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PROSPECTUS
June 14, 1978.

REPORT ON

STQ CLAIMS

WATSON LAKE MINING DISTRICT

YUKON TERRITORY

Prepared for

LOGTUNG RESOURCES LTD.

By

W. MEYER, P. ENG.

April 6, 1978

[redacted]

SUMMARY & CONCLUSIONS

The STQ group of claims is located in the southern Yukon approximately ninety miles west of Watson Lake. The claims were staked in 1977 to cover tungsten mineralization located in the course of a wide ranging regional exploration programme. The programme was carried out by the Minex - 1977 Partnership under the direction of Cordilleran Engineering Ltd. The claims are presently held under option by Amax Potash Limited.

A limited programme of geological mapping, prospecting and geochemical surveys was completed. Tungsten, tin and molybdenite mineralization occurs in metasediments peripheral to two small stocks of quartz monzonite. Pyrite, arsenopyrite and chalcopyrite mineralization occurs in a siliceous border phase of the intrusive stocks.

The geochemical surveys indicate that the mineralized areas, particularly tin, is more extensive than the presently known mineralization in the bedrock exposures.

Respectfully submitted,

W. Meyer, P.Eng.

INTRODUCTION

The following report on the STQ property is prepared at the request of Logtung Resources Ltd. The property was visited by the writer in late August 1977 and examined in the company of Carl Verley and Ed Balon of Cordilleran Engineering Limited geologists. Available technical data was reviewed at length and the two principal areas of interest were traversed. Helicopter transportation was available to assist examination and to move from area to area within the group.

The principal reference used by the writer is an excellent and comprehensive private report prepared by Carl G. Verley, B.Sc., on the STQ claims dated December 1977. Information was drawn freely from this report.

The STQ property, comprising 32 mineral claims, is located in the Yukon Territory near the Yukon-B.C. border 90 miles west of Watson Lake. The claims were staked in 1977 as a follow-up to a regional exploration programme conducted by Cordilleran Exploration Limited on behalf of the Minex - 1977 Partnership. The claims are presently held under option by Amax Potash Limited.

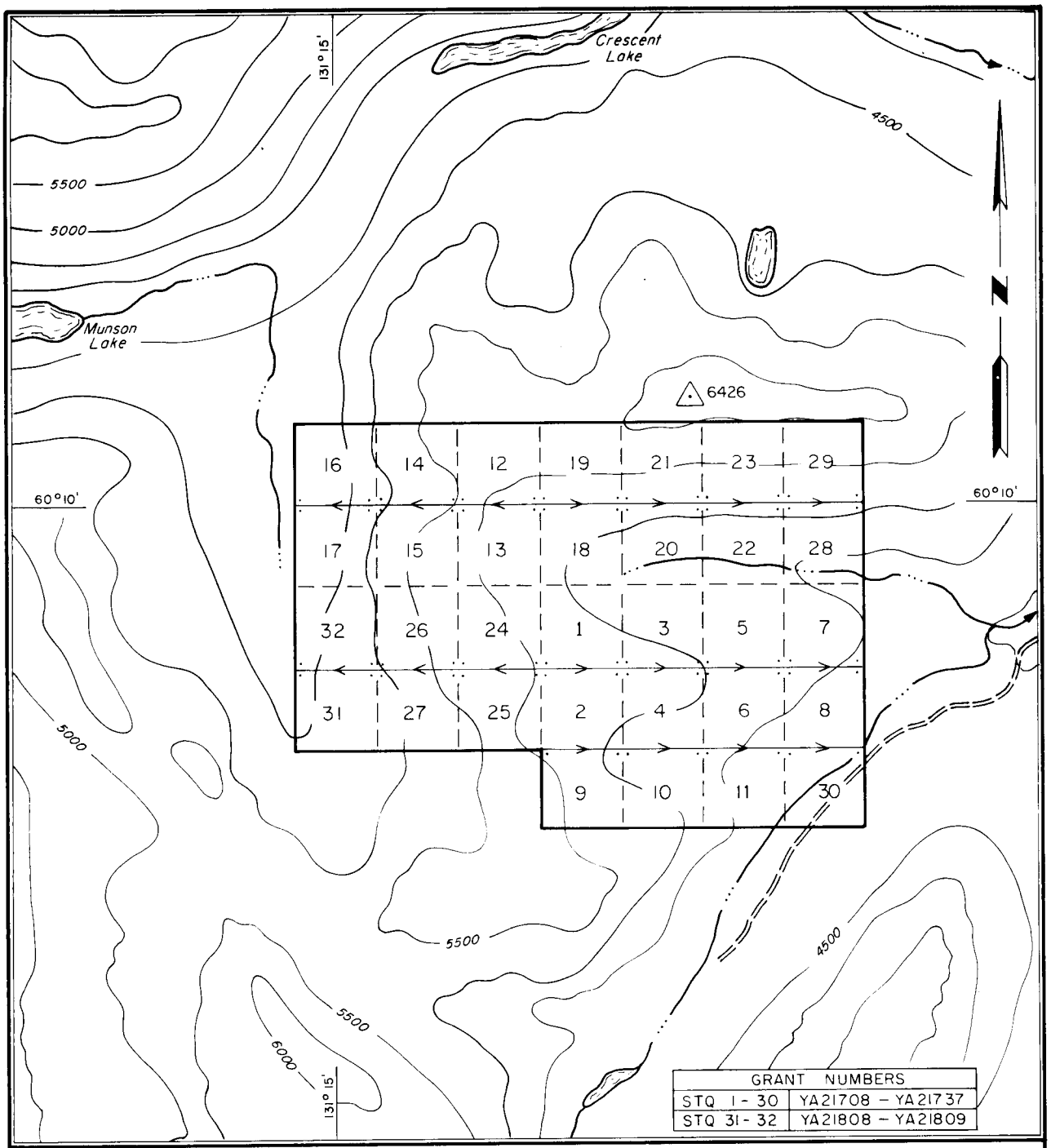
The claims cover an area of stream sediments anomalous in tungsten. The initial follow-up programme outlined two areas of tungsten, molybdenum, tin and copper mineralization peripheral to two acid intrusive stocks. An additional programme of exploration will be required to assess the showings.

LOCATION & ACCESS

The STQ claims are located in the Watson Lake Mining District centered around Latitude 60°10'N and Longitude 131°14'W. They lie 11 miles north of Swift River, Y.T. and 90 miles west of Watson Lake, the nearest major supply center.

Watson Lake is reached from the Lower Mainland area via regularly scheduled daily airline flights. From Watson Lake the property is reached by road via the Alaska Highway 90 miles west to the Pine Lake turn-off and thence four miles north to Pine Lake. The Federal Government maintains an emergency landing strip at Pine Lake and hence alternate access is via chartered aircraft equipped with either wheels or floats.

The base camp for the 1977 field programme was located at Pine Lake. The property is accessible from this camp either by helicopter or during periods of low water, a four-wheel drive road approximately ten miles to the west leads to within a mile of the showings.



CLAIM MAP

STQ PROPERTY

WATSON LAKE MINING DISTRICT, YUKON TERRITORY

NTS 105 - B/3

Scale: 1 inch = $\frac{1}{2}$ mile

CONTOUR INTERVAL = 500 FEET

APRIL, 1978

FIGURE 2

CLAIMS

The STQ group consists of 32 contiguous mineral claims located in the Watson Lake Mining District, Y.T. The claims lie in the south central part of the Wolf Lake map area (105-B-3).

The pertinent claim data is tabulated below and shown on Fig. 2.

Claim		
STQ 1 - 30	YA21708 - YA21737	August 8, 1978
STQ 31, 32	YA21808 - YA21809	August 20, 1978

HISTORY

The STQ claim area does not have a previous history of exploration, the mineralization on the group being an original find made in 1977. Two areas of tungsten, tin, copper, molybdenum mineralization were outlined in a follow-up programme to a wide ranging regional exploration programme of helicopter supported reconnaissance mapping and stream sediment sampling. The programme on behalf of the Minex - 1977 Partnership was directed by Cordilleron Engineering Limited.

Silver-lead-zinc occurrences in skarns immediately south and north of the STQ have been known since the 1940's and were first staked in 1946 by Hudson Bay Mining & Smelting. Hudson Bay staked a similar occurrence two miles east of the STQ claims in 1952. These properties are currently inactive.

GEOLOGY

The STQ group is located on the north limb of a northwesterly trending syncline in metasedimentary rocks of Mississipian Age. Mapping by C.G. Verley geologist with Cordilleron Engineering, identified three mappable units within the sequence of metasediments. The metasediments are intruded by at least two ages of crystalline rocks.

Along the north border of the group, a hornblend diorite of Jurassic age is roughly conformable with the enclosing metasediments. The diorite is variable in composition with a mafic rich border phase and leucocratic phases near the core. Large zenoliths of metasediments occur within the unit.

Late Cretaceous or early Tertiary quartz monzonite of the Seagull Batholith intrudes the core of the syncline four miles south of the property. Two small stocks of quartz monzonite, finer grained but compositionally similar to the Seagull Batholith, intrude the metasediments within the claim group.

Fig. 3 is a plan map showing the general geology of the claim area. The geological mapping was by Carl G. Verley, B.Sc., and the plan is reproduced from his report.

MINERALIZATION

The two small elliptical stocks of quartz monzonite intrude the upper unit of the metasedimentary sequence. A siliceous border phase occurs around both stocks. Arsenopyrite, pyrite, chalcopyrite and occasionally fluorite occur as disseminations and coarse blebs and knots within this zone. The mineralization is best exposed in the "West Showing", the area where the bedrock geology is also best exposed. At the "East Showing",the quartz monzonite stock is exposed near the valley floor as frost-heaved rubble. The north contact is obscured by overburden and the south contact by coarse talus and rubble from the cliffs above. The siliceous border phase is noted locally and intermittently along the south contact but not significantly mineralized where observed.

The most significant mineralization noted to date occurs in the metasediments peripheral to the two quartz monzonite stocks. Tungsten (as scheelite) with minor molybdenite occurs in a stockwork of quartz and tourmaline veinlets on fracture surfaces in the metasediments adjacent to the quartz monzonite stock of the "East Showing". Much of the mineralization is in rubble originating from the bluffs south of the stock or otherwise poorly exposed in frost-heaved bedrock.

Scheelite occurs in a similar environment around the stock of the "West Showing". Small high grade showings of cassiterite occur in breccia zones and cavity fillings with massive pyrite immediately adjacent to the quartz monzonite east contact.

Pyrite, arsenopyrite and chalcopyrite occur as fine disseminations to coarse blebs in the siliceous border phase of the western quartz monzonite.

Time did not permit a formal sampling programme of bedrock mineralization during the 1977 field season. The available sample data is largely from selected grab samples of the various mineral occurrences within the two principal areas. Tungsten values ranged from a low of 0.02% WO_3 to a high of 3.35% WO_3 in eleven samples. Three selected samples of cassiterite mineralization returned values ranging from 0.04% Sn to 1.98% Sn. Two samples of copper mineralization taken from the siliceous border phase of the "West Showing" averaged 0.84% Cu, approximately 1 oz silver per ton and minor gold.

GEOCHEMISTRY

One Hundred and eighty-one soil samples, supplemented by sampling of talus fines were taken on a reconnaissance soil grid in the two areas of mineralization. The samples were taken using standard collecting techniques and analysed by Bondar-Clegg and Co. using standard procedures. Anomalous categories for tin, tungsten and molybdenum in soils were determined from histograms.

Twenty samples were strongly anomalous in tin with values ranging from 106 ppm to 725 ppm. Most of the anomalous values are clustered around the West Showing. The thirteen anomalous tungsten values, in the

range 115 ppm to 360 ppm, are largely distributed north and northwest of the East Showing. Only one anomalous value is associated with the "West Showing". Most of the twelve anomalous molybdenum values are located northeast of the "East Showing".

Fig. 4 is a compilation map showing the relationship between the geochemical anomalies, the local geology and the mineral occurrences. Soil geochemistry for tungsten does not appear to be an effective method on this property since no anomalous values were recorded in areas of known bedrock mineralization. The anomalous area outlined may be related to drainage.

The most conspicuous feature of the survey is the tin anomaly centered around the "West Showing". The anomaly cannot be accounted for by the known cassiterite mineralization immediately adjacent to the siliceous border phase of the quartz monzonite stock. The extent of the anomaly indicates that the tin mineralization may be much more extensive than suggested by these known showings.

Respectfully submitted,

W. Meyer, P. Eng.

Vancouver, B.C.
April 6, 1978