

DATED: FEBRUARY 23, 1988

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

NEW ISSUE

# STRAND RESOURCES INC.

#1010 - 470 Granville Street  
Vancouver, B.C. V6C 1V5  
(The "Issuer")

## OFFERING OF 300,000 COMMON SHARES WITHOUT PAR VALUE

	Price to Public	Commission	Net Proceeds to Issuer
.....	\$0.40	\$.05	\$.35
.....	\$120,000	\$15,000	\$105,000 *

costs of issue estimated to be \$8,500.

THE VANCOUVER STOCK EXCHANGE HAS CONDITIONALLY LISTED THE SECURITIES BEING OFFERED IN THIS PROSPECTUS. LISTING IS SUBJECT TO THE ISSUER FULFILLING ALL THE LISTING REQUIREMENTS OF THE VANCOUVER STOCK EXCHANGE ON OR BEFORE AUGUST 29TH, 1988, INCLUDING THE PRESCRIBED DISTRIBUTION AND FINANCIAL REQUIREMENTS.

LISTING IS SUBJECT TO A MINIMUM SUBSCRIPTION OF 300,000 SHARES BEING RECEIVED BY THE ISSUER WITHIN 180 DAYS OF THE EFFECTIVE DATE OF FEBRUARY 29TH, 1988. FURTHER PARTICULARS OF THE MINIMUM SUBSCRIPTION ARE DISCLOSED UNDER THE HEADING "PLAN OF DISTRIBUTION" HEREIN.

THE MARKET FOR THE ISSUER'S SECURITIES. THE PRICE OF THE SECURITIES OFFERED WILL BE DETERMINED BY NEGOTIATION WITH THE AGENT.

THE OFFERING OF THE SHARES OFFERED BY THIS PROSPECTUS MUST BE CONSIDERED A SPECULATION SINCE THE ISSUER'S MINERAL CLAIMS ARE STILL ONLY IN THE EXPLORATION STAGE. SUBSCRIBERS TO THIS OFFERING WILL SUFFER DILUTION OF 62.9% OF THE OFFERING PRICE OF \$0.40 PER SHARE. UPON COMPLETION OF THIS OFFERING THIS ISSUE WILL REPRESENT 20.3% OF THE SHARES THEN OUTSTANDING COMPARED TO 52.5% THAT WILL THEN BE OWNED BY DIRECTORS, OFFICERS, AND PROMOTERS OR SUBSTANTIAL SECURITY HOLDERS. SEE THE HEADING "RISK FACTORS" HEREIN.

NO PERSON IS AUTHORIZED BY THE ISSUER TO PROVIDE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS IN CONNECTION WITH THE ISSUE AND SALE OF THE SECURITIES OFFERED BY THE ISSUER.

NO SURVEY HAS BEEN MADE OF THE ISSUER'S LOCATED MINERAL CLAIMS AND, THEREFORE, IN ACCORDANCE WITH THE MINING LAWS OF THE JURISDICTION IN WHICH SUCH CLAIMS ARE SITUATED, THEIR EXISTENCE AND AREA COULD BE IN DOUBT.

THE ISSUER'S MINERAL CLAIMS ARE WITHOUT A KNOWN BODY OF COMMERCIAL ORE AND THE PROPOSED PROGRAM IS AN EXPLORATORY SEARCH FOR ORE.

WE, AS AGENT, CONDITIONALLY OFFER THESE SHARES 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 THE HEADING "PLAN OF DISTRIBUTION" HEREIN, SUBJECT TO OFFERING AND TO APPROVAL OF ALL LEGAL MATTERS ON BEHALF OF THE ISSUER BY MESSRS. DuMOULIN BLACK, BARRISTERS & SOLICITORS, VANCOUVER, BRITISH COLUMBIA.

AGENT

**UNION SECURITIES LTD.**

1300 - 409 Granville Street  
Vancouver, British Columbia V6C 1T2

EFFECTIVE DATE: FEBRUARY 29th, 1988

S.A. Nelson  
PROSPECT FILE  
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**STRAND RESOURCES INC.**

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**STRAND RESOURCES INC.  
SUMMARY OF PROSPECTUS**

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This is a summary only and is qualified by the more detailed information appearing elsewhere in this Prospectus.

- OFFERING:** 300,000 common shares without par value.
- PRICE:** \$0.40 per share. Each share is subject to a commission payable of \$.05 per share so that the Issuer will net \$105,000 or \$.35 per share.
- PURPOSE OF THE ISSUE:** The principal purpose of this issue is to provide the Issuer with funds [\$70,000] to carry out Phase I of the two phase, success contingent, program on its Bismark Property in British Columbia.
- PRINCIPAL BUSINESS:** The business of the Issuer is the acquisition, exploration and development of mineral properties.
- CURRENT ACTIVITY:** The Issuer holds the option to earn an undivided 50% interest in the Bismark Property located in the Slocan Mining Division of British Columbia. The Issuer can earn the interest by completing \$250,000 of exploration and development work expenditures on the property by December 31, 1989. In the spring of 1988, the Issuer intends to carry out a program of back-hoe trenching, preparation of drill pads, and 400 meters of diamond drilling.
- FINANCIAL INFORMATION:** Prior to this Offering, the Issuer raised \$113,750.25 through the private sale of shares. To February 15, 1988, \$76,707 had been directly invested in acquisition, exploration, and development of mineral properties. Working capital at February 15, 1988 amounted to \$19,842.
- RISK FACTORS:** For a description of the risk factors and speculative nature of the shares being offered see the heading "Risk Factors" herein.

## PLAN OF DISTRIBUTION

### Offering and Appointment of Agent

The Issuer by its Agent hereby offers [the "Offering"] to the public through the facilities of the Vancouver Stock Exchange [the "Exchange"] 300,000 shares [the "Shares"] of the Issuer at a price of \$0.40 per share. The Agent will receive a commission of \$.05 per share. The Offering will be made in accordance with the rules and policies of the Exchange and on a day [the "Offering Day"] determined by the Agent and the Issuer, with the consent of the Exchange, within a period of one hundred eighty [180] days from the date upon which the Shares of the Issuer are conditionally listed on the Exchange.

THE VANCOUVER STOCK EXCHANGE HAS CONDITIONALLY LISTED THE SECURITIES BEING OFFERED BY THIS PROSPECTUS. LISTING IS SUBJECT TO THE ISSUER FULFILLING ALL THE LISTING REQUIREMENTS OF THE VANCOUVER STOCK EXCHANGE ON OR BEFORE AUGUST 29TH, 1988, INCLUDING PRESCRIBED DISTRIBUTION AND FINANCIAL REQUIREMENTS.

The Issuer, by an agreement [the "Agency Agreement"] dated February 23, 1988, appointed Union Securities Ltd. as its Agent ["Agent"] to offer the shares through the facilities of the Exchange.

The Agent reserves the right to offer selling group participation, in the normal course of the brokerage business to selling groups of other licensed broker-dealers, brokers and investment dealers, who may or may not be offered part of the commission derived from this Offering.

The obligations of the Agent under the Agency Agreement may be terminated on or before the Offering Day at the Agent's discretion on the basis of its assessment of the state of the financial markets and may also be terminated at any time upon the occurrence of certain stated events.

The Directors, Officers and other Insiders of the Issuer may purchase shares from this Offering.

**Minimum Subscription**

This Offering is subject to a minimum of 300,000 shares being sold on the Offering Day within the period of 180 days from the Effective Date. If all shares are not sold and the minimum net amount of \$105,000 is not raised within 180 days from the Effective Date, all subscriptions for shares will be returned to the subscribers in full.

**USE OF PROCEEDS TO ISSUER**

The net proceeds to be derived by the Issuer from the sale of the securities being offered hereby is \$105,000. The principal purposes for which the net proceeds are to be spent, together with working capital at February 15, 1988 in the amount of \$19,842 [total of \$124,842] are, in order of priority, as follows:-

[a]	To pay for the remaining costs of this issue including legal, audit and printing	\$ 8,500
[b]	To carry out Phase I [trenching and limited diamond drilling] of the program recommended for the Bismark Property by D.S. Evans, Consulting Geologist, In his Report of October 31, 1987	\$ 70,000
[c]	To provide reserve for working capital, general, and administrative expenses	<u>\$ 46,342</u>
	TOTAL:	<u><u>\$124,842</u></u>

The Issuer may, pursuant to the written recommendations of a qualified engineer or geologist, abandon in whole or in part its property or may alter, 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 Issuer after the date of this Prospectus, although the Issuer 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 the securities offered by this Prospectus may lawfully be sold.

Should the Issuer intend to use the proceeds to acquire other than trustee type securities after the distribution of the securities offered by this Prospectus, approval by the shareholders must first be obtained and notice of the intention filed with the regulatory bodies having jurisdiction over the sale of the securities offered by this Prospectus.

**SHARE AND LOAN CAPITAL STRUCTURE  
- PRIOR SALES - ISSUANCE OF SHARES**

The authorized capital of the Issuer is 10,000,000 common shares without par value. There is only one class of shares and all rank equally as to dividends, voting rights, and participation in assets. The shares are not liable to any further call or assessment. There are no pre-emptive or conversion rights and no provisions for redemption or purchase for cancellation, surrender, or sinking or purchase funds. Provisions as to the modification, amendment or variation of such rights or provisions are contained in the Company Act [British Columbia].

<u>DESIGNATION OF SECURITY</u>	<u>SHARE CAPITAL AUTHORIZED</u>	<u>OUTSTAND- ING AS AT OCTOBER 31, 1987</u>	<u>OUTSTAND- ING AS AT THE DATE HEREOF</u>	<u>OUTSTANDING ON COMPLET- ION OF OFFERING</u>
Common Shares	10,000,000	1,175,001	1,175,001	1,475,001

The Issuer has sold 1,175,001 shares for cash to date. Particulars of the shares sold to date are as follows:

<u>NUMBER OF SHARES</u>	<u>PRICE PER SHARE</u>	<u>NET CASH RECEIVED</u>	<u>COMMISSION PAID</u>
750,000	01¢	\$ 7,500.00	NIL
425,001 *	25¢	\$106,250.25	NIL
<u>1,175,001</u>		<u>\$113,750.25</u>	

\* 240,000 of the shares sold at 25¢ per share were sold as "flow-through" shares allowing the purchasers to receive a renunciation of up to 25¢ of Canadian Exploration Expenses for each flow-through share purchased. The Issuer has expended the amount subscribed for by the flow-through subscribers and accordingly, has issued 240,000 shares to the subscribers.

#### **NAME AND INCORPORATION OF ISSUER**

The full name of the Issuer is STRAND RESOURCES INC. Its Registered and Records Office is at 10th Floor, 595 Howe Street, Vancouver, British Columbia, V6C 2T5. Its Head Office is at 1010 - 470 Granville Street, Vancouver, British Columbia, V6C 1V5.

The Issuer was incorporated as a Private Issuer on the 17th day of July, 1986 under the Company Act of the Province of British Columbia. The Issuer was incorporated as "Bronco Investments Inc." but it changed its name to "Strand Resources Inc." on August 7, 1987. Upon the acceptance of this Prospectus for filing by the office of the Superintendent of Brokers, the Issuer shall be deemed to be a Reporting Issuer pursuant to the provisions of the Company Act, R.S.B.C. 1979, Chapter 59.

#### **DESCRIPTION OF BUSINESS - ACQUISITIONS**

The principal business of the Issuer is the acquisition, exploration and development of natural resource properties of merit. The Issuer is continually examining additional projects for acquisition, exploration and development.

**BISMARK PROPERTY, Slocan Mining Division, British Columbia.**

Pursuant to an agreement [the "Agreement"] dated August 7, 1987, between St. James's Minerals Ltd. ["St. James's"], of #212 - 475 Howe Street, Vancouver, British Columbia, V6C 2B3 and the Issuer, the Issuer acquired an option to earn an undivided 50% interest [the "Interest"] in and to those certain mineral claims [the "Property"] described as follows:

<u>Claim Name</u>	<u>Record Number</u>	<u>Expiry Date</u>
Bismark	L.11273 [Crown Grant]	Taxes paid for 1987
Highland Laddie	L.11275 [Crown Grant]	Taxes paid for 1987
Mountain Goat	L.11274 [Crown Grant]	Taxes paid for 1987
Bismark Fraction	4100	September 28, 1997
Gold Cure	318	December 6, 1997
Gold Cure Fraction	319	December 6, 1997
Full Rig	320	December 6, 1997
Crown Point	331	January 18, 1997
Bismark #1	1780 [20 Units]	February 26, 1997
Hartford	1159	March 2, 1997
Susquehanna	1160	March 2, 1997
Silver Bear	585	February 3, 1997
Broughton	586	February 3, 1997
Silver Bear #1	4121	October 17, 1997
Silver Bear #2	4122	October 17, 1997
Connection	4924	February 11, 1997
Connection Fraction	4925	February 11, 1997
Bismark	4956	March 25, 1997

St. James's acquired the exclusive right to explore and purchase the Property pursuant to an Option Agreement [the "Option Agreement"] dated October 1, 1985, with Eric Denny of Annable Road, R.R. #1, Nelson, British Columbia, V1L 5P4, and Jack Denny of 204 Nelson Avenue, Nelson, British Columbia, V1L 2M6 [the "Dennys"].

Under the Option Agreement, St. James's is required to make payments totalling \$250,000 in order to maintain the Option Agreement in good standing and to exercise the option to purchase. The payments are to be made as follows:



<u>Date</u>	<u>Option Payment</u>
On execution of the Option Agreement	\$ 2,500 [paid]
October 31, 1985	\$ 2,500 [Paid]
December 31, 1985	\$ 5,000 [Paid]
December 31, 1986	\$ 7,500 [Paid]
December 31, 1987	\$ 7,500 [Paid]
December 31, 1988	\$10,000
December 31, 1989	\$10,000
December 31, 1990	\$10,000
December 31, 1991	\$15,000
December 31, 1992	\$15,000
December 31, 1993	\$15,000
December 31, 1994	\$20,000
December 31, 1995	\$20,000
December 31, 1996	\$20,000
December 31, 1997	\$30,000
December 31, 1998	\$30,000
December 31, 1999	\$30,000

Upon commencement of commercial production, the Dennys will have the right to receive a royalty comprised of 3% of net smelter returns from all substances mined and removed from the Property, provided that any such net smelter return payments shall be credited against the \$250,000 purchase price of the Property.

Pursuant to the Agreement, the Issuer paid St. James's \$5,000 upon execution of the Agreement and is required to spend \$250,000 for exploration and development work on the Property by December 31, 1989 in order to earn the Interest. While earning the Interest, the Issuer is solely responsible for option payments to the Dennys provided for in the Option Agreement. The Issuer can include in the calculation of the \$250,000 the \$5,000 payment above, any expenditures incurred in acquiring property interests within an area of mutual interest, and all option payments it is required to make to the Dennys to December 31, 1989

Of the total \$250,000 to be spent by the Issuer, \$95,000 must be spent on the Property by December 31, 1988.

If the Issuer spends the full sum of \$250,000 for exploration and development work by December 31, 1989, then it shall have earned the Interest and it will enter into a joint venture agreement with St. James's, which will govern further exploration, development, or other disposition of the Property. Joint venture costs and remaining option payments will be shared pursuant to the joint venture agreement.

No insiders of the Issuer are insiders of St. James's.

The Property is a silver/lead/zinc property, and it is located 50 kilometers north of Nelson, in southeastern British Columbia. The Property is accessible by paved road from Kaslo, B.C. to Keen Creek and by gravel road along Keen Creek. A four wheel drive road up Briggs Creek provides access to the Bismark-Gold Cure group. The Hartford group is accessible by recently upgraded four-wheel drive road along Klawala Creek and the Silver Bear group is reached by four wheel drive roads in the vicinity of Kyawats Creek and Index Creek.

Complex vein-breccia-replacement mineralization occurs in a large roof pendant of Slocan Group metasediments within the Nelson Batholith. Past production [1898-1955] from old mining developments along a strike length of 5.2 kilometers has amounted to about 107,000 ounces of silver, 137,800 pounds of lead, and 196,000 pounds of zinc. The average ore previously mined from the Property has contained between 50 and 100 ounces/ton silver.

There is no evidence of any significant exploration activity on the Property in the period between the mid-1950's and 1980. In 1980 systematic geochemical and geophysical exploration was initiated by Jack and Eric Denny. This work was expanded by Greenwich Resources Inc. in 1982-1984 and by St. James's Minerals Ltd. in 1985, leading to diamond drilling in 1986 on the Gold Cure claim.

In August and September of 1987, the Issuer undertook a systematic surface exploration program of the Silver Bear - Broughton - Connection - Susquehanna and Hartford claim group. This work was a natural extension of surveys undertaken on the Silver Bear - Broughton claims by St. James's Minerals Ltd. in 1985. The program undertaken by the Issuer consisted of 12.1 kilometers of new grid soil geochemical sampling on the Connection, Susquehanna and Hartford claims, and 1.6 kilometers of tie-on soil geochemical sampling on extensions of the 1985 Silver Bear survey grid. In addition, 4.75 kilometers of geophysical I.P. surveying was undertaken on the Silver Bear grid along with limited geological mapping and sampling. A total of 450 soil samples and 13 rock samples were analyzed for gold, silver, zinc, lead, copper, arsenic and cadmium content. The program involved expenditures of \$67,003 and has defined several drill targets.

Old adits and other underground workings exist on the Property. Surface exploration consists of the work described above. No plant or equipment is located on the Property.

A two-phase, success contingent, exploration program of trenching, diamond drilling and additional diamond drilling at a total cost of \$240,000 has been recommended for the Property by D.S. Evans, Consulting Geologist, in his Report of October 31, 1987. The Issuer intends to carry out Phase 1 of the program at an estimated cost of \$70,000.

The Property is without a known body of commercial ore and the proposed program is an exploratory search for ore.

**RISK FACTORS**

- (i) The shares of the Issuer must be considered speculative. In making an investment decision, potential investors should consider that exploration for economic deposits of minerals is subject to a number of risk factors. While the rewards to an investor can be substantial if an ore body is discovered, few of the properties which are explored are ultimately developed into producing mines. The Issuer's property is without a known body of commercial ore and the proposed exploration program is an exploratory search for ore.
- (ii) There is no established market for the shares of the Issuer.
- (iii) If the Issuer's exploration program is successful, additional funds will be required for further development and for commercial production. The only source of future funds presently available to the Issuer is through the sale of equity capital.
- (iv) There is no assurance that even if commercial quantities of ore are discovered, a ready market will exist for the sale of the ore. Economic factors beyond the control of the Issuer will affect the marketability of any substances discovered.

Based on 1,475,001 shares of the Issuer to be outstanding if all the shares offered by this Prospectus are sold, 775,000 shares or 52.5% of the shares will have been issued to Directors, Officers, Promoters, or substantial security holders, for cash and 20.3% will have been offered and sold to the public.

Based on the Issuer's October 31, 1987 audited financial statements, the offering price of \$0.40 per share exceeds the net tangible book value per common share, assuming the issuance of 300,000 shares, by \$0.2517, determined as follows:

-Net tangible book value, before distribution	\$113,750
-Increase in net tangible book value attributable to the issue of common shares	<u>\$105,000</u>
-Net tangible book value after the distribution	<u>\$218,750</u>
-Net tangible value per share after distribution	<u>\$0.1483</u>
-Dilution of subscribers per share	<u>\$0.2517</u>
-Percentage of dilution in relation to the offering price	<u><u>62.9%</u></u>

**PROMOTERS**

Christopher John Westerman, of 790 Handsworth Road, North Vancouver, British Columbia, V7R 2A1, is the Promoter of the Issuer as defined in accordance with Section 1 of the Securities Act [British Columbia]. The Promoter owns 750,000 shares of the Issuer which he purchased as "principal shares" at a price of \$0.01 per share.

Reference is made to the heading "Executive Compensation" for particulars of a related party transaction involving the Promoter.

**DIRECTORS and OFFICERS**

<u>NAME, ADDRESS AND POSITION WITH THE ISSUER</u>	<u>O C C U P A T I O N FOR PAST FIVE YEARS</u>
CHRISTOPHER JOHN WESTERMAN, Ph.D.* 790 Handsworth Road North Vancouver, B.C. V7R 2A1 PRESIDENT/DIRECTOR/PROMOTER	Independent Consulting Geologist.
DIANE GLADYS BLANEY * 2520 Boswell Avenue North Vancouver, B.C. V7H 1L7 DIRECTOR	Instructor in Office Administration and Business Studies, Capilano College, North Vancouver, B.C.
JOHN YOKE SANG JOW * 6007 Knight Street Vancouver, B.C. V5P 2V6 DIRECTOR	Partner in Hong Kong Kitchen; Director of Pan World Ventures Inc., 1986 - July 1987.
CHRISTINE MARGARET ROBERTSON WESTERMAN 790 Handsworth Road North Vancouver, B.C. V7R 2A1 SECRETARY	Homemaker and Private Investor.

\* Denotes Member of Audit Committee.

### **EXECUTIVE COMPENSATION**

The Issuer at the present time has two [2] executive officers, Christopher John Westerman, President, and Christine Margaret Robertson Westerman, Secretary. There has been no remuneration paid to any of the directors, senior officers or the executive officers of the Issuer in their capacity as such, or otherwise, during the most recently completed financial year.

Reference is made to the heading "Escrowed Shares" for details of shares issued as principal shares to one of the Executive Officers.

A company controlled by the President has carried out \$62,003 of geological work on behalf of the Issuer.

### **ESCROWED SHARES**

As at the date of this Prospectus, 750,000 shares are held in escrow by Guaranty Trust Company of Canada, 800 West Pender Street, Vancouver, British Columbia, V6C 2V7, subject to the direction or determination of the British Columbia Superintendent of Brokers [the "Superintendent"] prior to the listing of the Issuer's shares on the Vancouver Stock Exchange [the "Exchange"]; and, after listing, to the direction of the Exchange.

The 750,000 shares were issued to Christopher John Westerman at \$0.01 per share.

The escrow restrictions provide that the shares may not be traded in, dealt with in any manner whatsoever or released, nor may the Issuer, its transfer agent or escrow holder, make any transfer or record any trading of the shares without the consent of the Superintendent [prior to the listing of the Issuer's shares on the Exchange] or the Exchange [after listing].

Any shares not released from escrow before the expiration of ten years from the date of the receipt issued by the Superintendent for this Prospectus of the Issuer shall be cancelled forthwith and the Issuer and the Escrow Agent have agreed to take all such actions as may be necessary to expeditiously effect such cancellation.

<u>DESIGNATION OF CLASS</u>	<u>NUMBER OF SHARES HELD IN ESCROW</u>	<u>PERCENTAGE OF CLASS</u>
Common Shares	750,000	63.8%

The complete text of the Escrow Agreement is available for inspection at the records and registered office of the Issuer, 10th Floor, 595 Howe Street, Vancouver, British Columbia, V6C 2T5 during distribution of the securities being offered.

### PRINCIPAL HOLDERS OF SECURITIES

As at the date of this Prospectus, the following person holds of record or beneficially, directly or indirectly, more than 10% of the issued shares of the Issuer:

<u>NAME AND ADDRESS</u>	<u>DESIGNATION OF CLASS</u>	<u>TYPE OF OWNERSHIP</u>	<u>NUMBER OF SHARES OWNED</u>	<u>PERCENTAGE OF CLASS</u>
CHRISTOPHER JOHN WESTERMAN 790 Handsworth Road North Vancouver, B.C. V7R 2A1	Common	Direct Beneficial	750,000	63.8%

The following table shows the percentage of shares of the Issuer beneficially owned, directly or indirectly, by all Directors and Senior Officers of the Issuer, as a group:

<u>DESIGNATION OF CLASS</u>	<u>PERCENTAGE OF CLASS</u>
Common Shares	66%

### INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Christopher John Westerman, 790 Handsworth Road, North Vancouver, British Columbia, V7R 2A1, has purchased a total of 750,000 Principal shares of the Issuer for cash. Westerman is the President, Promoter, and a Director of the Issuer.

A non-reporting issuer controlled solely by the President has provided managerial-geological services to the Issuer at a cost of \$62,003 up to October 31, 1987. The cost of the services included mark-ups and fees totalling \$11,237.

### **AUDITORS, TRANSFER AGENTS AND REGISTRARS**

The Auditors of the Issuer are Smith Flynn Staley, Chartered Accountants, #225 - 4299 Canada Way, Burnaby, British Columbia V5G 1H3. The Registrar and Transfer Agent of the Issuer is Guaranty Trust Company of Canada, 800 West Pender Street, Vancouver, British Columbia, V6C 2V7.

### **MATERIAL CONTRACTS**

1. Agency Agreement dated February 23, 1988, refer to "Plan of Distribution" herein.
2. St. James's Minerals Ltd. Agreement dated August 7, 1987, [Bismark Property] refer to "Description of Business - Acquisitions" herein.
3. Escrow Agreement dated November 17, 1987 refer to "Escrowed Shares" herein.

There are no material contracts entered into by the Issuer in the preceding two years that are not disclosed elsewhere in this Prospectus or that have not been entered into in the ordinary course of business.

All material contracts may be inspected during normal business hours at the Issuer's Registered and Records Office at 10th Floor, 595 Howe Street, Vancouver, British Columbia, V6C 2T5, during distribution of the securities being offered.

### **OTHER MATERIAL FACTS**

There are no other material facts.

### **PURCHASER'S STATUTORY RIGHTS**

The Securities Act [British Columbia] provides a purchaser with a right to withdraw from an agreement to purchase securities within two business days after receipt or deemed receipt of a prospectus and further provides a purchaser with remedies for rescission or damages where the prospectus and any amendment contains a material misrepresentation or is not delivered to the purchaser prior to delivery of the written confirmation of sale or prior to midnight on the second business day after entering into the agreement, but such remedies must be exercised by the purchaser within the time limit prescribed. For further information concerning these rights and the time limits within which they must be exercised, the purchaser should refer to sections 66, 114, 118 and 124 of the Securities Act [British Columbia] or consult a lawyer.



STRAND RESOURCES INC.  
FINANCIAL STATEMENTS  
31 OCTOBER 1987

SMITH, FLYNN, STALEY  
*Chartered Accountants*



SMITH, FLYNN, STALEY  
CHARTERED ACCOUNTANTS

225 - 4299 CANADA WAY, BURNABY, B.C., CANADA V5G 1H3  
TELEPHONE: (604) 434-1384 / FAX: (604) 434-7045

R. C. SMITH CA  
A. R. FLYNN CA  
D. L. STALEY CA  
A. C. KWONG CA  
L. M. OKADA CA

AUDITORS' REPORT

To the Directors of  
Strand Resources Inc.

We have examined the balance sheet of Strand Resources Inc. as at 31 October 1987 and the statements of resource property costs and changes in financial position for the period then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at 31 October 1987 and the results of its exploration activities and changes in its financial position for the period then ended in accordance with generally accepted accounting principles.

24 November 1987

*Smith, Flynn, Staley*  
CHARTERED ACCOUNTANTS

STRAND RESOURCES INC.  
BALANCE SHEET AS AT 31 OCTOBER 1987  
Canadian Funds

Statement 1

ASSETS

CURRENT		
Cash		\$ 44,972
RESOURCE PROPERTY COSTS - Statement 2 (Note 3)		<u>70,781</u>
		<u>\$ 115,753</u>

LIABILITIES


CURRENT		
Accounts payable		\$ 2,003

SHAREHOLDERS' EQUITY

SHARE CAPITAL (Note 4)		
Authorized:		
10,000,000 common shares without par value		
Issued:		
1,175,001 shares		<u>113,750</u>
		<u>\$ 115,753</u>

ON BEHALF OF THE BOARD:

 , Director

 , Director

- See Accompanying Notes -

STRAND RESOURCES INC.  
STATEMENT OF RESOURCE PROPERTY COSTS  
FOR THE PERIOD FROM COMMENCEMENT OF OPERATIONS  
ON 1 AUGUST 1987 TO 31 OCTOBER 1987  
Canadian Funds

DIRECT - Bismark Property, Kaslo, B.C.	
Geographical surveys	\$ 15,710
Surveys and sampling	14,976
Assays and analysis	5,876
Management fees	5,637
Geological consulting	5,600
Option payments	5,000
Geochemical consulting	2,800
Provincial recording fees	2,700
Road Construction	2,627
Travel	2,607
Prospecting	1,650
Drafting	995
Miscellaneous	825
	<hr/>
	67,003
INDIRECT	
Management fees	3,750
Bank charges	28
	<hr/>
	3,778
COSTS FOR THE PERIOD AND BALANCE - End of period	<u>\$ 70,781</u>

STRAND RESOURCES INC.  
STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE PERIOD FROM COMMENCEMENT OF OPERATIONS  
ON 1 AUGUST 1987 TO 31 OCTOBER 1987  
Canadian Funds

WORKING CAPITAL PROVIDED BY (USED IN)	
Investment Activities	
Resource property costs - Statement 2	\$ (70,781)
Financing activities	
Share capital issued	113,750
INCREASE IN WORKING CAPITAL	42,969
CHANGES IN NON-CASH WORKING CAPITAL	
Accounts payable	2,003
NET INCREASE IN CASH AND CASH POSITION - End of period	<u>\$ 44,972</u>

STRAND RESOURCES INC.  
NOTES TO FINANCIAL STATEMENTS  
31 OCTOBER 1987

1. INCORPORATION, NAME CHANGE, AND COMMENCEMENT OF OPERATIONS

The company was incorporated on 17 July 1986 under the Company Act of the Province of B.C. as Bronco Investments Inc. and changed its name to Strand Resources Inc. on 7 August 1987.

The company commenced operations on 1 August 1987 in the exploration and development of mineral properties.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Mineral

The company is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

Mineral exploration and development costs are capitalized on an individual prospect basis until such time as an economic ore body is defined or the prospect is abandoned. Costs for a producing prospect are amortized on a unit-of-production method based on the estimated life of the ore reserves, while costs for prospects abandoned are written off.

The recoverability of the amounts capitalized for the undeveloped mineral properties is dependent upon the confirmation of economically recoverable ore reserves, the ability to obtain the necessary financing to complete their development, future profitable production or proceeds from the disposition thereof. The mineral property values represent historical costs to date and may not necessarily reflect present or future values.

b) Earnings Per Share

Earnings per share are not considered meaningful in the company's development phase and accordingly are not calculated.

3. PROPERTY AGREEMENT

Bismark Property

By memorandum of agreement dated 7 August 1987, the company has the option to acquire a 50% interest in certain mineral properties located near Kaslo, B.C. (subject to a 3% net smelter return).

In order to acquire the interest, the company shall, at its option:

- a) Expend \$250,000 for exploration and development work on the property by 31 December 1989, of which \$95,000 must be expended by 31 December 1988, and \$5,000 must be paid to the optionors on signing (paid).

STRAND RESOURCES INC.  
NOTES TO FINANCIAL STATEMENTS  
31 OCTOBER 1987

## 3. PROPERTY AGREEMENT - Continued

Bismark Property - Continued

b) Make the following option payments by:

31 December 1987	\$ 7,500
31 December 1988	10,000
31 December 1989	10,000
31 December 1990	10,000*
31 December 1991	15,000*
31 December 1992	15,000*
31 December 1993	15,000*
31 December 1994	20,000*
31 December 1995	20,000*
31 December 1996	20,000*
31 December 1997	30,000*
31 December 1998	30,000*
31 December 1999	30,000*
	<hr/>
	<u>\$ 232,500</u>

The option payments will be applied to the minimum exploration and development expenses outlined above.

\*On acquisition of the property interest, the company will enter into a joint venture agreement to further explore and develop the property.

Option payments will be shared pursuant to this joint venture agreement.

## 4. SHARE CAPITAL

a) During the period ended 31 October 1987, the following shares were issued:

	<u>Shares</u>	<u>Price</u>	<u>Amount</u>
For cash	750,000	\$ 0.01	\$ 7,500
For cash	425,001	0.25	106,250
	<hr/>		<hr/>
	<u>1,175,001</u>		<u>\$ 113,750</u>

b) 750,000 shares will be held in escrow to be released only with the consent of the governing regulatory bodies.

c) 240,000 shares were issued pursuant to "flow through" agreements whereby the company has agreed to renounce \$60,000 of Canadian exploration expenses in favour of certain shareholders.

STRAND RESOURCES INC.  
NOTES TO FINANCIAL STATEMENTS  
31 OCTOBER 1987

5. RELATED PARTY TRANSACTIONS

- a) During the year the company paid or credited exploration costs in the amount of \$62,003 to a company controlled by an officer and director.
- b) The 750,000 shares issued for cash of \$7,500 were to a director of the company.
- c) The 25,000 shares issued for cash of \$6,250 were to directors and an officer.



**REPORT ON THE  
BISMARK PROPERTY  
SLOCAN MINING DIVISION  
BRITISH COLUMBIA**

**for**

**STRAND RESOURCES INC.**

**by**

**D.S. Evans, Ph.D., P.Geol.  
Consulting Geologist**

**October 31, 1987**

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## SUMMARY

The Bismark silver-lead-zinc property is located 50 kilometres north of Nelson in southeastern British Columbia. Complex vein-breccia-replacement mineralization occurs in a large roof pendant of Slocan Group metasediments within the Nelson Batholith. Past production (1898-1955) from old mining developments along a strike length of 5.2 km has amounted to about 107,000 ounces of silver, 137,800 pounds of lead, 196,000 pounds of zinc. The average ore previously mined from the property has contained between 50 and 100 oz/ton silver.

Recently defined, geochemical and geophysical anomalies on the company's Silver Bear, Hartford and Gold Cure claims indicate the presence of subcropping silver-lead-zinc mineralization which was not adequately tested in the past.

A phased success-contingent program of diamond drilling is recommended to test these anomalies. The estimated cost of Phase 1 of this program is \$70,000.

The Bismark property has strong exploration potential for future discovery of several economic zones of high grade silver-lead-zinc mineralization.

## INTRODUCTION

### General

This report has been prepared at the request of Strand Resources Inc. which holds an option to earn an interest in the Bismark property. Data compiled in this report has been assembled from government and company reports, from information supplied by the Optionee of the property and from personal observations made each year since 1982 whilst exploration activities were carried out by previous operators under the direct supervision of the author.

The author has also supervised a program of geophysical and geochemical surveys undertaken on the Silver Bear - Connection - Hartford part of the property by Strand Resources Inc. in August and September of 1987.

This report discusses the current status of the Bismark property and the mining history of the immediate area as a basis for continued exploration and development.

### **Location and access**

The Bismark property is located 12 kilometres west of Kaslo and 50 kilometres north of Nelson in southeastern British Columbia (Figure 1). The property is centred on latitude 49°50'N and longitude 117°05'W within NTS map area 82F/14. The property is accessible by paved road from Kaslo to Keen Creek and by gravel road along Keen Creek. A four wheel drive road up Briggs Creek provides access to the Bismark-Gold Cure group. The Hartford group is accessible by recently upgraded four-wheel drive road along Klawala Creek and the Silver Bear group is reached by four wheel drive roads in the vicinity of Kyawats Creek and Index Creek.

The property is within an area of rugged mountainous terrain. Topography on the Bismark-Gold Cure group is steep with elevations ranging from 1800 m to 2200 m. Vegetation is sparse and subalpine in nature. The Hartford - Connection group is at a lower elevation averaging about 1580 m and the Silver Bear - Broughton group has locally steep topography with an average elevation of 1,350 m. Timber and water are in plentiful supply at low to moderate elevations.

Supplies and accommodation are available at both Kaslo and Nelson. The Trail Smelter complex is located 60 km south of Nelson to which it is linked by major highways and the Canadian Pacific Railway.

### **Property and ownership**

The Bismark property consists of a contiguous group of three Crown Grants, eight reverted Crown Grants and eleven located mineral claims containing 42 units which in total aggregate the equivalent of 49 mineral units located in the Slocan Mining Division of B.C. (Figure 2). Strand Resources Inc. has the right to earn an interest in the property from St. James's Minerals Ltd. which holds an option to purchase from the original owners. Annual taxes have been paid on the crown grant holdings and all other claims are currently in good standing until the year 1997.

STRAND RESOURCES INC.

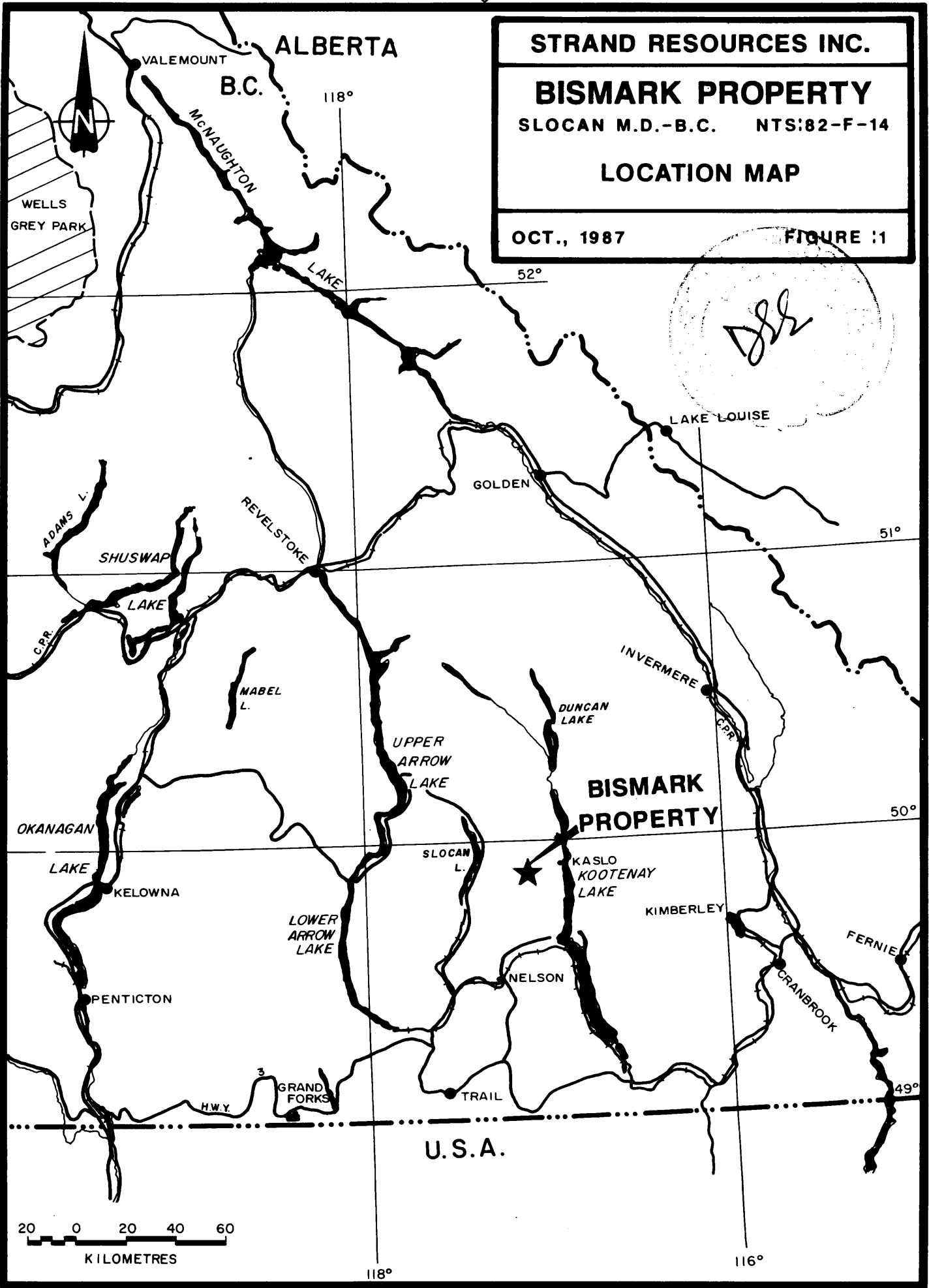
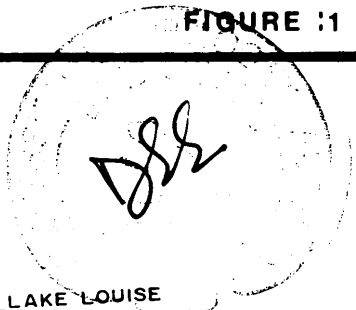
**BISMARK PROPERTY**

SLOCAN M.D.-B.C. NTS:82-F-14

**LOCATION MAP**

OCT., 1987

FIGURE 1:1

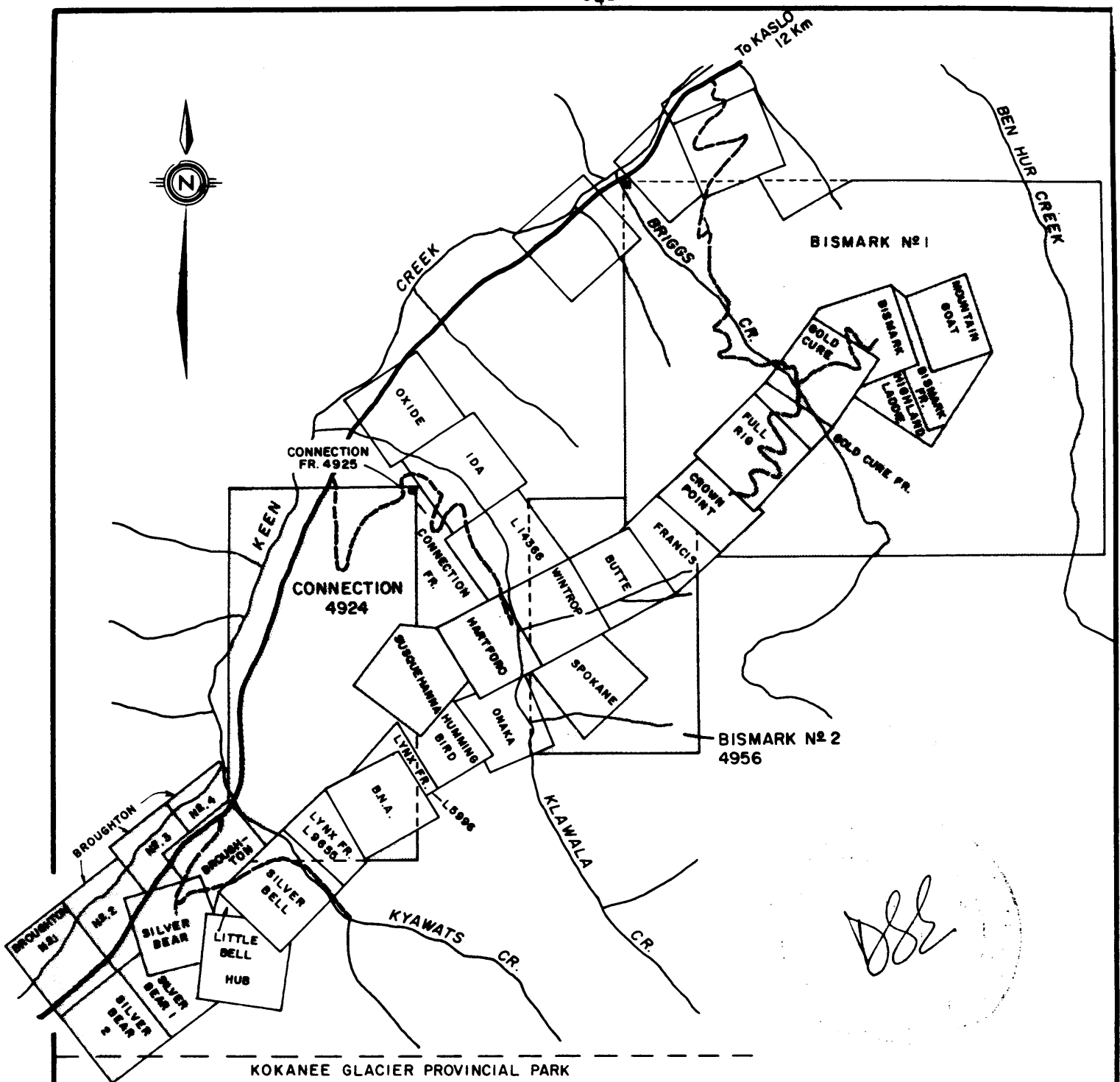


20 0 20 40 60  
KILOMETRES

118°

116°

To KASLO  
12 Km



*Handwritten signature or initials.*

KOKANEE GLACIER PROVINCIAL PARK

<b>STRAND RESOURCES INC.</b>	
<b>BISMARK PROPERTY</b>	
SLOCAN M.D.-B.C.	NTS:82-F-14
<b>CLAIM MAP</b>	
OCT., 1987	FIGURE :2

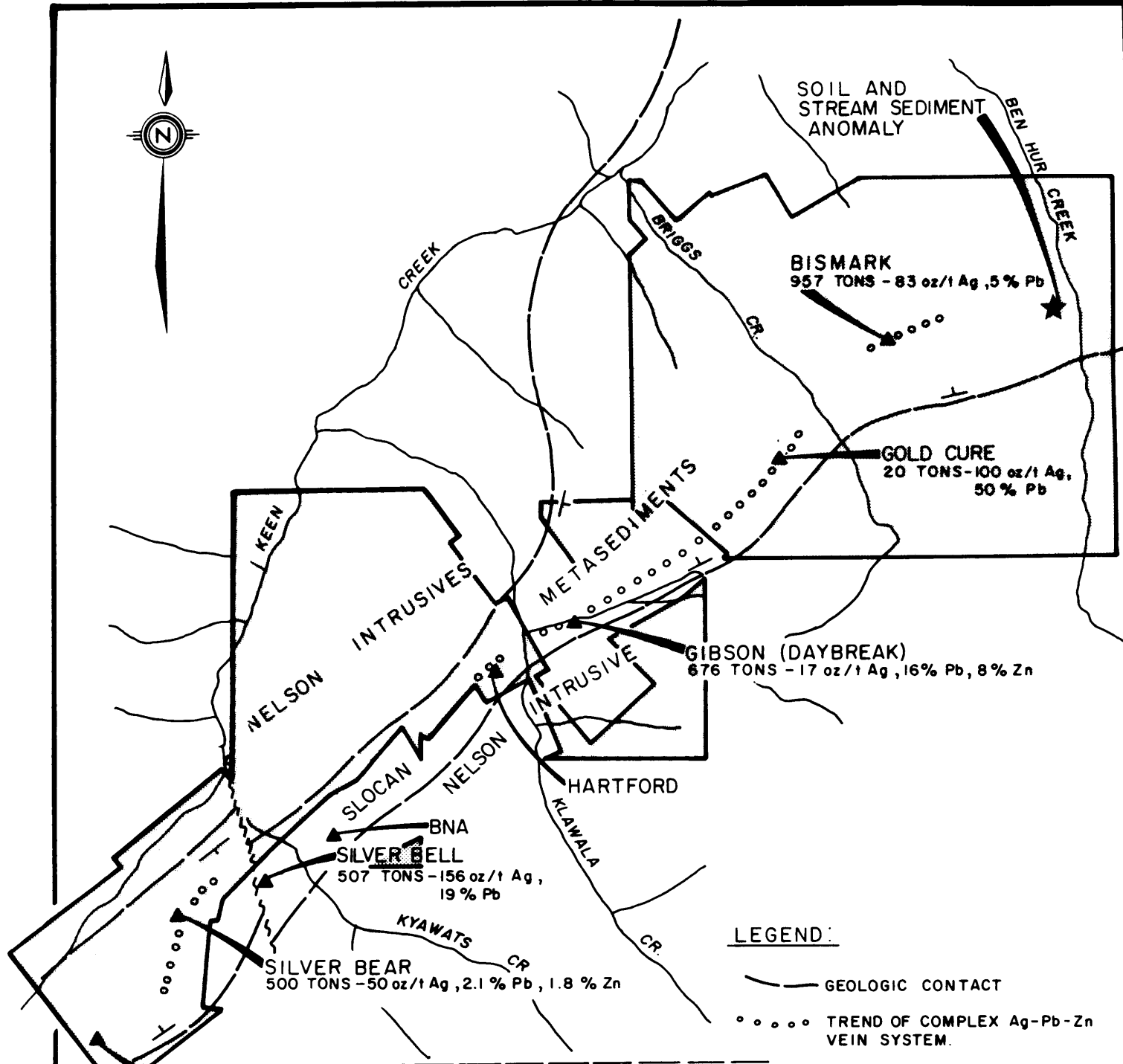


**TABLE 1**  
**Schedule of Claims**

<u>Name</u>	<u>Record No.</u>	<u>Units</u>	<u>Record Date</u>
<b>Crown Grants</b>			
Bismark	L 11273		
Highland Laddie	L 11275		
Mountain Goat	L 11274		
<b>Reverted Crown Grants</b>			
Gold Cure	318		December 6th
Gold Cure Fr.	319		December 6th
Full Rig	320		December 6th
Crown Point	331		January 18th
Hartford	1159		March 2nd
Susquehanna	1160		March 2nd
Silver Bear	585		February 3rd
Broughton	586		February 3rd
<b>Located Claims</b>			
Bismark No. 1	1780	20	February 26th
Bismark Fr.	4100	1	September 28th
Bismark No. 2	4956	6	March 25th
Connection	4924	8	February 11th
Connection Fr.	4925	1	February 11th
Silver Bear No. 1	4121	1	October 17th
Silver Bear No. 2	4122	1	October 17th
Broughton 1-4	5468-71	4	September 21st

**History**

The Bismark properties were originally discovered and worked at the turn of the century for high grade silver ores during the heyday of the Slocan Mining Camp. Intermittent exploration, development and production took place at various locations on the property since that time, notably in the 1920's and 1950's. The properties subject of this report are part of a complex vein/replacement system which extends over a strike length of approximately 5.2 km (Figure 3).



SOIL AND  
STREAM SEDIMENT  
ANOMALY

**BISMARK**  
957 TONS - 83 oz/t Ag, 5% Pb

**GOLD CURE**  
20 TONS - 100 oz/t Ag,  
50% Pb

**GIBSON (DAYBREAK)**  
676 TONS - 17 oz/t Ag, 16% Pb, 8% Zn

**SILVER BELL**  
507 TONS - 156 oz/t Ag,  
19% Pb

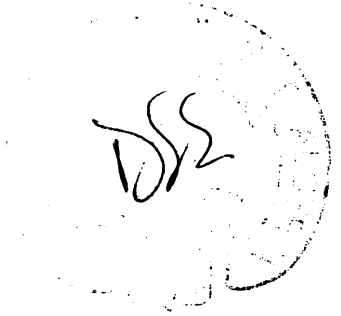
**SILVER BEAR**  
500 TONS - 50 oz/t Ag, 2.1% Pb, 1.8% Zn

**INDEX**  
17 TONS - 64 oz/t Ag, 51% Pb, 9% Zn

LEGEND:

- GEOLOGIC CONTACT
- TREND OF COMPLEX Ag-Pb-Zn VEIN SYSTEM.
- PAST PRODUCER WITH TOTAL PAST PRODUCTION FIGURES

KOKANEE GLACIER PROVINCIAL PARK



**STRAND RESOURCES INC.**

**BISMARK PROPERTY**

SLOCAN M.D.-B.C. NTS:82-F-14

**GEOLOGY**

OCT., 1987

FIGURE : 3



The Bismark claim was developed during the period 1898-1910 by three adits over a vertical distance of 106 metres. The majority of production during this time came from a chimney shaped, high grade ore shoot approximately 9 metres long and varying from 0.6 m to 1.2 m in width. The ore shoot was apparently mined out between the upper two levels over a vertical distance of 34 m. The ore shoot persisted at depth to the lowest level for an additional 72 m and some ore was produced below the intermediate level. Production records indicate that during this time, 957 tons were shipped at an average recovered grade of 83 oz/t silver and 5% lead. Cairnes (1935) reports that the vein on the lowest level had been traced along a strike length of 91 m, over a thickness averaging 1.0 m. Cairnes also reports a sample taken across 15 cm of heavy sulphide material (on this level) returned an assay of 196.3 oz/t Ag, 26.8% Pb and 38.4% Zn. Clearly, the Bismark vein system contained more lead and zinc values than the old production records indicate. There is no evidence to suggest that the vein system does not persist below the lowest adit level.

At about the same time that the Bismark development was occurring, a considerable degree of activity took place on the contiguous Gold Cure, Full Rig and Crown Point claims. Five adits and six small open cuts are present on this group of claims but records of the timing and extent of this work are incomplete. Cairnes (1935) reports that a shipment of 20 tons in 1909 from this group of claims averaged about 100 oz/t Ag and 50% Pb. Minor rehabilitation work was undertaken in 1950-51 by Red Hawk Gold Mines Ltd. but no details of this are available.

Systematic soil sampling and a VLF-EM geophysical survey were undertaken on these claims by Greenwich Resources Inc. in 1982-1984. These surveys identified two parallel anomalous trends which were explored by 460 m of diamond drilling by St. James's Minerals Ltd. in 1986.

The Gibson (Daybreak) property consists of the Francis, Butte and Wintrop claims, currently escheated to the crown, which are located contiguous with and between the Bismark - Gold Cure group and Hartford - Silver Bear group claims. Starck and Hill (1965) report the presence of six adits exploring two mineralized "lodes" on this property. Past production from the property amounts to 676 tons with a recovered grade of 17 oz/t Ag, 16% Pb and 8% Zn.

Previous development of the Hartford group consisted of two adits, which are now completely caved, exploring silver bearing galena-sphalerite-pyrite replacements in silicified shear zones in limestone. No additional information is available on these workings.

Development work on the Silver Bear group occurred somewhat later than work on the other properties in the area. Between 1919 and 1932 the property was developed by six adits, three intermediate levels and several open cuts. Most of this work was concentrated along a strike length of 150 m and three adits developed two mineralized lodes over a vertical depth of 104 m. The No. 3 adit was driven over 220 m from the elevation of the Keen Creek road. Between 1951 and 1955 the old workings were rehabilitated and some production took place from intermediate levels. Production records in the Annual Report Index of the B.C. Minister of Mines show a total production from 1919 - 1952 of 500 tons with a recovered grade of 50 oz/t Ag, 2.1% Pb and 1.8% Zn

Records from the Silver Bell claim (contiguous with the Silver Bear group but not controlled by Strand Resources Inc.) indicate a total production of 507 tons at an average recovered grade of 156 oz/t Ag and 19% Pb in the period 1898-1925.

There is no evidence of any significant exploration activity on the Bismark properties in the period between the mid-1950's and 1980. In 1980 systematic geochemical and geophysical exploration was initiated by Jack and Eric Denny. This work was expanded under the author's supervision by Greenwich Resources Inc. in 1982-1984 and by St. James's Minerals Ltd. in 1985 leading to diamond drilling in 1986 on the Gold Cure claim.

### Recent exploration program

In August and September of 1987, Strand Resources Inc. undertook a systematic surface exploration program of the Silver Bear - Broughton - Connection - Susquehanna and Hartford claim group. This work was a natural extension of surveys undertaken on the Silver Bear - Broughton claims by St. James's Minerals Ltd. in 1985 under the author's direct supervision. The program undertaken by Strand Resources Inc. consisted of 12.1 kilometers of new grid soil geochemical sampling on the Connection, Susquehanna and Hartford claims, and 1.6 km of tie-on soil geochemical sampling on extensions of the 1985 Silver Bear survey grid. In addition, 4.75 kilometers of geophysical I.P. surveying was

undertaken on the Silver Bear grid along with limited geological mapping and sampling. A total of 450 soil samples and 13 rock samples were analyzed for gold, silver, zinc, lead, copper, arsenic and cadmium content. The program involved expenditures of approximately \$60,000 and has defined several drill targets.

## GEOLOGY

The Bismark properties are underlain by Triassic Slocan Group sedimentary and metasedimentary rocks. These rocks have been folded into a steeply dipping synclinal wedge bounded on the north and south by Nelson Plutonic Intrusive rocks. Faulting, shearing and metasomatism accompanied intrusive activities and are directly related to the formation of vein and replacement deposits of lead-zinc-silver and cadimium.

The Slocan Group consists primarily of argillites, limestones, quartzites and minor schists. Sedimentary strata generally strike N35E to N50E and dip steeply to the northwest or southeast, but local variations are not uncommon. Argillites are fine-grained and thinly bedded silty and sandy units, well-indurated and have a slatey cleavage. Carbonate content increases at or near the contact with limestone units. Iron oxide staining is common in some areas and minor limestone concretions and inclusions are prevalent. Limestone units are normally fine-grained rocks, grey on weathered surfaces, white on fresh surfaces and may host iron oxide stained pods of argillite. Quartzites are normally grey, fine-grained, well-indurated rocks that are rarely found in areas of sulphide mineralization. Schistose phyllites are found throughout the Bismark Properties and may be of significance in locating new mineral deposits. Old literature often cites the presence of a "crushed zone" within argillite units where silver-bearing mineralization was present and may reflect on faulting and shearing events. The schistose phyllite is considered a metasomatized or metamorphosed argillite and may contain minor amounts of andalusite schist.

Nelson Plutonic Rocks are Cretaceous granitic intrusives which flank Slocan Group rocks to the northwest and southeast. Dykes of aplitic and granitic composition intrude and intersect the Slocan Group on the Bismark Properties. Field relationships are unclear; but, it is assumed that these intrusive units are

"late stage" events that have little or no bearing on the emplacement of silver-bearing sulphide mineralization.

Dark Lamprophyre dykes are in evidence on the Bismark Properties, primarily exposed on the Bismark-Gold Cure Group. On exposure, this unit weathers into loose, coarse granular products. The dykes are of mafic to ultramafic composition containing hornblende, biotite and pyroxene and may be associated with the Nelson Intrusive events.

Slocan Group metasediments within the Bismark roof pendant generally trend northeast and have steep dips to the southeast. Mineralization at the Silver Bell and Index properties is spatially related to a northeast trending unmineralized fault which also dips steeply to the southeast. Mineralization is present in the hangingwall of this fault where the metasediments have been deformed into upright folds with subhorizontal fold axes. There is insufficient evidence at present to determine the age relationships between this deformation event and the mineralization. Late vertical faults trending north-northeast are exposed in Kyawats and Index Creeks at the main access road. These faults displace and therefore postdate intrusion of Nelson Plutonic rocks.

## MINERALIZATION

Silver-lead-zinc mineralization at the Bismark property occurs within a major roof pendant of metamorphosed, faulted and sheared Slocan Group metasedimentary rocks. A composite vein system (Cairnes, 1935) has been identified, extending from the Bismark workings through the Gold Cure occurrences, the Daybreak Mine, the Silver Bell prospects, the Silver Bear deposits and the Index occurrences, a length of approximately 5.2 km.

Silver-lead-zinc bearing sulphide mineralization occurs as replacements of limestones, as brecciated quartz-carbonate veins and as replacements in shear zones cutting argillites. Sulphide minerals present include sphalerite, galena, pyrite, tetrahedrite, chalcopyrite, pyrrhotite and frieburgite. The major gangue minerals are quartz, calcite and siderite. A substantial portion of previous production came from heavily oxidized material resulting from the relatively open nature of the vein systems.

Mineralization on the Bismark claim is best described by Cairnes (1935).

"Early reports and mine maps indicate that a shoot of oxidized lead ore, some 30 feet long, exposed at the surface and encountered near the portal of the uppermost (No. 1) adit, persisted in chimney-shaped form to No. 2 level 112 feet below No. 1; that what was probably an extension of the same shoot was encountered near the face of No. 3 level, at an additional depth of 238 feet; and that at this lowest level the vein matter had a width of 2 feet. A crosscut 135 feet from the portal (over 300 feet from the face) had also exposed the lode across a width of 3 feet. A sample taken by Mr. Garde across a width of 6 inches of heavy-sulphide ore in two cuts (top and bottom) gave 38.4 percent zinc, 26.8 percent lead, and 196.3 ounces silver to the ton. Subsequent work, including a shaft and upraise at this point, have shown continuous mineralization across a width of as much as several feet.

At the surface the lode is 3 or 4 feet wide and is of calcite with bunches of galena, a little quartz, and pyrite, and considerable oxidized material. Above No. 2 level ore has been stoped to the outcrop above the portal of No. 1 adit. The ore-bodies have formed partly by replacement of one or more limestone beds outcropping in the vicinity of the workings."

There are no available descriptions of the mineralization encountered in several adits on the Gold Cure, Full Rig and Crown Point claims. The general nature of waste material on the adit dumps is similar to such material on the Bismark dumps. Seventeen composite grab samples taken from dumps on the Gold Cure, Full Rig and Crown Point claims, under the author's supervision in 1982-1984, returned arithmetic average assay values of 14.3 oz/t Ag, 2.9% Pb and 1.7% Zn. It has already been noted that a 20 ton ore shipment from this group of claims returned about 100 oz/ton Ag and 50% Pb. Geochemical and geophysical surveys completed in 1985 prompted drilling of seven holes totalling 460 meters in 1986 on the Gold Cure claim. Four holes were drilled parallel to the mineralized structure. Hole five intersected a 45 cm wide vein which assayed 0.4% Zn and 0.53 oz/t Ag. Hole six intersected a 1.5 meter wide structure which assayed 67.08 oz/t Ag, 1.9% Zn, 5.37% Pb and a 30 cm wide fault gouge which assayed 9.04 oz/t Ag and 0.7% Zn. Hole No. 7 from the same set up intersected three narrow fault gouge zones with geochemically anomalous zinc values and a single six centimeter wide vein which assayed 4.61 oz/t Ag and 7.0% Zn. Mineralization on the adjacent Gibson (Daybreak) property occurs at an elevation approximately 550 meters below that intersected in drilling on the Gold Cure claim. Clearly, there is considerable future exploration potential in both the horizontal and vertical dimensions.



TO OLD CABINS

Trail

OLD POST

BASE OF LIMESTONE CLIFFS

7805

840

900

9305

**"APPARENT SUBCROP TRACE OF SILVER-BEARING VEIN"**

DDH-86-2  
70° → 190°

DDH-86-1  
45° → 145°

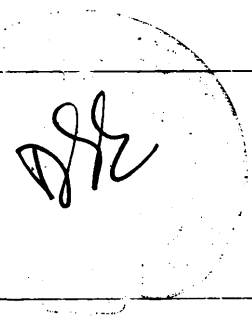
DDH-86-3  
60° → 165°

DDH-86-4  
45° → 120°

DDH-86-7  
60° → 320°

DDH-86-6  
60° → 290°

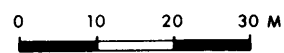
DDH-86-5  
45° → 290°




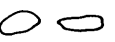

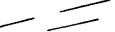
DIVIDE

OLD POST

22835  
22837  
22834  
22838  
22836  
#8  
OLD CABIN



**LEGEND**

-  Adits
-  Open Cuts (many not plotted)
-  Dumps
-  Road

**STRAND RESOURCES INC.**  
 BISMARCK PROPERTY  
**DRILLHOLE LOCATIONS**  
**CROWN POINT CLAIM AREA**  
 SLOCAN M.D.-B.C. NTS: 82-F-14

OCT., 1987

FIGURE: 4

At the Gibson (Daybreak) property two parallel mineralized veins approximately 90 m apart occur within sheared and brecciated zones averaging 1.5 m in width. The veins are conformable with host rock stratigraphy and were drifted on for about 250 metres of strike length. Minister of Mines (1926) reports a grab sample from sacked ore assayed 36.9 oz/t Ag, 50.6% Pb, 13.4% Zn. Production records credit the Daybreak with 676 tons with a recovered grade of 17 oz/t Ag, 16% Pb and 8% Zn. Starck and Hill (1965) calculated a mineral reserve of 9700 tons grading 6.1 oz/t Ag, 6.0% Pb, and 8.3% Zn.

Mineralization from two dumps on the Hartford group consists of galena, sphalerite, and pyrite occurring as irregular replacements in silicified shear zones within altered limestones. The old workings are totally sloughed in, the group has very poor outcrop and there are no available reports on the underground workings. Two mineralized dump samples taken by Sinden under the author's supervision in 1984 assayed 48.4 oz/t Ag, 6.6% Pb, 8.2% Zn, and 18.1 oz/t Ag, 1.1% Pb, 0.53% Zn. Grid geochemical sampling and a reconnaissance geological examination suggest that the majority of the area of the Susquehanna and Connection claims is underlain by unmineralized Nelson Intrusive rocks. Soil geochemistry indicates a zone of interest trends northeast across the southwest half of the Hartford claim, corresponding with location of the old workings. The moderate to strong zinc anomalies accompanied by weakly anomalous silver values suggest the presence of two parallel and narrow mineralized zones which may well be equivalent to those present on the Gibson (Daybreak) property. About 400 meters of strike length is indicated within the Hartford claim which should be further tested.

Several underground workings are present within the Silver Bear claim. The two principle veins have a northeasterly strike and dip 65° southeast. The veins are parallel zones of strong shearing up to a few metres wide and are separated by 25 m of massive rock. They have been explored at surface over a strike length of about 400 m and locally to a depth of about 100 m. Galena, sphalerite and pyrite are reported to occur in a gangue of broken quartz, calcite, siderite and crushed rock. The Minister of Mines report for 1924 indicated that one small ore shoot produced five car loads which averaged 163 oz/t Ag, 8% Pb and 12% Zn. Production records indicate that the Silver Bear produced a total of 500 tons of ore at an average recovered grade of 50 oz/t Ag, 2% Pb and 1% Zn between 1898 and 1925. Two composite grab samples taken from dumps on the claim by the author in 1982 returned an average assay of 88.7 oz/t Ag, 0.7% Pb and 9.3% Zn. Westerman

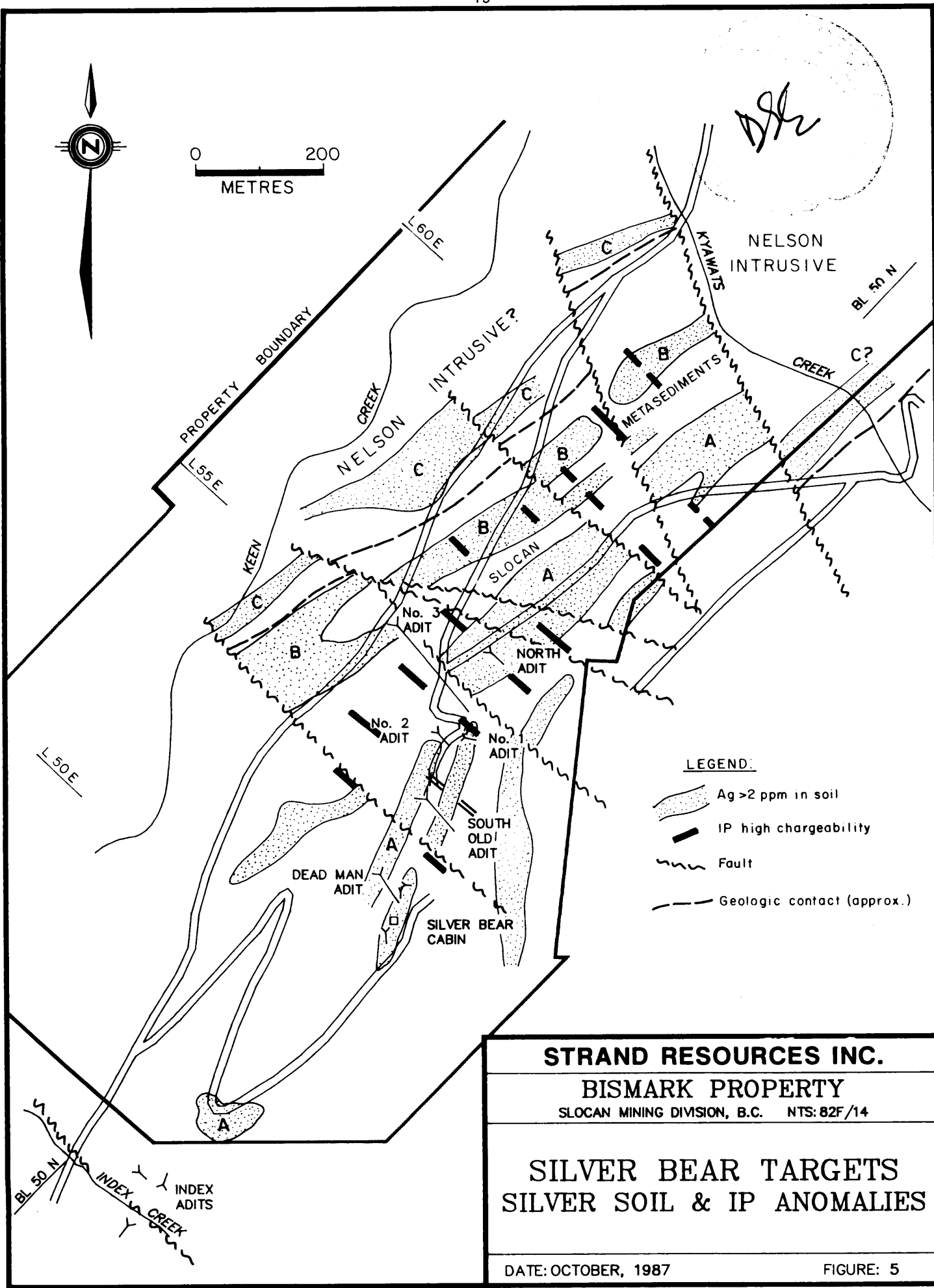
(1987) reports composite chip character samples from the various old mine dumps as follows:

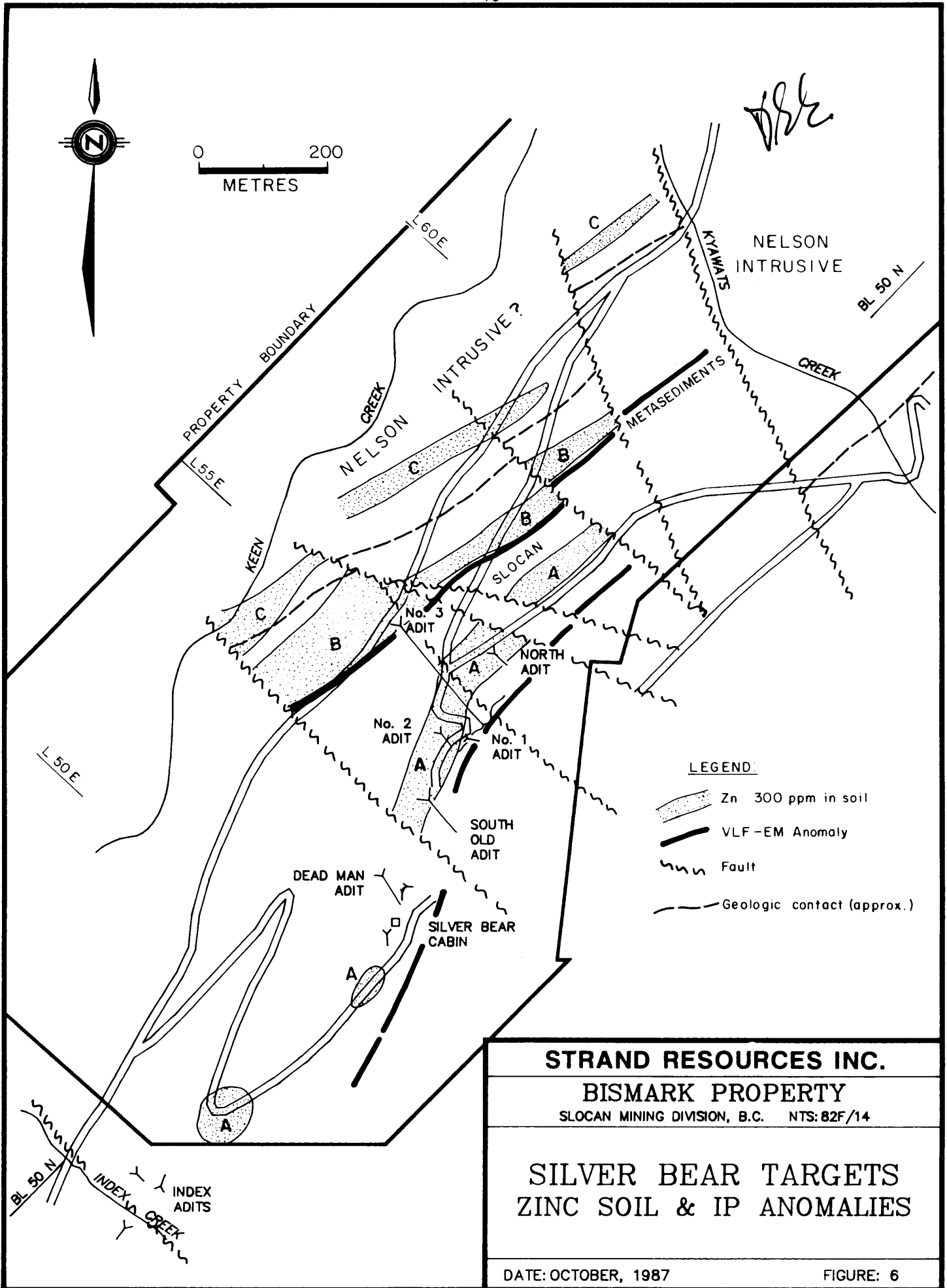
<u>Location</u>	<u>Ag oz/t</u>	<u>Zn %</u>	<u>Pb %</u>
No. 3 dump	8.17	13.90	0.03
No. 1 dump	32.96	2.66	0.06
Pit above Deadman adit	2.28	4.53	0.18
South old dump	4.26	4.82	0.62
North old dump	147.29	11.00	11.40

Statistical analysis of soil geochemical surveys undertaken on the Silver Bear - Broughton claims indicates a bimodal population. The majority of strongly anomalous values greater than 3.5 ppm Ag and 450 ppm Zn correlate with old dumps, adits and trenches on mineralization. Geochemical values greater than 2.0 ppm Ag and 300 ppm Zn outline extensions of known mineral zones and indicate the presence of at least two previously untested zones (Figures 5 and 6). The 'A' Zone correlates with old workings at the Silver Bear Cabin, Deadman Adit, South Old Adit, Nos. 1 and 2 Adits and the North Old Adit, along a strike length of 400 meters. The zone is extended by anomalous soil geochemistry for at least 300 meters (possibly 500 meters) to the northeast. Sporadic anomalous soil geochemistry to the southwest of the Silver Bear Cabin (partially masked by heavier overburden) extends the zone 400 meters to the Index workings. A moderate to weak VLF-EM conductor (Evans, 1985) lies along the southeast flank of the 'A' Zone for much of its length and correlates moderately well with a zone of high chargeability from the I.P. survey (Rockel, 1987). Underground exploration from the No. 3 and No. 2 Adits has only partly tested a 150 meter strike length of the A zone. The remaining 1,150 m of strike length is a prime drill target which should be tested.

The **B Zone** is outlined by anomalous silver-zinc soil geochemistry over a length of at least 500 meters and may be open to the southwest along strike. The zone correlates well with a VLF-EM conductor and is partly coincident with a zone of high chargeability I.P. values. Angular rock float on the Silver Bear road, where it crosses the 'B' Zone, consists of silicified impure calc-silicate with disseminated sphalerite. A character sample reported by Westerman (1987) assayed 5.2% Zn, 1.6% Pb, 0.76 oz/t Ag. The trend of the B zone takes it slightly above the portal of











0 200  
METRES

*DR*

**LEGEND:**

-  Zn 300 ppm in soil
-  VLF-EM Anomaly
-  Fault
-  Geologic contact (approx.)

PROPERTY BOUNDARY  
 NELSON CREEK  
 KEEN CREEK  
 SLOKAN CREEK  
 METASEDIMENTS  
 INTRUSIVE?  
 NELSON INTRUSIVE  
 KYAWAIS CREEK

No. 3 ADIT  
 No. 2 ADIT  
 No. 1 ADIT  
 NORTH ADIT  
 SOUTH OLD ADIT  
 DEAD MAN ADIT

L 50 E

L 60 E

BL 50 N

L 55 E

BL 50 N

INDEX ADITS

INDEX ADITS  
 CREEK

the No. 3 Adit and it seems likely that it was missed by previous operators of the property. It requires drill testing.

The **C Zone** trends parallel to the 'B' Zone but at lower elevation. It has a strike length of at least 500 meters and does not appear to have been tested by any previous exploration programs. A rapid increase in I.P. resistivity values between the 'B' Zone and the 'C' Zone suggests that both are very close to the contact between Nelson Intrusives and Slocan metasediments. The 'C' Zone may even be within the intrusives.

At the opposite end of the mineralized trend - east of the Bismark claim - several reconnaissance silt samples were taken from Ben Hur Creek in 1983 (Figure 2). One of these samples - taken from a tributary creek returned an anomalous value of 37.2 ppm Ag. The anomaly was confirmed by the author in 1987 with two samples containing 61.8 ppm Ag, 2142 ppm Zn and 75.3 Ag, 1370 ppm Zn. A limited soil survey follow-up in 1983 indicated anomalous zinc values (340 - 1030 ppm) in a 50 meter square area in three directions. The evidence suggests that there is excellent opportunity here, through additional surface work, to discover extensions of the Bismark mineralization.

## CONCLUSIONS

The Bismark property hosts a complex silver-lead-zinc vein - breccia - replacement system in a roof pendant of Slocan metasediments which extends over a strike length of approximately 5 km. Limited production of high grade mineralization (50-150 oz/t Ag) has taken place in the past from restricted areas along the mineralized structure. Modern surface exploration has demonstrated the existence of coincident soil geochemical and geophysical anomalies along extensions of known mineralization. Diamond drilling of one small portion of such an anomaly provided encouragement in the form of an intersection grading 67 oz/ton Ag across 1.5 meters. The property has good exploration potential for future discovery of several economic zones of high grade silver-lead-zinc mineralization.

## RECOMMENDATIONS

Future exploration at the Bismark property should be directed towards systematic evaluation of all known areas of interest. A phased, success-contingent program should be undertaken as follows. In Phase 1, it is recommended that backhoe trenching be undertaken on defined anomalies within the Silver Bear - Broughton claims. This may be done in conjunction with preparation of drill pads for a program of 400 meters of diamond drilling herein recommended. Extension of the Hartford road should also be completed to provide access for backhoe trenching and drill pads in the area of the Hartford adits and geochemical soil anomalies. Providing that results of Phase 1 are sufficiently encouraging it is recommended that drilling be continued in success-contingent phases. Phase 2 is recommended at 1,000 meters of drilling.

The estimated cost of Phase 1 of the recommended program is \$70,000 and of Phase 2 is \$170,000.

A circular stamp containing a handwritten signature in cursive script that reads "D.S. Evans". The stamp has a textured, slightly grainy appearance.

October 31st, 1987  
Calgary, Alberta

D.S. Evans, Ph.D., P.Geol.  
Consulting Geologist

### COST ESTIMATE

#### Phase 1

Diamond drilling: 400 meters at \$100/m	\$ 40,000
Roads and trenching: 5 days	5,000
Assays: 50 rocks at \$22	1,100
Geologist: 30 days at \$250/day	7,500
Assistant: 20 days at \$125/day	2,500
Food and accommodation: 40 man days at \$50	2,000
Vehicle rental and fuel: 20 days at \$50	1,000
Travel, freight, communication	800
Drafting and report preparation	800
Engineering, supervision	<u>3,000</u>
	\$ 63,700
10% contingency	<u>6,300</u>
<b>Total Estimated Phase 1</b>	<b><u>\$ 70,000</u></b>

#### Phase 2

Diamond drilling, 1000 meters at \$170/m  
including site preparation, assays, supervision  
and reporting

**Total Estimated Phase 2** \$ 170,000



October 31st, 1987  
Calgary, Alberta

D.S. Evans, Ph.D., P.Geol.  
Consulting Geologist

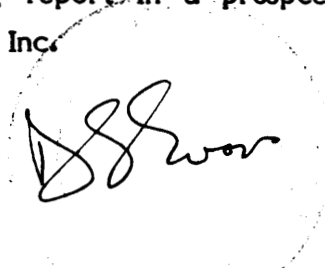
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**CERTIFICATE**

I, DAVID S. EVANS, currently residing at 5232 Viceroy Dr., N.W. Calgary, Alberta, T3A 0V7, Canada, hereby certify that:

1. I am a mining exploration geologist and have practised my profession since 1966.
2. I am a graduate of the University of British Columbia with a B.Sc. (1966) in Chemistry and Geology, and a graduate of the Royal School of Mines, University of London (UK) with a Ph.D. (1971) in Applied Geochemistry.
3. I am a registered Professional Geologist with the Association of Professional Engineers, Geologists and Geophysicists of Alberta, a Member of the Society of Exploration Geochemists, and a Fellow of the Geological Association of Canada (1973).
4. I have examined the Bismark Property in 1982, 1983, 1984, 1985 and 1986, in supervision of exploration activities including drilling carried out by previous operators and I visited the property in August 1987, in supervision of exploration activities carried out by Strand Resources Inc.
5. I have no interest, direct or indirect, in the properties or securities of Strand Resources Inc. or any affiliated companies, nor do I expect to receive any such interest. I have no interest, direct or indirect, in any mineral properties located within 10 km of the Bismark Property nor have I consulted on any such properties within the past year.
6. I consent to the use of the accompanying report in a prospectus or information circular issued by Strand Resources Inc.

A circular stamp containing a handwritten signature in black ink. The signature appears to be 'D. S. Evans'.


October 31st, 1987  
Calgary, Alberta


David S. Evans, Ph.D., P. Geol.  
Consulting Geologist

**DATED: FEBRUARY 23, 1988**


**CERTIFICATE OF THE ISSUER**

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the Securities Act [British Columbia] and its regulations.

  
.....  
CHRISTOPHER JOHN WESTERMAN  
[Chief Executive Officer]

  
.....  
CHRISTOPHER JOHN WESTERMAN  
[Chief Financial Officer]


**ON BEHALF OF THE BOARD**

  
.....  
JOHN YOKE SANG JOW  
[Director]

  
.....  
DIANE GLADYS BLANEY  
[Director]

**CERTIFICATE OF THE PROMOTERS**

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the Securities Act [British Columbia] and its regulations.

  
.....  
CHRISTOPHER JOHN WESTERMAN  
[Promoter]

**CERTIFICATE OF THE AGENT**

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 Prospectus as required by the Securities Act [British Columbia] and its regulations.

**UNION SECURITIES LTD.**

Per: 