

RM/AL/LD

Recd Sept. 11/89

001544

THIS PROSPECTUS CONSTITUTES A PUBLIC OFFERING OF THESE SECURITIES ONLY IN THOSE JURISDICTIONS WHERE THEY MAY BE LAWFULLY OFFERED FOR SALE AND THEREIN ONLY BY PERSONS PERMITTED TO SELL SUCH SECURITIES.

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.

PROSPECTUS

DATED: April 18, 1989

REDDING GOLD CORPORATION  
1763 - 595 Burrard Street  
Vancouver, British Columbia  
V7X 1G4

*Golden Zone & ESW 042*  
*Yankee Girl & ESE 187*  
*Dor - [92ISE 164*  
*[92HNE 036 ✓*

PUBLIC OFFERING

650,000 Common Shares

	Price to Public	Commission	Net Proceeds to be Received by the Issuer
Per Share	\$0.35(1)	\$0.035(2)	\$0.315
Total	\$227,500	\$22,750	\$204,750(3)

- (1) The price of the shares has been determined by the Issuer in negotiation with the Agents.
- (2) The Agents have been granted a warrant to acquire 162,500 shares of the Issuer at \$0.35 per share. See "Plan of Distribution".
- (3) Before deduction of the expenses of this issue estimated not to exceed \$30,000.

THE AGENTS HAVE AGREED TO PURCHASE ANY OF THE SHARES OFFERED HEREBY WHICH HAVE NOT BEEN SOLD AT THE CONCLUSION OF THE OFFERING AND AS CONSIDERATION FOR THE GUARANTEE HAVE BEEN GRANTED A NON-TRANSFERABLE WARRANT TO ACQUIRE 162,500 SHARES OF THE ISSUER. THE AGENTS' WARRANT HAS BEEN DISTRIBUTED TO THE AGENTS UNDER THIS PROSPECTUS. ANY SHARES ACQUIRED BY THE AGENTS UNDER THE GUARANTEE WILL ALSO BE DISTRIBUTED UNDER THIS PROSPECTUS THROUGH THE FACILITIES OF THE VANCOUVER STOCK EXCHANGE AT THE MARKET PRICE AT THE TIME OF SALE.

THERE IS CURRENTLY NO MARKET THROUGH WHICH THESE SECURITIES MAY BE SOLD.

AN INVESTMENT IN SHARES OF THE ISSUER MUST BE CONSIDERED SPECULATIVE. SEE "RISK FACTORS" FOR DETAILS OF SUCH MATTERS AS DILUTION, RISKS INHERENT IN MINING, CONFLICTS OF INTEREST AND PERCENTAGES OF SHARES HELD BY PROMOTERS, DIRECTORS, OFFICERS, SUBSTANTIAL SECURITY HOLDERS AND UNDERWRITERS.

THE VANCOUVER STOCK EXCHANGE HAS CONDITIONALLY LISTED THE SECURITIES BEING OFFERED PURSUANT TO THIS PROSPECTUS. LISTING IS SUBJECT TO THE ISSUER FULFILLING ALL THE LISTING REQUIREMENTS OF THE VANCOUVER STOCK EXCHANGE ON OR BEFORE OCTOBER 23, 1989, INCLUDING PRESCRIBED DISTRIBUTION AND FINANCIAL REQUIREMENTS.

WE, AS AGENTS, CONDITIONALLY OFFER THESE SECURITIES SUBJECT TO PRIOR SALE, IF, AS AND WHEN ISSUED BY THE ISSUER AND ACCEPTED BY US IN ACCORDANCE WITH THE CONDITIONS CONTAINED IN THE AGENCY AGREEMENT REFERRED TO UNDER "PLAN OF DISTRIBUTION" ON PAGE 18 OF THIS PROSPECTUS.

AGENTS

Continental Securities  
10th Floor, Four Bentall Centre  
1055 Dunsmuir Street  
Vancouver, British Columbia  
V7X 1L4

EFFECTIVE DATE: April 25, 1989

## REDDING GOLD CORPORATION

### PROSPECTUS SUMMARY

#### The Issuer

Redding Gold Corporation ("the Issuer"), was incorporated in the Province of British Columbia and has an authorized capital of 20,000,000 common shares of which 1,608,500 shares are issued and outstanding. The Issuer is engaged in the business of acquiring, exploring and developing mineral properties and owns the property interests described hereafter.

#### The Golden Zone Property

The Issuer has the option to acquire a 50% interest in three contiguous Crown-granted mineral claims located approximately 12 kilometres northeast of Hedley, British Columbia. The Issuer has expended approximately \$71,000 on the property to date and can earn its interest by expending a further \$79,000 on the property by November 1, 1990.

The report of A.J. Schmidt, P.Eng., prepared for the Issuer recommends a two-phase exploration programme, estimated to cost \$64,000 for Phase 1 and \$57,000 for Phase 2.

#### The Yankee Girl Property

The Issuer has the option to acquire a 50% interest in two contiguous reverted Crown-granted mineral claims located approximately five kilometres west of Grand Forks, British Columbia. The Issuer has expended approximately \$12,000 on the property to date and can earn its interest by expending a further \$38,000 on the property by November 1, 1990.

The report of A.J. Schmidt, P.Eng., prepared for the Issuer recommends a two-phase exploration programme, estimated to cost \$20,000 for Phase 1 and \$35,000 for Phase 2.

#### The DOR Property

The Issuer owns a 100% interest in the DOR claim located approximately 18 kilometres south of Merritt, British Columbia.

The report of A.J. Schmidt, P.Eng., prepared for the Issuer recommends a two-phase exploration programme, estimated to cost \$20,000 for Phase 1 and \$82,500 for Phase 2. The Issuer does not intend to conduct further work on the DOR claim at this time.

## The Issue

The Agents hereby offer 650,000 shares of the Issuer at \$0.35 per share for primary distribution to the public through the facilities of the Vancouver Stock Exchange pursuant to the Issuer's conditional listing on that Exchange. The Issuer will net \$0.315 per share for total proceeds of \$204,750 prior to deduction of offering expenses. The Agents have agreed to purchase any shares not sold at the conclusion of the offering, for which they have been granted a non-transferable warrant for the purchase of 162,500 shares at \$0.35 per share exercisable up to the close of business one year from the date the shares of the Issuer are posted and called for trading on the Vancouver Stock Exchange.

## Use of Proceeds

The proceeds from this issue will be used primarily to conduct the recommended Phase I exploration programme on the Golden Zone property at an estimated cost of \$64,000, to conduct the recommended Phase I exploration programme on the Yankee Girl property at an estimated cost of \$20,000, to provide for one year's management services at \$2,000 per month and to provide working capital.

## Dividend Policy

The Issuer has not paid any dividends on its common shares and has no present intention of paying dividends in the future.

## Risk Factors

Investment in the shares of the Issuer must be considered speculative due to the nature of the Issuer's business and the present stage of development of its properties. Risk factors associated with an investment in shares of the Issuer include:

Dilution - purchasers of shares hereunder will suffer an immediate dilution of approximately 60% of the \$0.35 per share offering price.

Shares Owned by Management - upon completion of this offering, the 650,000 shares offered hereby will represent 28.8% of the shares of the Issuer then outstanding as compared to 42.1% that will then be owned by promoters, directors, officers, substantial security holders and underwriters of the Issuer.

Conflicts of Interest - the directors and officers of the Issuer are also directors and/or officers of a total of ten other companies engaged in mineral exploration and development.

Risks Inherent in Mining - there are a number of risks associated with the exploration for economic deposits of minerals including the Issuer's possible inability to obtain sufficient financing in the future, government regulation, fluctuations in the market for precious metals, competition from companies with greater resources and potential liability for significant uninsured risks.

Likelihood of Profits - the Issuer's properties are in the exploration stage only and yet an economic deposit of minerals must be located before the Issuer can expect any profitability. Accordingly, there is little likelihood that the Issuer will realize profits in the short to medium term.

No Market for Securities - there is currently no market for the shares of the Issuer.

See "Risk Factors".

THE FOREGOING IS A SUMMARY ONLY AND SHOULD BE READ IN CONJUNCTION WITH THE MORE DETAILED INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS.

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#### NAME AND INCORPORATION

The Issuer was incorporated on July 18, 1983 under the Company Act of British Columbia by the registration of its memorandum and articles. The address of the head office of the Issuer is 1763 - 595 Burrard Street, Vancouver, British Columbia V7X 1G4, and the address of the registered office is 1303 Walnut Street, Vancouver, British Columbia V6J 3R2.

#### THE BUSINESS

The Issuer is engaged in the acquisition, exploration and development of mineral properties.

The Issuer was organized in the fall of 1983 under its original management and acquired interests in certain mineral properties. Following the expenditure of certain monies, the original property interests were dropped.

In July, 1987 a new Board of Directors was appointed and in August, 1987 the Issuer acquired the property interests described hereafter. Following acquisition, the Issuer expended a total of approximately \$109,000 on exploration of the properties.

In November, 1988 the Issuer's current Board of Directors was appointed.

#### PROPERTY ACQUISITION

By agreement dated August 24, 1987, and amended by agreement dated November 29, 1988, the Issuer acquired from Midland Energy Corporation ("Midland") of 808 Nelson Street, Suite 501, Vancouver, British Columbia, the right to earn an undivided 50% interest in each of the Yankee Girl and Golden Zone properties, described hereafter. To earn the interest, the Issuer paid the sum of \$5,000 and must incur expenditures on the properties totalling \$200,000 as follows:

- a) not less than \$50,000 by November 1, 1988;
- b) not less than \$50,000 by November 1, 1989; and
- c) not less than \$100,000 by November 1, 1990.

The expenditures are to be made on the Golden Zone property as to \$150,000 and on the Yankee Girl property as to \$50,000.

REDDING GOLD INC.

# LOCATION MAP

BRITISH COLUMBIA

DATE: MARCH, 1989

FIGURE :



Upon the Issuer earning its 50% interest in the properties, the parties will enter into a joint venture for the ongoing exploration and development of the properties.

By agreement dated August 24, 1987, the Issuer acquired from Larry W. Reaugh of 1011 Balsam Street, White Rock, British Columbia, a 100% interest in the DOR claim, described hereafter. The consideration paid by the Issuer was \$8,190 representing the vendor's cost of acquisition.

## THE PROPERTIES

### THE GOLDEN ZONE PROPERTY

The Issuer has to date expended approximately \$71,000 in surface surveying, 105 metres of diamond drilling and 593 metres of reverse circulation drilling on the Golden Zone property. The Issuer retained A.J. Schmidt, P.Eng. ("Schmidt") to conduct an examination of the property following this work and to make a recommendation for further exploration. The Schmidt report dated July 8, 1988, is summarized in the following.

#### Description, Location and Access

The Golden Zone property comprises three contiguous Crown-granted mineral claims, the B.C., Golden Zone and Silver Bell claims, covering 48.5 hectares.

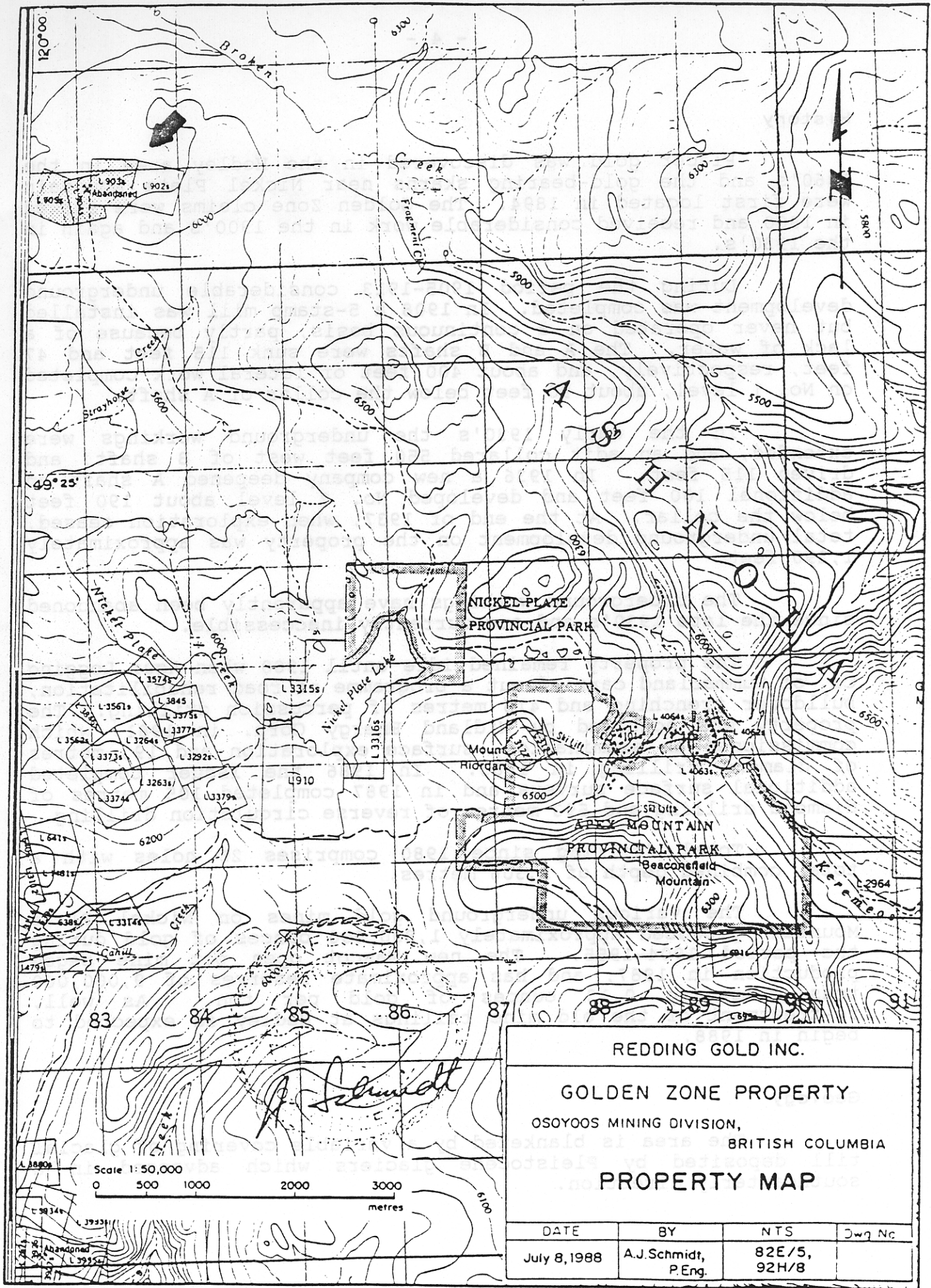
The property is located in southern British Columbia, approximately 12 kilometres northeast of Hedley and 30 kilometres west of Penticton.

The property lies at the headwaters of Hedley Creek between Nickel Plate and Broken Creek tributaries in high plateau country at an elevation of about 1800 metres. The topography is subdued within a range of less than 100 metres. A mature lodgepole pine forest covers the general area. Overburden appears to be extensive, but generally shallow; rock outcrops are not plentiful.

The property is accessible by 40.6 kilometres of road from Penticton. The initial 32.4 kilometres to a point 2.7 kilometres past Apex Ski Village is a well-maintain all-weather road, however the final 8.2 kilometres is a rough 4-wheel drive tote road.

The Mascot Gold Mine, a significant new open pit operation (3,000 tons per day) is about 8 kilometres southwest of the Golden Zone property.





REDDING GOLD INC.			
GOLDEN ZONE PROPERTY			
OSOYOOS MINING DIVISION, BRITISH COLUMBIA			
<b>PROPERTY MAP</b>			
DATE	BY	NTS	Dwg No.
July 8, 1988	A.J. Schmidt, P.Eng.	82E/5, 92H/8	

## History

Placer gold was discovered in the Hedley area in the 1860's and the gold-bearing skarns near Nickel Plate Mountain were first located in 1894. The Golden Zone claims were staked in 1900 and received considerable work in the 1900's and again in the 1930's.

During the period 1905-1913 considerable underground development was completed. In 1908 a 5-stamp mill was installed but never operated on a continuous basis, partly because of a lack of water. The A and B shafts were sunk 115 feet and 47 feet, respectively, and about 400 feet of lateral work completed on No. 1 level, about 90 feet below the collar of A shaft.

In the early 1930's the underground workings were extended, and an adit collared 550 feet west of B shaft, and driven 115 feet. In 1936 a new company deepened A shaft an additional 100 feet and developed No. 2 level about 190 feet below the collar. At the end of 1937, when exploration ceased, total underground development on the property was approximately 1,290 feet.

The underground workings have apparently been abandoned since the late 1930's and are currently inaccessible.

The property remained idle until 1980 when Agur Logging Co. of Summerland carried out a programme of road rehabilitation, bulldozer trenching and 415 metres of percussion drilling. The property was acquired by Midland Energy Corp. in 1981, which commissioned an examination, surface exploration and 193 metres of diamond drilling in 1983. In 1986 the Issuer completed additional surface surveys and in 1987 completed 105 metres of diamond drilling and 593 metres of reverse circulation drilling.

Total drilling since 1980 comprises 26 holes with a total combined depth of 1,306 metres.

The various underground gold mines on Nickel Plate Mountain produced approximately 1,800,000 ounces of gold during the period 1904-1955. The new Mascot open pit mine began production in 1987, and has approximate reserves of 9,000,000 tons averaging 0.13 ounces of gold per ton. As well, re-treatment of the old mine tailings at Hedley is expected to begin in 1988.

## Geology

The area is blanketed by a variable covering of glacial till deposited by Pleistocene glaciers which advanced in a southeasterly direction.

The Hedley region lies within the Intermontane Belt of the Canadian Cordillera. The Golden Zone property covers a contact zone between a roof pendant of Upper Triassic hornfelsed sediments (limestone, quartzite, tuff) of the Hedley Formation, and Middle Jurassic granitic intrusions of the Pennask Batholith. A persistent, east-west trending, gold-bearing quartz vein has been traced for approximately 350 metres from the granitic rocks into the sediments, and has been the focus of the previous exploration efforts.

According to Hedley (1937), the sediments are locally argillaceous, limy and cherty, and include a minor amount of greenstone. They dip 30' to 60' westerly and are cut by apophyses of granite, and post-mineral north trending and east dipping andesite dikes.

Camsell (1908) indicates that a large mass of coarse-grained pinkish granite lies in the southern portion of the Golden Zone and Silver Bell claims. To the east, lying between this granite and the sediments is a tongue, about 300 metres in width, of granite porphyry. It has phenocrysts of quartz and feldspar set in a fine-grained acid groundmass. A smaller apophysis of fine-grained, micaceous granite is found only on the Silver Bell and Golden Zone claims, between the coarse-grained granite and the sediments, and hosts the gold-quartz vein of interest. Several north trending cross faults have offset the quartz vein from 1 to 30 metres.

### Mineralization

Significant gold and silver values (up to 1.9 oz per ton Au, and 10.0 oz per ton Ag) have been reported from selected samples from the veins. Mineralization consists of variable amounts of pyrite and arsenopyrite, with generally minor amounts of sphalerite and chalcopyrite, in a hard, vitreous, and locally crystalline and drusy white quartz vein.

Schmidt took a number of representative samples (grab or chip) during his examination to demonstrate the amount of mineralization present and to check previous samples from those sites. The sample results ranged up to 0.258 oz/ton Au and 2.06 oz/ton Ag.

Although generally lower than previous assays, Schmidt's samples demonstrate that significant amounts of gold and silver occur in the quartz veins present on the property.

### Geophysics

Since 1983, various geophysical surveys have been completed on the Golden Zone property in unsuccessful attempts

to "see" the mineralized quartz vein system and to follow it, and to locate other vein systems.

In 1986, a ground magnetometer survey was conducted over the entire property using a Scintrex MP2 instrument (proton precession). Twelve lines, each 650 metres long were surveyed, with readings taken at 25-metre intervals. Although a spot 'high' occurs 50 metres west of B shaft on the Base Line, there is no obvious magnetic correlation with the vein.

A NE trending 'grain' is apparent in the contoured magnetic data, but there is little, if any, magnetic contrast between the intrusive and sedimentary rocks. A narrow anomaly of about 400 gammas occurs 170 metres south of A shaft, trending ENE for about 120 metres.

A VLF-EM survey was also completed in 1986 over the same grid, using a Sabre 27 instrument, and utilizing the Seattle transmitter. A 'strong' NE trending conductor occurs about 75 metres NE of A shaft and has a length of perhaps 250 metres. A 'weak' WNW trending conductor occurs 350 metres west of B shaft and may represent the westward continuation of the vein system in the granitics. No conductors were observed in the vicinity of the known mineralized vein system.

A trial IP survey on 4 lines, totalling 1.17 line kilometres was completed over the mineralized area in 1983. A Hunter 7.5 Mark 2 transmitter and Crone Mark 4 receiver were used to make time domain IP measurements every 15 metres, in a pole-dipole electrode configuration, with two separations per station. A well-defined chargeability anomaly, up to 62 milliseconds, and trending east-west was observed about 20 - 30 metres south of the mineralized quartz vein. Its width (30 - 60 metres) makes correlation with the vein system questionable; it is more likely to be reflecting a broader zone of shearing and pyritization.

## **Geochemistry**

A total of 127 soil samples were collected in 1983 and analyzed for Cu, Ag, Zn and As. Arsenic appears to be the best indicator of the mineralized zone; several values up to 3,936 ppm were observed just north of the mine area. Some contamination from the old dumps is suspected, however. A strong As soil anomaly also occurs to the south of the old workings for about 200 metres (east-west).

In 1986 an additional 345 soil samples were collected from the geophysical grid (100 metre line spacing, 25 metre sample spacing) and analyzed for Au by atomic absorption techniques. The strongest anomaly (peak 1,760 ppb Au) occurs near A shaft, and in the vicinity of the trenches. This exploration technique appears to be the most direct and effective

method to explore for gold bearing vein systems in this area. Several geochemical anomalies were located which are worthy of additional exploration. They are:

- a) a spot value of 62 ppb Au occurs 50 metres north of the base line and 90 metres NE of A shaft. This soil sample corresponds closely with the strong VLF anomaly.
- b) a spot value of 2,070 ppb Au occurs 125 metres north of the base line, almost due north of A shaft.
- c) a broad anomaly extends from 112 to 200 metres south on a line 225 metres west of A shaft. Consecutive values, at 12.5 metre spacing, are 250, 315, 290 and 1,120 ppb Au. Several additional anomalous soil samples occur to the NE and SW of this area.

### Recommendations

A two-phase exploration programme is recommended:

#### Phase I

1. Conduct sufficient fill-in soil geochemical surveys (spacing 25 x 12.5 metres) around the three priority geochemical anomalies to ascertain their full dimensions. Analyze these samples for Au and As.
2. Analyze the 1986 soil samples for As and compile data.
3. Conduct excavator trenching to bedrock within the defined Au and As soil anomalies to determine their cause. Bedrock trenches should be carefully mapped and sampled.
4. Diamond drill an additional 8 NQ diameter holes to test the main vein for possible economic gold and silver mineralization. Use stringent controls to ensure maximum core recovery.

Contingent upon the results of Phase I, additional exploration (drilling) may be warranted.

#### Phase II

1. Diamond drill significant targets developed by the previous work.

**Cost Estimate for the Proposed Programme**

**Phase 1**

1.	Soil sampling - collect and analyze 100 samples for Au & As	\$ 2,000	
2.	Re-analyze previous 345 samples for As	1,000	
3.	Trenching - 4 days, 40 hrs @ \$100/hr + Mob.	5,000	
4.	Sampling/mapping - 4 days @ \$350/day + rock assays	2,500	
5.	Travel, room and board, vehicle, communications	<u>1,500</u>	
	Subtotal		\$ 12,000
6.	Diamond drilling, 430 m @ \$75/m	32,250	
7.	Assays (Au + Ag), 100' samples	1,250	
8.	Geologic supervision, report pre- paration - 15 days @ \$350/day	5,250	
9.	Travel, room and board, vehicle, communications	5,000	
10.	Drafting, typing, supplies	<u>2,500</u>	
	Subtotal		\$ 46,250
11.	Contingencies @ 10%, rounded	<u>6,000</u>	
	TOTAL PHASE I		\$ <u>64,000</u>

**Phase 2**

1.	Diamond drilling, 500 m @ \$75/m	\$37,500	
2.	Assays (Au + Ag), 100 samples	1,250	
3.	Geological supervision, report pre- paration - 15 days @ \$350/day	5,250	
4.	Travel, room and board, vehicle, communications	5,000	
5.	Drafting, typing, supplies	2,500	