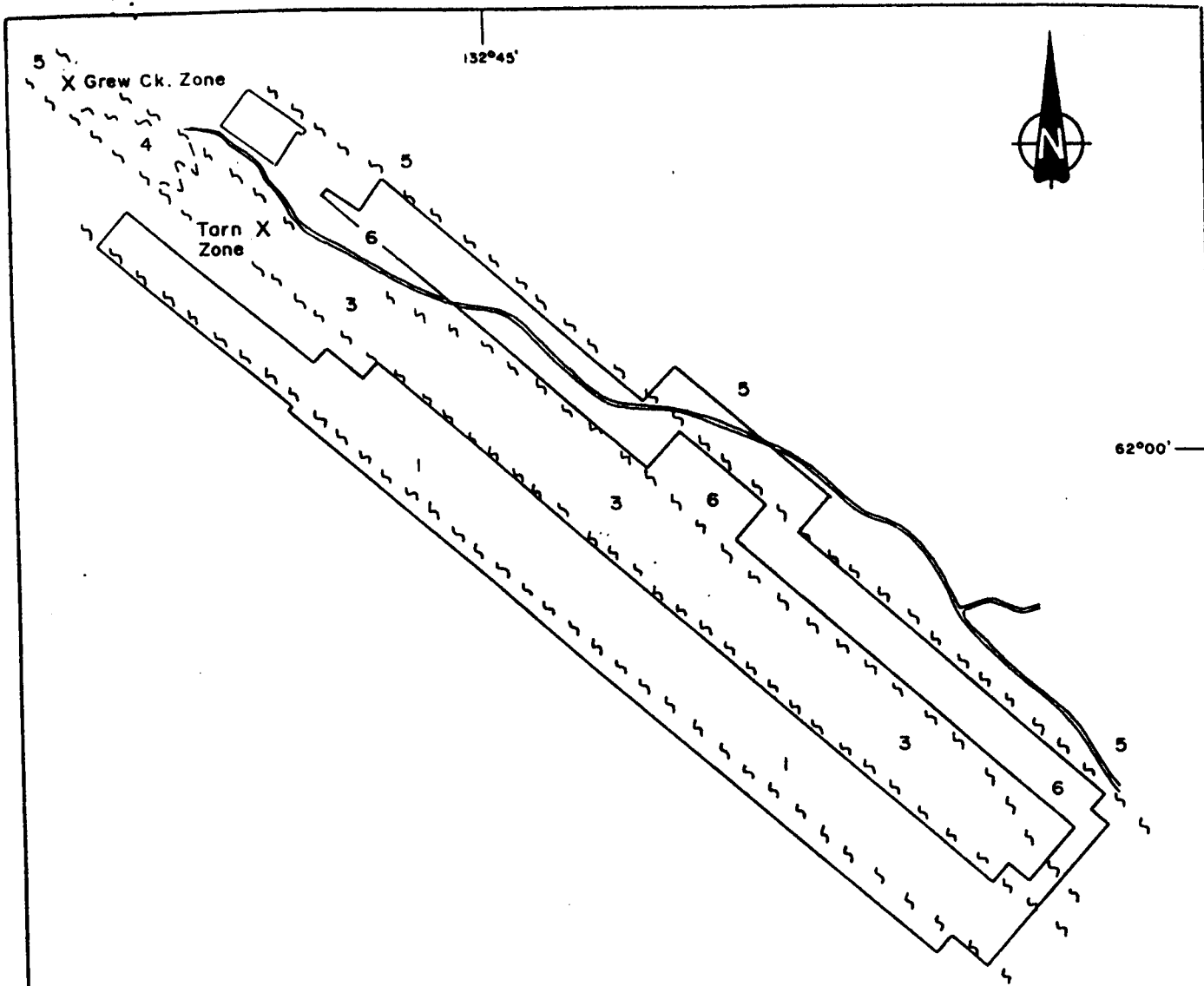
The Argo Development Corp. claims are strategically located with respect to the Noranda/Golden Nevada discovery and cover ground that is favourable for hosting more precious metal mineralization. Little or no work has been done on the Argo Development Corp. property to date and therefore its true potential remains to be determined.

In light of the subject property's near proximity to known mineralization and its proximity to favourable fault structures, the writer concludes that the property has the potential to host epithermal gold mineralization. An exploration program designed to properly test the potential of the Argo Development Corp. property is both warranted and highly recommended.

RECOMMENDATIONS

In order to properly test the potential of the Argo Development Corp. claims, a three-phased exploration program is recommended with each successive phase being contingent upon favourable results from the previous phase. Phase I should include an airborne geophysical survey in conjunction with line-cutting, till sampling and preliminary mapping and prospecting.

Contingent upon the results of Phase I, the Phase II program should include detailed ground geophysical follow-up, in-



LEGEND

TERTIARY

- 6 Sandstone, conglomerate, shale, coal, minor basaltic tuff.
- 5 Basaltic tuff, basalt, andesite, dacite, sandstone.
- 4 Felsic flows and tuffs.
- 3 Rhyolite flows and arkose, basaltic tuffs, conglomerates.

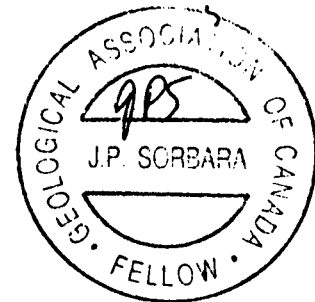
CRETACEOUS

- 2 Monzonite, monzodiorite.

PERMIAN

- 1 Metasediments, metavolcanics.

- Geological contact.
- ~~~~~ Fault.
- Property boundary.



ARGO DEVELOPMENT CORP.		
GREW CREEK PROPERTY		
PROPERTY GEOLOGY		
Scale 1:125,000	Date Jan. 1988	N.T.S. 105 F/15 105 K/2
J.P. SORBARA & ASSOCIATES		Figure 4

cluding an Induced Polarization survey, along with more geochemistry, trenching and preliminary diamond drilling.

The third phase, if warranted by the results of Phase II, would include more detailed diamond drilling and trenching.

An estimate of the cost of these proposed programs is given in Appendix I.

Respectfully submitted,



J. PAUL SORBARA, M.Sc., F.G.A.C.



REFERENCES

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES, Northern Administration and Lands Branch, Claim Maps 105K, 105F.

DUKE, J.L. and GODWIN, C.I., 1986: Geology and Alteration of the Grew Creek Epithermal Gold-Silver Prospect, South-Central Yukon; in Yukon Geology, Vol. 1; Exploration and Geological Services Division, Yukon, Indian and Northern Affairs Canada, p. 72-82.

THE NORTHERN MINER, January 11, 1988: Front Page Article Headline "Grew Creek Tops Noranda's List".

REID, W., 1987: Noranda Property Examination Report on the Grew Creek Property.

SORBARA, J.P., 1987: Report on the Grew Creek Property, Yukon Territory, Canada. Private Engineering Report.

STROSHEIN, R., 1985: 1984-1985 Summary of Activities on the Canyon Project; Hudson Bay Exploration and Development Company Limited Report.

_____, 1986: The Gold Mineralization and Exploration Potential at Grew Creek.

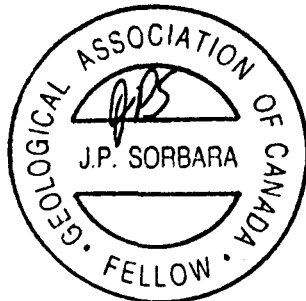
TEMPELMAN-KLUIT, 1972: Geology and Origin of The Faro, Vangorda and Swim Concordant Zinc-Lead Deposits, Central Yukon Territory, Geological Survey of Canada, Bulletin 208.

APPENDIX I

ESTIMATED COST OF PROPOSED EXPLORATION PROGRAMS

PHASE I:

Airborne Geophysical Survey (Approx. 200 line miles)	\$ 50,000.00
Linecutting (200 miles @ \$400/mile)	\$ 80,000.00
Geochemistry (3,200 samples @ \$15.00)	\$ 48,000.00
Salaries:	
1 Geologist (60 days @ \$275/day)	\$ 16,500.00
3 Technicians (60 days @ \$150/day)	\$ 27,000.00
Mobilization/Demobilization	\$ 8,500.00
Report Costs	\$ 5,000.00
Contingencies	\$ 15,000.00
TOTAL:	<u><u>\$250,000.00</u></u>



PHASE II:

The exact cost of Phase II cannot be determined at this point because it depends on the number of follow-up targets generated in Phase I. However, given two or three targets and limited diamond drilling, a reasonable estimate for this program would be about \$350,000.00.

PHASE III:

If warranted, Phase III would consist mostly of diamond drilling and assay costs. A reasonable estimate for a program of this type would be about \$400,000.00.

APPENDIX II

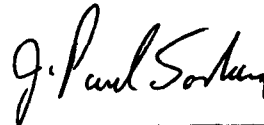
STATEMENT OF QUALIFICATIONS

I, J. PAUL SORBARA, of the Municipality of Delta, in the Province of British Columbia, hereby certify:

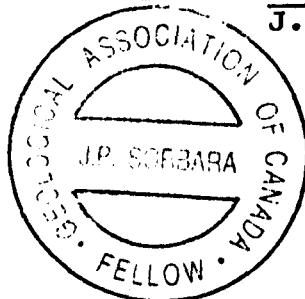
1. THAT I am a geologist residing at 6703 Nicholson Road, in the Municipality of Delta, in the Province of British Columbia.
2. THAT I graduated with a B.Sc. in geology from the University of Toronto, in the City of Toronto, in the Province of Ontario, in 1976, and with a M.Sc. in geology from the University of Toronto in 1979.
3. THAT I have practiced geology professionally from 1979 to 1988, including 5 years as an Exploration Geologist with Cominco Ltd.
4. THAT I am a registered Fellow of the Geological Association of Canada.
5. THAT this report is based upon a thorough review of published and printed reports and maps on the subject property and the surrounding area. The writer has not visited the property personally.
6. THAT I have not received, nor do I expect to receive any direct or indirect interest in the Grew Creek Property, Yukon Territory, Canada that is the subject of this report, or any other claims within a radius of 10 kilometers.
7. THAT I do not have, nor do I expect to receive any direct or indirect interest or securities in Argo Development Corp.
8. THAT I consent to the use of this report in a Prospectus or Statement of Material Facts for the purpose of a private or public financing.

January 9, 1988

SIGNED:



J. PAUL SORBARA, M.Sc., F.G.A.C.



**ADDENDUM TO THE JANUARY 9, 1988 REPORT
ON THE GREW CREEK PROPERTY FOR
ARGO DEVELOPMENT CORP.**

BY

J. PAUL SORBARA, M.Sc., F.G.A.C.

March 30, 1988

To: Whom It May Concern

Re: Report for Argo Development Corp. on their Grew Creek
area property

Dear Sir/Madam:

I have recently received a list of deficiencies in my report on the Argo Development Corp. property. I would like to respond to these inquiries in the order presented to me.

- 1) A new Figure (3a) has been provided that more clearly shows the extent of the Noranda/Golden Nevada property and the status of rights interior to the subject property. The sources of information on Figure 3 are the Department of Northern Affairs and National Resources claim maps covering the area (NTS 105K, 105F) and Geological Survey of Canada Bulletin 208 (Templeman-Kluit, 1972).
- 2) The \$62,500 referred to has been raised by Argo Development Corp. by means of a private placement. The writer has been informed by Argo that this money is to be used primarily for the Airborne Geophysical Survey. This work has just recently begun and no results are available at this time.
- 3) Drill Hole 87-29 was completed on the Noranda/Golden Nevada property in the Grew Creek zone (see Figures 3a and 4). This hole is significant for Argo Development Corp. because it (87-29) lies only 3 kilometers from the northwest end of the Argo property.
- 4) The subject claims were staked by contractor Gordon Clarke of Whitehorse, Y.T. at the request of Prime Capital Corporation.
- 5) The author worked throughout the Yukon during his employment (6 years) with Cominco Ltd. of Vancouver, B.C. He has driven the Robert Campbell Highway, which runs the length of both the Argo Development property and the Noranda/Golden Nevada property several times. A detailed examination of the showings on the Noranda/Golden Nevada property were not conducted at the time of writing of the author's engineering report on that property due to winter conditions.

- 6) The Grew Creek and Tarn Zones are the two new main mineralized zones found to date on the Noranda/Golden Nevada property. Because of the very encouraging results to date from the area, the Noranda/Golden Nevada property is widely regarded as a significant new epithermal gold deposit.

Respectfully submitted,



J. Paul Sorbara, M.Sc., FGAC

**CERTIFICATE OF THE DIRECTORS
AND PROMOTERS OF THE ISSUER**

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Statement of Material Facts as required by the Securities Act and its regulations.

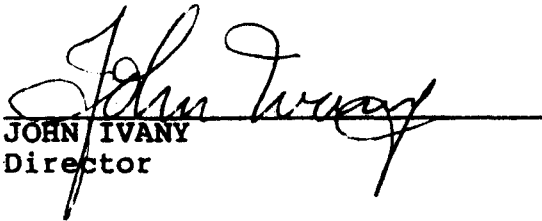
DATED this 2nd day of May, 1988.

I S S U E R



MURRAY GARRISON
President and
Chief Executive Officer

ON BEHALF OF THE BOARD OF DIRECTORS



JOHN IVANY
Director



LAWRENCE PAGE
Director

CERTIFICATE OF THE AGENTS


To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Statement of Material Facts as required by the Securities Act and its regulations.

Dated this 2nd day of May, 1988.

**CANARIM INVESTMENT CORPORATION
LTD.**



CONTINENTAL CARLISLE DOUGLAS



MERIT INVESTMENT CORPORATION

