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LUSTRE GOLD MINES INC.

PROSPECTUS

Dated November 14, 1975

NEW ISSUE

250,000 COMMON SHARES

Price to Public	Commission	Proceeds to Issuer if all Shares are Sold
Per Unit 15¢	3¾¢	11¼¢
Total \$37,500.00	\$9,375.00	\$28,125.00*

THERE IS NO MARKET FOR THE COMPANY'S SECURITIES.

A PURCHASE OF THE SHARES OFFERED BY THIS PROSPECTUS MUST BE CONSIDERED A SPECULATION SINCE THE COMPANY'S MINERAL CLAIMS ARE STILL ONLY IN THE EXPLORATION STAGE. REFERENCE SHOULD ALSO BE MADE TO THE CAPTION "PRINCIPAL HOLDERS OF SHARES" ON PAGE 9 AND THE COMPARISON OF THE PERCENTAGE OF SECURITIES BEING OFFERED TO THE PUBLIC FOR CASH AND THOSE ALREADY ISSUED BY THE COMPANY TO PROMOTERS, DIRECTORS AND CONTROLLING PERSONS FOR CASH AND PROPERTIES.

NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HEREUNDER AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

NO SURVEY HAS BEEN MADE OF THE COMPANY'S LOCATED MINERAL CLAIMS AND THEREFORE IN ACCORDANCE WITH THE MINING LAWS OF THE PROVINCE OF BRITISH COLUMBIA IN WHICH SUCH CLAIMS ARE SITUATE THEIR EXISTENCE AND AREA COULD BE IN DOUBT.

THE PROPERTY OF THE COMPANY IS WITHOUT A KNOWN BODY OF COMMERCIAL ORE AND THE PROPOSED PROGRAM IS AN EXPLORATORY SEARCH FOR ORE.

REFER TO THE CAPTION "USE OF PROCEEDS" ON PAGE 3 FOR PARTICULARS OF THE MINIMUM SUBSCRIPTION TO WHICH THIS ISSUE IS SUBJECT.

*Less cost of issue estimated at \$2,500.00.

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NAME AND INCORPORATION OF ISSUER

The full name of the Company is LUSTRE GOLD MINES INC. Its registered and records office is Suite 1620 - IBM Tower, 701 West Georgia Street, Vancouver, British Columbia. Its head office is 1020 - 470 Granville Street, Vancouver, British Columbia.

The Company was incorporated on the 8th day of September, A. D. 1975, under the laws of the Province of British Columbia by Memorandum of Association, and is a reporting company.

PLAN OF DISTRIBUTION

The Company will sell its shares through persons or companies registered under the "Securities Act," and will pay a commission of up to 25% (twenty-five percent) or 3 3/4¢ (three and three-quarter cents) per share to such persons or companies for each such share sold. The Company may also sell its shares directly to the public, in which case it may allow a commission to subscribers of up to 25% (twenty-five percent) or 3 3/4¢ (three and three-quarter cents) per share for each share subscribed for. No commissions will be paid to trading Directors of the Company for shares sold by them.

DIRECTORS AND OFFICERS

<u>Name and Address</u>	<u>Principal Occupation for past five years</u>	<u>Position held with Company</u>
Robert Ashton Matthews 2055 S. W. Marine Drive Vancouver, B. C.	March 1969 to May 1971 - Salesman, Union Securities Ltd.; June 1971 to December 1974 - Salesman, Donaldson Securities Ltd.; January 1974 to May, 1975; Manager, Ram Investments Ltd., Director, Morocco Mines Ltd., Gibraltar Mines Ltd., Gibbex Mines Ltd., Gramara Mines Ltd., Galveston Mines Ltd., Gentry Oil & Gas Ltd., Granger Petroleum Corp., Canadian Oil & Gas Fund Ltd.	President and Director

DIRECTORS AND OFFICERS (continued)

<u>Name and Address</u>	<u>Principal Occupation for Past Five Years</u>	<u>Position Held with Company</u>
Roy Reginald Kennedy 404 - 1254 Pendrell Street Vancouver, B. C.	February 1968 to April 1970 - Retired; April 1970 to March 1971 - Secretary-Treasurer, Eagle Bay Mines Ltd., January 27, 1974 to November 10, 1974 - Clerk, Midland Doherty Ltd.; November 10, 1974 to present - Retired.	Director
Alexander Dean Hamilton 2955 St. Kildas Avenue North Vancouver, B. C.	October 1970 to December 31, 1971 - Chartered Accountant, Buval Mining Industries Ltd.; March 1, 1972 to February 28, 1973 - Chartered Accountant, Monarch Western Equipment; June 23, 1971 to present - Chartered Accountant, Norgate Financial Guardians Ltd., North Burnaby, B. C.	Director
Lynda Edstrom 208 - 329 Sherbrooke Street New Westminster, B. C.	Secretary	Secretary

CAPITALIZATION

<u>Designation of Security</u>	<u>Amount Authorized by Memorandum of Association</u>	<u>Amount outstanding as at Oct. 31, 1975 (date of Balance Sheet contained in Prospectus)</u>	<u>Amount outstanding as at date of this Prospectus</u>	<u>Amount to be outstanding if all securities being issued are sold</u>
Common Shares	5,000,000 without par value	900,002	900,002	1,150,002

PRIOR SALES

<u>Number of Shares</u>	<u>Price per Share</u>	<u>Net Cash Received</u>	<u>Commission Paid</u>
2	\$1.00	\$2.00	Nil
150,000	10¢	\$15,000.00	Nil
750,000	Deemed price of 1¢ per share	For property	Nil

All of the above shares were sold during the past twelve (12) months.

DESCRIPTION OF SHARE CAPITAL STRUCTURE

The share capital structure of the Company consists of one class of shares only. All shares issued by the Company rank equally as to dividends, voting rights and as to any distribution of assets on winding-up or liquidation. There are no Indentures or Agreements limiting the payment of dividends and there are no conversion rights, no special liquidation rights, pre-emptive rights, or subscription rights. The presently outstanding share capital is not subject to any call or assessment and the shares offered hereby when issued and sold as described in this Prospectus will not be subject to any call or assessment.

USE OF PROCEEDS

The estimated net proceeds to be derived by the Issuer from the sale of the securities being offered hereby if all the shares are sold is TWENTY-EIGHT THOUSAND ONE HUNDRED TWENTY-FIVE DOLLARS (\$28,125.00).

The proceeds of the sale of securities will be used to conduct the program on the Camp McKinney property by E. O. Chisholm, P. Eng. as set out in his report dated September 24, 1975, a copy of which is attached hereto and forms part of this Prospectus. The breakdown of the expenditures is as follows:

Line Cutting - 20 miles at \$100/mile	-	\$2,000.00
Geochemical Soil Survey for Gold 20 miles @ \$200/mile	-	4,000.00
Diamond Drilling 1,000' @ \$20/foot	-	<u>20,000.00</u>
Total	-	<u>\$26,000.00</u>

The proceeds of the sale of securities, together with \$8,000.00 in the treasury will be used as follows:

Exploration program as set out above	-	\$26,000.00
Provision for listing fee	-	2,000.00
Estimated cost of issue	-	2,500.00
General administrative expenses	-	<u>5,625.00</u>
Total	-	<u>\$36,125.00</u>

In the event not all of the shares offered hereunder are sold, priority will be given to line cutting, geochemical soil survey and diamond drilling in that order. Until a minimum sum of \$16,000.00 net of commissions required to complete that line cutting and geochemical soil survey (\$6,000.00) and a portion of the diamond drilling (\$8,000.00) and a provision for the listing fee (\$2,000.00) are raised by the Company by the sale of 142,223 shares, all subscription monies will be deposited with and held in trust by the Guaranty Trust Company of Canada, the Company's Registrar and Transfer Agent. If the minimum amount of \$16,000.00 is not raised within one hundred and twenty days from the date of the acceptance by the Superintendent of Brokers of this Prospectus, then, all subscriptions for shares held by Guaranty Trust Company of Canada shall be returned to the subscribers in full. If the minimum amount is raised within the required period, the Vancouver Curb Exchange's fee of \$2,000.00 will be held in trust by the Guaranty Trust Company of Canada for that purpose.

The Company may pursuant to the recommendations of a qualified engineer abandon in whole or in part any of its properties or may alter

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as work progresses the work program recommended or may make arrangements for the performance of all or any portion of such work by other persons or companies and may use any money so diverted for the purpose of conducting work or examining other properties acquired by the Company after the date of this Prospectus although the Company has no present plans in this regard. If any such event occurs during the primary distribution of the shares referred to in this Prospectus, an amendment to this Prospectus will be filed. If any such event occurs subsequent to completion of the primary distribution, shareholders will be notified.

No part of the proceeds shall be used to invest, underwrite or trade in securities other than those that qualify as investments in which trust funds may be invested under the laws of the jurisdiction in which securities offered by this Prospectus may be lawfully sold. Should the Company propose to use the proceeds to acquire non-trustee type securities after initial distribution of the securities offered by this Prospectus approval by the Shareholders must first be obtained and prior disclosure must be made to the securities regulatory bodies having jurisdiction over the sale of the securities offered by this Prospectus.

DESCRIPTION OF BUSINESS AND PROPERTY OF ISSUER

The principal business of the Company is the acquisition, exploration and development of mineral deposits and the exploration for oil and gas.

SHEILA GROUP OF CLAIMS

The Company owns the following located mineral claims situate in the Greenwood Mining Division in the Province of British Columbia.

<u>Name of Claim</u>	<u>Tag Number</u>	<u>Expiry Date</u>
Sheila (20 units)	26188	September 15, 1976

The claims were acquired by the Company pursuant to an Agreement dated September 18, 1975 between the Company and Ram Investments Ltd., having an office at 2055 S. W. Marine Drive, in the City of Vancouver, in the Province of British Columbia, in consideration of 750,000 fully paid and non-assessable shares of the Company and \$3,000.00 cash paid to Ram Investments Ltd.

Ram Investments Ltd. is a company owned by Robert A. Mathews, a Director of the Company.

The cost of the claim to the Vendor was the sum of \$3,000.00.

To the best knowledge of the signatories hereto, no person has received or is to receive more than a five (5) percent interest in the consideration paid to the Vendor.

The "Sheila" group, consisting of a block of 20 claim units, is in the Greenwood Mining Division of B. C. on Rock Creek drainage, about six miles north of Bridesville on the Trans-Provincial Highway No. 3. A branch road leaves the highway three miles east of Bridesville and passes through the Camp westerly to Oliver, B. C. Rock Creek on the Canadian Pacific Railway is sixteen miles southeast of Camp McKinney. The Camp is at an elevation of 4,400 feet on the lower southeastern slopes of Baldy Mountain. It is served by all weather gravel highway from the Trans-Canada Highway and readily accessible by automobile.

The main line of the West Kootenay Power & Light Company passes near the property. A tributary of McKinney Creek flows through the claim block.

Although the Cariboo Amelia Gold Mine, two miles northeast of the "Sheila" group, produced gold and the area has a long history of exploration, there is no known history of the "Sheila" group of claims.

There is no surface or underground plant or equipment on the property.

There is no known body of commercial ore in the property and the proposed program is an exploratory search for gold.

For further details, see the report of Edward O. Chisholm, P. Eng. attached hereto.

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PRINCIPAL HOLDERS OF SHARES

Set forth hereunder are the particulars of the principal holders of shares of the Company as of the date of this Prospectus:

<u>Name & Address</u>	<u>Designation of Class</u>	<u>Type of Ownership</u>	<u>Number of Shares Owned</u>	<u>Percentage of Class</u>
*Ram Investments Ltd. 2055 S. W. Marine Drive Vancouver, B. C.	Common	Of Record and Beneficial	825,000	91.66%

*Ram Investments Ltd. is a company owned by Robert A. Matthews, a Director of the Company.

The following table shows the respective percentage holdings of the Directors and Senior Officers of the Issuer as a group:

<u>Designation of Class</u>	<u>Percentage of Class</u>
Common Shares	91.66%

Based on 1,150,002 shares to be outstanding if the shares offered by this Prospectus are sold 71.73% of the shares have been issued to Directors and Promoters for property and cash and 21.7% are being offered to the public.

PROMOTERS

Messrs. Robert A. Matthews, Alexander D. Hamilton and Roy R. Kennedy, being the Directors of the Company, may be considered the promoters of the Company in accordance with Section 2(1) of the Securities Act. Reference is made to the caption "Description of Business and Property of Issuer" wherein the interest of the Directors in the property acquired by the Company and the consideration received by them therefor is disclosed.

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

No remuneration was paid to any director or officer from the date of incorporation to the date of this Prospectus, but \$1,000.00 in management fees was paid to a company owned by a director. The aggregate remuneration expected to be paid during the current fiscal year ending October 31, 1976 to directors and senior officers of the Company is not expected to exceed \$6,000.00, but only if funds are available.

ESCROWED SHARES

As of the date of this Prospectus, 750,000 shares are held in escrow by the Guaranty Trust Company of Canada, 540 Burrard Street, Vancouver, British Columbia, subject to the direction or determination of the Superintendent of Brokers (Superintendent). The escrow restrictions provide that the shares may not be traded in, dealt with in any manner whatsoever, or released nor may the Company, its Transfer Agent or Escrow Holder make any transfer or record any trading of share without the consent of the Superintendent.

In the event the Company loses or abandons or fails to obtain title to all or part of the property or assets for which it allotted

all or part of the escrow shares, the Company will declare any such event to the Superintendent by way of Directors' Resolution and the holders of such shares, number of said shares, as the Superintendent determines shall have become subject to cancellation, shall be surrendered to the Company by way of gift for cancellation. The complete text of the Escrow Agreement is available for inspection at the registered office of the Company, Suite 1620 - IBM Tower, 701 West Georgia Street, Vancouver, British Columbia.

<u>Designation of Class</u>	<u>Number of Shares held in Escrow</u>	<u>Percentage of Class</u>
Common Shares	750,000	83.3%

POOLED SHARES

One Hundred Fifty Thousand and Two (150,002) shares of the capital of the Company sold for cash have been voluntarily pooled with the Guaranty Trust Company of Canada not to be released until 30 days after the completion of the sale of the shares offered by this Prospectus.

MATERIAL CONTRACTS

The only material contract entered into by the Company is an agreement with Ram Investments Ltd. for the acquisition of the Sheila 1 - 20 group of claims situate in the Greenwood Mining Division, in the Province of British Columbia, in consideration of 750,000 fully paid and non-assessable shares and \$3,000.00 cash, dated September 18, 1975. The agreement may be inspected while the Company's shares are in primary distribution during normal business hours at the Company's Records Office, Suite 1620 - 701 West Georgia Street, Vancouver, British Columbia.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Reference is made to the caption "Description of Business and Property of Issuer" for shares issued by the Company to a Director for property.

PRELIMINARY EXPENSES

As set out in the Financial Statements attached hereto, the following preliminary expenses were incurred by the Company:

Exploration and Development	-	\$ 700.00
Administration	-	4,546.00
Incorporation	-	<u>1,412.00</u>
Total	-	<u>\$6,658.00</u>

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AUDITORS, TRANSFER AGENTS AND REGISTRARS

The Auditors of the Company are John C. Oswald & Co., Chartered Accountants, of 789 West Pender Street, Vancouver, British Columbia.

The Company's Registrar and Transfer Agent is the Guaranty Trust Company of Canada, 540 Burrard Street, Vancouver, British

PURCHASER'S STATUTORY RIGHT OF RESCISSION

Sections 61 and 62 of the Securities Act (British Columbia), provides, in effect, that where a security is offered to the public in the course of primary distribution:

- (a) a Purchaser has a right to rescind a contract for the purchase of a security while still the owner thereof if a copy of the last Prospectus, together with Financial Statements and Reports and Summaries of Reports relating to the securities as filed with the Superintendent of Brokers were not delivered to him or his Agent prior to delivery to either of them of the written confirmation of the sale of the securities. Written notice of intention to commence an action for rescission must be served on the person who

contracted to sell within sixty (60) days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three (3) months from the date of service of such notice;

- (b) a Purchaser has the right to rescind a contract for the purchase of such security while still the owner thereof if the Prospectus or any amended Prospectus offering such security contains an untrue statement of material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a Purchaser after expiration of ninety (90) days from the later of the date of such contract or the date on which such Prospectus or amended Prospectus is received or is deemed to be received by him or his Agent.

Reference is made to the said Act for the complete text of the provisions under which the foregoing rights are conferred.

OTHER MATERIAL FACTS

There are no material facts relating to the securities offered by this Prospectus which are not disclosed under the foregoing captions.

JOHN C. OSWALD & CO.
Chartered Accountants

Vancouver, Canada

November 10, 1975

Auditors' Report

To the Shareholders of
Lustre Gold Mines Inc.

We have examined the accompanying balance sheet of Lustre Gold Mines Inc. as at October 31, 1975 and the statements of deferred exploration and other expenditures and source and use of funds for the period from September 8, 1975 (date of incorporation) to that date. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at October 31, 1975 and the results of its operations and the source and use of its funds for the period then ended, in accordance with generally accepted accounting principles.


Chartered Accountants

LUSTRE GOLD MINES INC.

Balance sheet, October 31, 1975

ASSETS

CURRENT:

Cash		\$	7,994
MINERAL CLAIMS (Note 2)			10,500
DEFERRED CHARGES:			
Exploration and other expenditures, per statement attached	\$	5,246	
Incorporation and organization costs		<u>1,412</u>	<u>6,658</u>
			<u>\$ 25,152</u>

LIABILITIES

CURRENT:

Payables		\$	2,650
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SHAREHOLDERS' EQUITY

CAPITAL STOCK (Note 3):

Authorized -			
<u>5,000,000</u> shares, no par value			
Issued -			
<u>900,002</u> shares			<u>22,502</u>
			<u>\$ 25,152</u>

Approved on behalf of the Board:

Robert J. Maclean
Director

Walter S. Hamilton
Director

To be read in conjunction with our report to the Shareholders dated November 10, 1975.

John C. Oswald & Co.
Chartered Accountants

LUSTRE GOLD MINES INC.

Statement of deferred exploration and other expenditures
for the period from September 8, 1975 (date of incorporation)
to October 31, 1975

EXPLORATION:

Engineer's report	\$ 300
Government fees	<u>400</u>
	<u>700</u>

ADMINISTRATION:

Management fees	1,000
Secretarial	50
Legal	1,600
Accounting and audit	400
Government fees	350
Trust Co.	400
Share issue expense	350
Office rent	200
Promotion and travel	<u>196</u>
	<u>4,546</u>
	<u>\$ 5,246</u>

LUSTRE GOLD MINES INC.

Notes to financial statements

for the period from September 8, 1975 (date of incorporation)
to October 31, 1975

1. SIGNIFICANT ACCOUNTING POLICIES

All costs relative to the acquisition and expenditures on mineral claims are capitalized or deferred until such time as commercial production commences or the property is abandoned. Costs applicable to abandoned properties are charged to deficit in the year of abandonment.

2. MINERAL CLAIMS

Under an agreement dated September 18, 1975 with Ram Investments Ltd., a company owned by this company's president, the company acquired the "Sheila" group, consisting of a block of 20 claim units situated in the Greenwood Mining Division of British Columbia on Rock Creek drainage, about 6 miles north of Bridesville on the Trans-Provincial Highway No. 3.

Acquisition cost -

Cash	\$ 3,000
750,000 shares of capital stock at a deemed price of 1¢ per share	7,500
	<u>\$ 10,500</u>

3. CAPITAL STOCK

a) Capital stock has been issued to date for the following consideration -

	<u>%</u>	<u>No. of shares (no par value)</u>	<u>Price</u>	<u>Net</u>
For cash		2	\$1.00	\$ 2
		<u>150,000</u>	.10	<u>15,000</u>
	16.7	150,002		15,002
For mineral claims	<u>83.3</u>	<u>750,000</u>	.01	<u>7,500</u>
	<u>100.0</u>	<u>900,002</u>		<u>\$ 22,502</u>

b) The 150,002 shares issued for cash have been voluntarily pooled with the Guaranty Trust Company of Canada not to be sold until 30 days after completion of the first public offering of shares or until abandonment of the right to sell same.

c) The 750,000 shares issued for mineral claims are held in escrow by the Guaranty Trust Company of Canada subject to the direction or determination of the British Columbia Superintendent of Brokers and may not be traded in or dealt with in any manner whatsoever without the Superintendent's written consent.

LUSTRE GOLD MINES INC.

Notes to financial statements

for the period from September 8, 1975 (date of incorporation)
to October 31, 1975

4. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

During the period from incorporation to October 31, 1975 the directors did not receive any remuneration as such, but management fees of \$1,000 (at \$500 per mo.) were paid to Ram Investments Ltd., a company owned by this company's president.

LUSTRE GOLD MINES INC.

Statement of source and use of funds
for the period from September 8, 1975 (date of incorporation)
to October 31, 1975

SOURCE OF FUNDS:

Issue of shares of capital stock \$ 22,502

USE OF FUNDS:

Acquisition of mineral claims -

By cash 3,000

By issue of shares of capital stock 7,500

10,500

Deferred charges -

Exploration 700

Administration 4,546

5,246

Incorporation and organization 1,412

6,658

\$ 17,158

WORKING CAPITAL, October 31, 1975

\$ 5,344

REPRESENTED BY:

Current assets \$ 7,994

Less current liabilities 2,650

As above \$ 5,344

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GEOLOGICAL REPORT

on

THE CAMP MCKINNEY PROPERTY

GREENWOOD MINING DIVISION

BRITISH COLUMBIA

of

LUSTRE GOLD MINES INC.

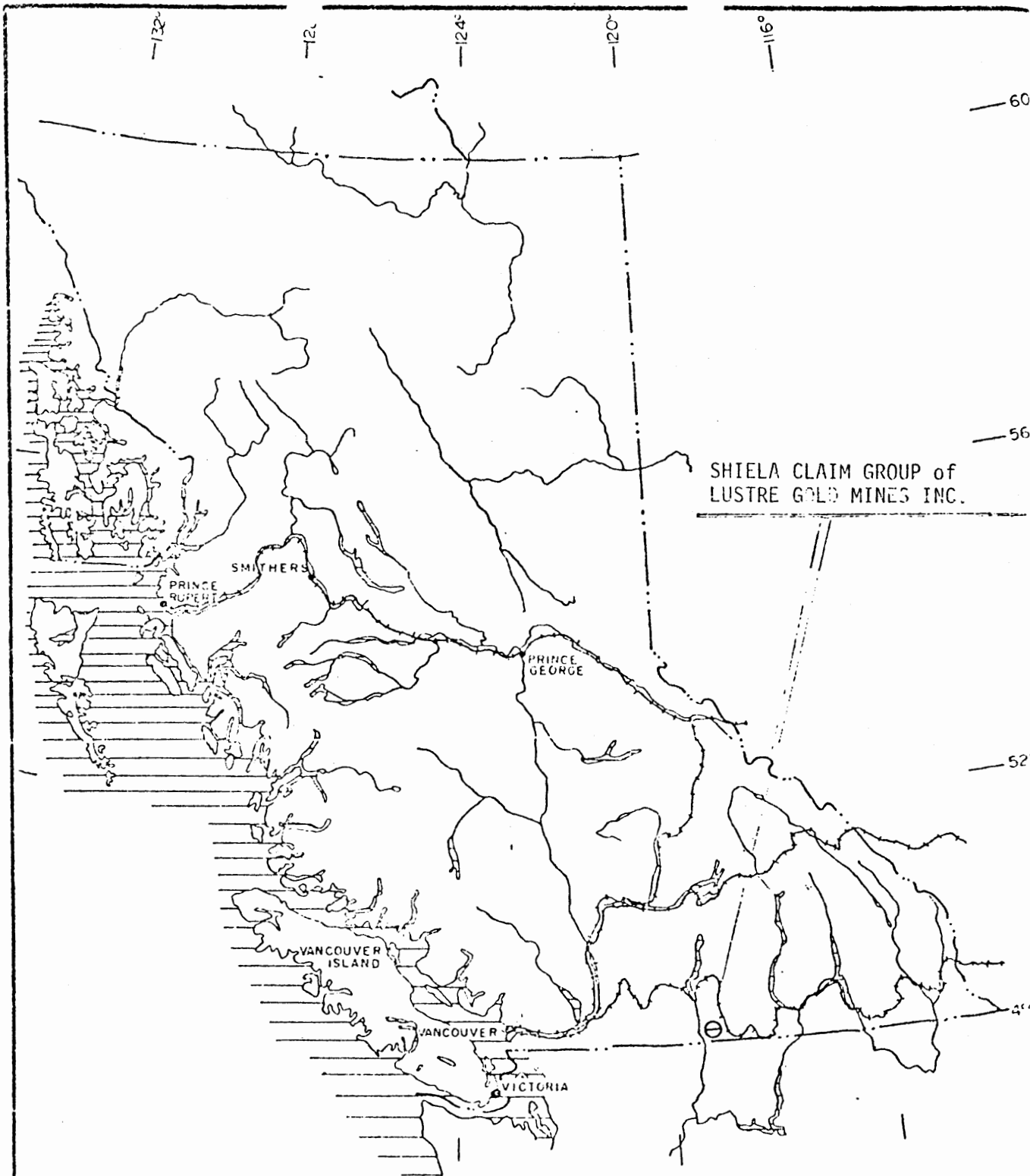
by

E.O. CHISHOLM, P. Eng.

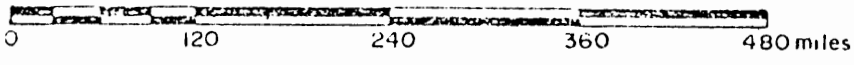
CONSULTING GEOLOGIST

VANCOUVER, BRITISH COLUMBIA

September 24, 1975



INDEX MAP
SHIEL CLAIM GROUP, LUSTRE GOLD MINES
INC., VANCOUVER BRITISH COLUMBIA



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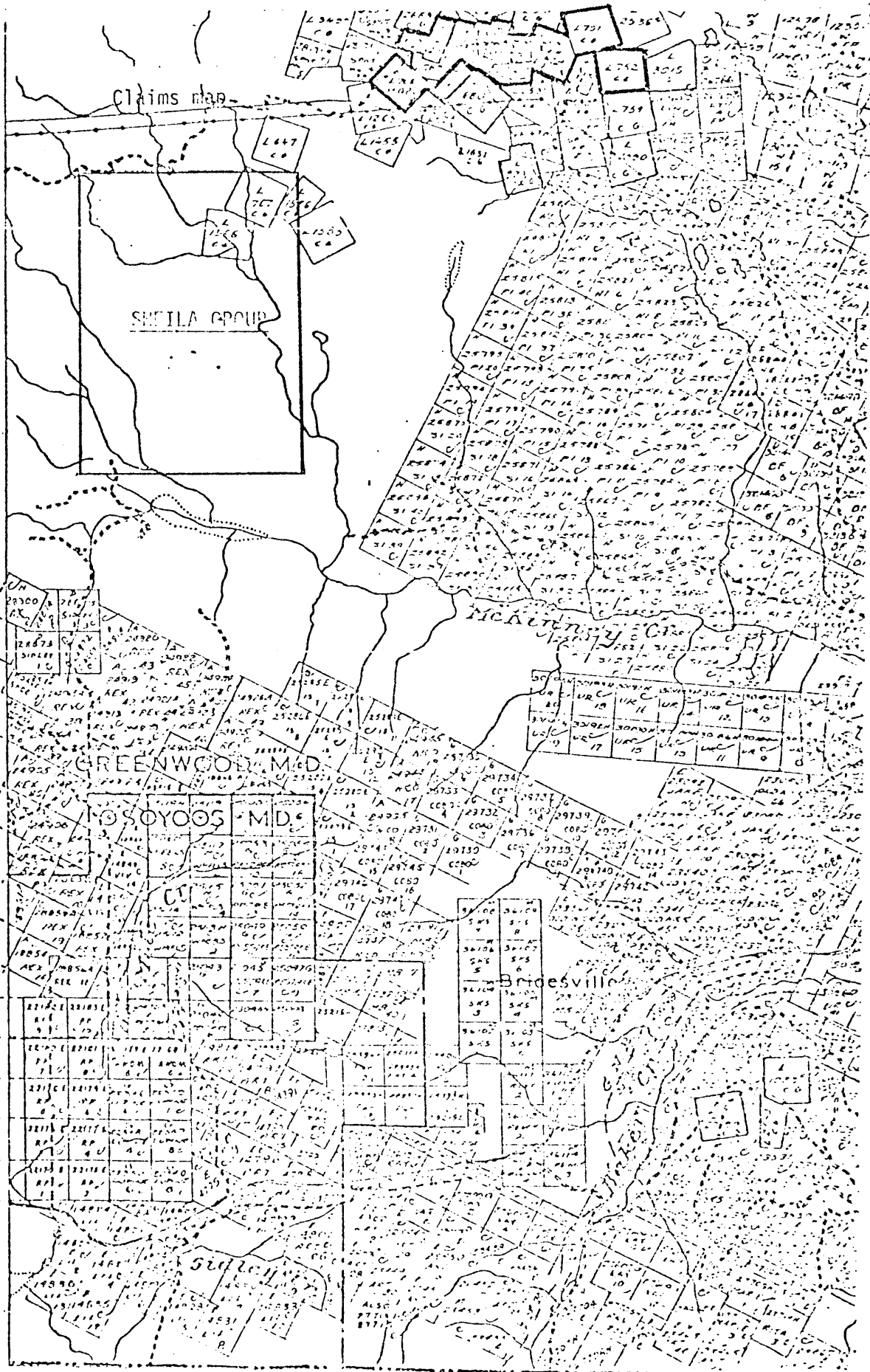
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CAMP MCKINNEY GROUP

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119°15'

Scale: Approx 1.25 in. to 1 mile.

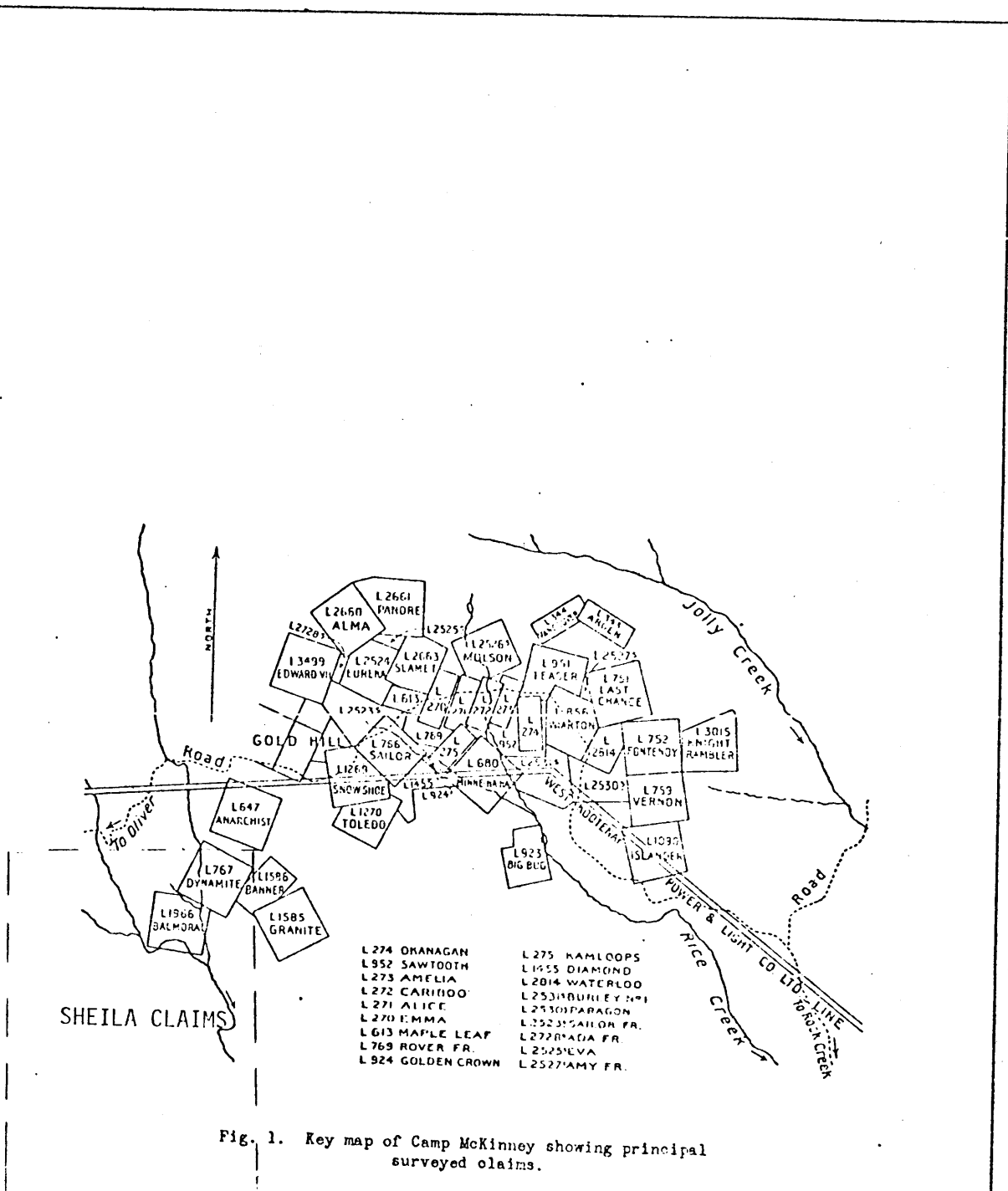


Fig. 1. Key map of Camp McKinney showing principal surveyed claims.

REPORT ON CAMP MCKINNEY PROPERTY OF LUSTRE GOLD MINES INC.
ROCK CREEK AREA - GREENWOOD MINING DIVISION, B.C.

S U M M A R Y

The Camp McKinney, Sheila Group, of Lustre Gold Mines Inc. is a recently staked block of 20 claim units located two miles southwest of the old Cariboo-Amelia Gold Mine at Rock Creek, B.C. As far as is known the Sheila Claims are underlain by the favorable formations that produced some 70,000 oz of gold and 6,000 oz of silver in the past. Nothing has been found on the Sheila property to date and detailed exploration is warranted due to its proximity to the Camp McKinney gold belt. A preliminary program of soil sampling for gold and silver followed by diamond drilling, at an overall cost of \$26,000.00 is recommended.

I N T R O D U C T I O N

This report is based on information gathered during visits to the property in August of 1974 and from published data from government and private reports on the company's files, together with personal communications from R. Hunstone and W.E. MacArthur who previously operated Camp McKinney Gold Mine property. It was prepared at the request of Lustre Gold Mines Inc., 1020-470 Granville Street, Vancouver, B.C.

L O C A T I O N A N D A C C E S S

The Camp McKinney property is in the Greenwood Mining Division of B.C. on Rock Creek drainage, about six miles north of Bridesville on the Trans-Provincial Highway No. 3. A branch road leaves the highway three miles east of Bridesville and passes through the Camp westerly to Oliver, B.C. Rock Creek on the Canadian Pacific Railway is sixteen miles southeast of Camp McKinney. The Camp is at an elevation of 4,400 feet on

the lower southeastern slopes of Baldy Mountain. It is served by all weather gravel highway from the Trans-Canada Highway and readily accessible by automobile.

The main line of the West Kootenay Power & Light Company passes near the property. A tributary of McKinney Creek flows through the claim block.

T O P O G R A P H Y

The local topography is of low relief ridges and mounds and long slopes are characteristic. It is rocky in part and ridges of glacial material are present in the area due to heavy glaciation. Glacial debris, however, is generally very shallow, in the order of a few feet. Outcrops are plentiful in the area but a general thin blanket of topsoil and forest cover makes detailed mapping difficult.

The area is covered with plentiful second growth green timber sufficient for mining purposes.

The climate is generally mild and dry, and mining can be carried on throughout the year.

H I S T O R Y

Camp McKinney, at the close of the last century was an important gold production centre. It was discovered in 1867 and production continued from 1887 to 1894 when the Camp was abandoned. Attempts at revival have been made since from time to time, on a small scale.

C H R O N O L O G I C A L

A chronological history of the Camp McKinney area prepared by L.H. Starck and H.L. Hill follows:

1860 - Placer gold was recovered from Rock Creek and its tributaries.

1884 - Lode gold was discovered on ground covered by the Victoria claim.

1887 - The Cariboo vein was discovered.

1894 - George McAuley and associates, of Spokane, Washington, after development of the Cariboo and Amelia claims, formed the Cariboo Mining and Milling Company, and erected a 10-stamp mill. This operation continued through 1897 producing \$380,000 and paying \$189,000 in dividends.

1898 - McAuley and Toronto associates formed the Cariboo-McKinney Mining and Milling Company Limited to take over the operation. Property controlled by this company included the Cariboo, Amelia, Alice, Emma, Maple Leaf, Soutooth and Okanagan claims. The milling capacity was increased by the addition of 10 stamps. This operation continued through 1903, produced \$803,000 and paid \$377,000 in dividends. The mine was closed down at the end of 1903 when exploration failed to find the vein beyond the fault at the east end of the mine.

Several years after the Cariboo-McKinney company closed down other interests dewatered the mine to the No. 4 level, but ceased operations when it was discovered that the old stopes were exhausted.

1917-1918 - Twenty-nine claims in the area were optioned by the Consolidated Mining and Smelting Company and some surface exploration carried out.

1929 - Shafts on the Waterloo and Fontenay claims were dewatered by C.F. Low of Vancouver, but no work was done.

1934 - The Bralco Development and Investment Company of Vancouver optioned the Cariboo holdings and several other claims. Some surface was done and five diamond-drill holes put down to explore the westward extension of the vein and of the west and central section of the mine. Results were not encouraging and the option was dropped.

1939 - Pioneer Gold Mines of B.C. Limited optioned the Cariboo-McKinney holdings and dewatered the mine. The workings were examined, surveyed, and sampled. Three diamond-drill holes were drilled underground from the east end of No. 4 and No. 5 levels, and eight were drilled from the surface to explore the eastward extension of the vein to the north. Results were discouraging and the option was dropped.

Total production to 1939 amounted to 69,581 oz. gold and 6,359 oz. silver from 123,457 tons. Dividends totalled \$566,000.

1940 - The property was leased by G. Boag and Associates, who mined pillars and stope remnants above the Tunnel level. During the summer of 1941 Highland-Bell Ltd., who had done some development work on the Wiarton claim in 1940, took over the lease, mined some ore and did 200 feet of drifting and cross-cutting above the water level at the Tunnel level. The lease reverted to Boag and Associates late in the year.

1942 - Leases on the mine were taken by E. Wanke and Associates of Rock Creek, B.C., who continued working through 1946 after dewatering the mine to the No. 2 level, and by Fritz of Midway, B.C., who worked through 1943. Ore was mined from surface pillars. Production from 1943 through 1946 totalled 1,570 tons, yielding 1,026 oz. gold and 1,496 oz. silver.

1957 - W.E. MacArthur of Greenwood optioned the property, and with associates located the eastern extension of the main vein beyond the fault by

surface diamond drilling.

1958 - R. Munstone and Associates then optioned the property from MacArthur and, after an examination by the writers, dewatered the mine and drove a 250-foot crosscut southeast on 5 level, and drifted 50 feet on the vein encountered.

1959-1960 - Giant Mascot Mines, Mt. Washington Copper Co., and Clarke Gibson and Associates financed the property into production. Returns from the operation started in July, 1960.

1960-1961 - Approximately 7,000 tons of siliceous ore was shipped to Cominco Smelter which averaged 1.105 oz of gold per ton. From 1961 to the present there was very little activity.

P R O P E R T Y

The property is comprised of a recently staked 20 unit block measuring 2 miles x $1\frac{1}{2}$ miles owned by Lustre Gold Mines Inc. of 1020-470 Granville Street, Vancouver, B.C. Crown grants L757, L1966 and L1586 are excluded from the group.

All are located in the GREENWOOD MINING DIVISION.
Legal aspects of ownership are beyond the scope of this report.

G E O L O G Y

The geology of the area has been described by W. E. Cockfield, 1935, C.E. Cairnes [1937], the Geological Survey of Canada, and M.S. Hedley [1940] of the B.C. Department of Mines. It is summarized as follows by L.P. Starck and H.L. Hill in a paper to the Northwest Mining Association, Spokane, Washington, December, 1966:

[1] Rock Types:

The rocks in the vicinity of the Camp McKinney mine workings consist, for the most part, of a highly metamorphosed bedded series. Intruded into these are a number of dykes of varying age and composition. Strong alteration of the vein walls has obscured the identity of the rock types. While local variations occur, the general strike of the bedded rocks throughout the workings is northwest and the dip 45° to the northeast.

The most typical rocks forming the walls of the main ore shoots are calcareous greenstone and argillaceous quartzite. The former grades from a massive type of normal andesitic appearance and composition with irregular calcite veining to well bedded rocks consisting of alternate parallel bands of greenstone and calcite from a fraction of an inch to several inches in thickness. The typical argillaceous quartzite consists of bands of almost pure silica separated by thin argillaceous partings. Gradations between the two rock types exist.

Occupying much of the unstoped section, indicated on the longitudinal projection between the west ore shoot and the central ore shoot, is a 50-foot wide band of talcose material containing fragments of biotitic and siliceous rocks. The identity of the vein is lost in this material.

[2] Faulting:

The vein within the mine workings is cut by numerous faults with displacements ranging from a few inches to several hundred feet which have greatly hampered mining and development. The faulting appears to be entirely post mineral with no effect on the vein other than to offset it.

The faults may be grouped as follows, from earliest to latest:

- [a] A series of westward-dipping faults which offset the foot-wall block to the south from a few inches to 20 feet. The vertical component may be several times as large with the hanging wall probably moving downward.
- [b] A series of major thrusts [including eastward dipping faults and flat faults] some of which are closely related, forming, as in the central section of the mine, a complex system. The hanging wall blocks have moved north and west. Displacement in the case of the flat fault above the east end of No. 3 level has been at least 400 feet.
- [c] An eastward dipping fault, between the central and eastern ore shoots, in which the hanging wall block has moved relatively down and to the south with a total displacement of upwards of 300 feet.
- [d] A westward dipping fault that cut off the vein at the end of 4, 5 and 6 levels of the old mine. The horizontal displacement is more than 300 feet with the hanging wall moving to the north.

[3] The Vein:

The Camp McKinney vein is a quartz-filled fissure occupying a well-defined fault fissure. Relative movement along the fissure is in the neighbourhood of 30 feet with the north side moving east. The strike is almost due east and west, and the dip is vertical or steep southward. Widths ranging from a few inches to upwards of 10 feet. The walls are generally free and the vein filling consists of quartz containing bands of sulphide or shadowy dark colored material in the richer sections. Mineralization consists principally of disseminated pyrite with minor amounts of sphalerite, galena and chalcopyrite.

[4] Ore Shoots:

The best ore in the old section of the mine seems to have been mined between walls of greenstone or largely greenstone. This rock appears to have been most competent to maintain a fissure with clean cut walls. The least competent rock exposed in the mine workings is the band of talcose material between the central and western ore shoots. Here the fissure has entirely disappeared.

C O N C L U S I O N S and R E C O M M E N D A T I O N S

From 1893 to 1903 the Cariboo-Amelia mine two miles northeast of the Sheila group produced some 100,000 tons of gold ore and paid dividends of \$500,000. The mine was closed down as both the eastern and downward extensions of the productive sections, were terminated by faults. From 1959 to 1961 the mine was re-opened and an additional 7,000 tons of ore averaging 1.1 ounces of gold per ton were shipped to Cominco Smelter from an extension of the vein system.

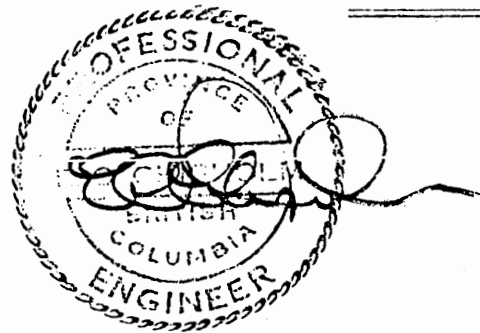
New evidence of an additional gold bearing vein near the old workings suggest that other ore shoots may occur in the area.

The enhanced price for gold and favorable location make the Sheila group an attractive property and exploration should be carried out on the claims. A two phased geochemical survey program for gold, followed by diamond drilling if warranted, is recommended at an estimated cost of \$26,000.00.

SUMMARY OF ESTIMATED EXPENDITURES

Line Cutting - 20 miles at \$100/mile	\$ 2,000
Geochemical Soil Survey for Gold 20 miles @ \$200/mile	<u>4,000</u>
Sub-total	\$ 6,000

Diamond Drilling 1,000' @ \$20/foot	<u>20,000</u>
Total	<u><u>\$ 26,000</u></u>



A P P E N D I XLIST OF REFERENCES

Annual Reports. Minister of Mines, B.C., 1888, 1894, 1897 to 1903, 1918, 1925, 1929, 1932, 1933.

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C.E. Cairnes. G.S.C. Memoir Mineral Deposits of the West Half of Kettle River Area, Preliminary Report, 1937.

M.S. Hedley. B.C. Department of Mines Bulletin No. 6, Geology of Camp McKinney and of Cariboo-Amelia Mine, 1940.

A.L. Hill and L.P. Starck. Consulting-Managing Engineers, Vancouver. "The Camp McKinney Gold Mine", a paper presented to the 66th Annual Convention Northwest Mining Association, Spokane, Washington, December 2 & 3, 1960.

R. Hunstone. Vancouver, B.C. Personal Communication, 1973.

R.E. MacArthur. Vancouver, B.C. Personal Communication, 1973.

H.L. Hill & Assoc. Report on the Cariboo-Amelia Mine, Camp McKinney, 15 July, 1958 and 27 August, 1959.

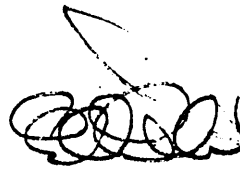
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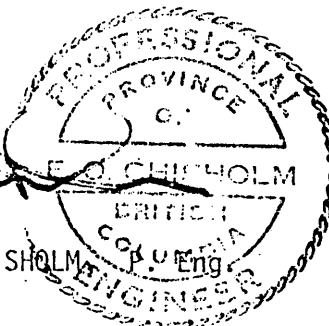
I, Edward O. Chisholm of the City of Vancouver in the Province of British Columbia, hereby certify that:

1. I am a geologist with offices at #821 - 602 West Hastings Street, Vancouver, B.C.
2. I am a graduate of the University of Toronto, Ontario, Master of Arts, 1956.
3. I am a member of the Professional Engineers of Ontario and British Columbia.
4. I have no direct interest or indirect interest in either the property or securities of LUSTRE GOLD MINES INC., or its affiliates nor do I expect to receive any such interest.
5. This report is based on examinations of the property and on studies made of published data on the areas of the claims.

DATED AT VANCOUVER, BRITISH COLUMBIA

September 24, 1975

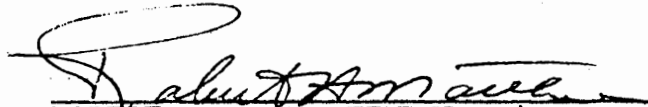

EDWARD O. CHISHOLM
P. Eng




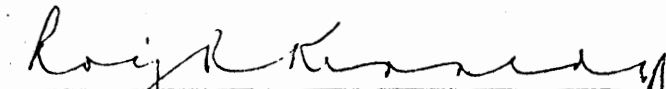
C E R T I F I C A T E

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by Part VII of the Securities Act, and the regulations thereunder.

DATED the 14th day of November, A. D. 1975, at the City of Vancouver, in the Province of British Columbia.


ROBERT ASHTON MATTHEWS, Director
and Promoter


ALEXANDER DEAN HAMILTON, Director
and Promoter


ROY REGINALD KENNEDY, Director and
Promoter