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ACTION:

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: FEBRUARY 9, 1988

**NEW SPIRIT RESOURCES AND DEVELOPMENTS INC.**

P.O. Box 1466  
Station "A"  
Kelowna, British Columbia  
V1Y 7V8

**PUBLIC OFFERING: 500,000 Common Shares**

	<u>Price to Public</u>	<u>Commission</u>	<u>Net Proceeds to be Received by Issuer*</u>
Per Share	\$ 0.35	\$ 0.05	\$ 0.30
	\$175,000	\$25,000	\$150,000

\* Before deduction of the costs of the issue estimated to be \$20,000.00

THE PRICE OF THE SHARES OFFERED PURSUANT TO THIS PROSPECTUS WAS DETERMINED BY THE ISSUER THROUGH NEGOTIATION WITH THE AGENT.

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

A PURCHASE OF THE SECURITIES OFFERED BY THIS PROSPECTUS MUST BE CONSIDERED AS SPECULATION. ALL OF THE PROPERTIES IN WHICH THE ISSUER HAS AN INTEREST ARE IN THE EXPLORATION AND DEVELOPMENT STAGE ONLY AND ARE WITHOUT A KNOWN BODY OF COMMERCIAL ORE. NO SURVEY OF ANY PROPERTY OF THE ISSUER HAS BEEN MADE AND THEREFORE IN ACCORDANCE WITH THE LAWS OF THE JURISDICTION IN WHICH THE PROPERTIES ARE SITUATE, THEIR EXISTENCE AND AREA COULD BE IN DOUBT. SEE ALSO PARAGRAPH "RISK FACTORS" ON PAGE 8.

THE PRO FORMA DILUTION OF THE SECURITIES OFFERED HEREBY BASED ON NET TANGIBLE ASSETS AS AT SEPTEMBER 30, 1987 IS 54%

THE VANCOUVER STOCK EXCHANGE HAS CONDITIONALLY LISTED THE SECURITIES BEING OFFERED PURSUANT TO THIS PROSPECTUS. LISTING IS SUBJECT TO THE ISSUER FULFILLING THE LISTING REQUIREMENTS OF THE VANCOUVER STOCK EXCHANGE ON OR BEFORE AUGUST 24, 1988 INCLUDING PRESCRIBED DISTRIBUTION AND FINANCIAL REQUIREMENTS.

NO PERSON IS AUTHORIZED BY THE ISSUER TO PROVIDE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN THOSE CONTAINED IN THIS

PROPERTY FILE

G.A. (Wilson)  
File with OFSE 082  
Ba... 7W

PROSPECTUS IN CONNECTION WITH THE ISSUE AND SALE OF THE SECURITIES OFFERED BY THE ISSUER.

UPON COMPLETION OF THIS OFFERING THIS ISSUE WILL REPRESENT 27% OF THE SHARES THEN OUTSTANDING AS COMPARED TO 53.2% THAT WILL THEN BE OWNED BY THE CONTROLLING PERSONS, PROMOTERS, DIRECTORS AND SENIOR OFFICERS OF THE ISSUER AND ASSOCIATES OF THE AGENT. REFER TO THE HEADING "PRINCIPAL HOLDERS OF SECURITIES" ON PAGE 12 HEREIN FOR DETAILS OF SHARES HELD BY DIRECTORS, PROMOTERS, SENIOR OFFICERS AND CONTROLLING PERSONS AND ASSOCIATES OF THE AGENT.

ONE OR MORE OF THE DIRECTORS OF THE ISSUER HAS AN INTEREST, DIRECT OR INDIRECT, IN OTHER NATURAL RESOURCE COMPANIES. REFERENCE SHOULD BE MADE TO THE ITEM "DIRECTORS AND OFFICERS" ON PAGE 9 FOR A COMMENT AS TO THE RESOLUTION OF POSSIBLE CONFLICTS OF INTEREST.

THIS PROSPECTUS ALSO QUALIFIES THE ISSUANCE OF THE AGENT'S WARRANTS. THE AGENT MAY SELL ANY SHARES ACQUIRED ON THE EXERCISE OF THESE WARRANTS WITHOUT FURTHER QUALIFICATION. REFERENCE SHOULD BE MADE TO "PLAN OF DISTRIBUTION" ON PAGE 1.

WE, AS AGENT, 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 1 OF THIS PROSPECTUS.

**AGENT**

**CANARIM INVESTMENT CORPORATION LTD.**  
#2200 - 609 Granville Street  
Vancouver, British Columbia  
V7Y 1H2

EFFECTIVE DATE: FEBRUARY 26, 1988

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## SUMMARY OF PROSPECTUS

The following is a summary only and is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Prospectus.

### THE COMPANY

**PRINCIPAL BUSINESS:** New Spirit Resources and Developments Inc. (the "Issuer") is a natural resource company engaged in the acquisition, exploration and development of natural resource properties.

**CURRENT ACTIVITY:** The Issuer is the beneficial and recorded owner of a 100% interest in four recorded mineral claims situated in the Nelson Mining Division, Province of British Columbia (the "Property"). The Issuer intends to carry out a Phase I exploration program on the Property as recommended by J.P. Elwell, P.Eng., in his report dated September 2, 1987, a copy of which is attached to and forms a part of this Prospectus.

### THE OFFERING

**GROSS PROCEEDS:** \$175,000.

**NET PROCEEDS:** \$150,000.

**OFFERING:** 500,000 Common Shares without par value.

**PRICE:** \$0.35 per share.

**COMMISSION:** \$.05 per share.

**USE OF PROCEEDS:** It is intended that the net proceeds of the Offering of \$150,000, together with cash and term deposits on-hand as at February 9, 1988 in the amount of \$94,045 will be used to complete Phase I of the exploration program on the Issuer's Property, to pay current liabilities to February 9, 1988 and to provide working capital.

RISK FACTORS:

A purchase of the securities offered by this Prospectus must be considered speculative as the properties in which the Issuer has an interest are in the exploration stage only and are without any known body of commercial ore.

No survey has been made of the Issuer's mineral claims, and accordingly, their existence and area could be in doubt.

Reference should be made to "Risk Factors" herein.

**NAME AND INCORPORATION OF THE ISSUER**

The Issuer was incorporated on August 19, 1987 under the Company Act of the Province of British Columbia by registration of its Memorandum and Articles under the name of DASS #18 Holdings Ltd. The Issuer changed its name to New Spirit Resources and Developments Inc. on October 26, 1987.

The address of the head office of the Issuer is P.O. Box 1466, Station "A", Kelowna, British Columbia, V1Y 7V8.

The address of the registered and records office of the Issuer is 16th Floor, 609 Granville Street, Vancouver, British Columbia, V7Y 1C3.

**PLAN OF DISTRIBUTION****Offering**

The Issuer by its Agent, Canarim Investment Corporation Ltd. hereby offers (the "Offering") to the public through the facilities of the Vancouver Stock Exchange (the "Exchange") 500,000 shares (the "Shares") of the Issuer at a price of \$0.35 per share (the "Offering Price"). The Offering will be made in accordance with the rules and policies of the Exchange on a day (the "Offering Day") determined by the Agent and the Issuer, with the consent of the Exchange, within a period of 180 days from the date (the "Effective Date") upon which the shares of the Issuer are conditionally listed on the Exchange.

**Appointment of Agents**

The Issuer, by an agreement (the "Agency Agreement") dated December 1, 1987 appointed Canarim Investment Corporation Ltd. its agent ("Agent") to offer the Shares through the facilities of the Exchange.

The Agent has agreed to purchase from the Offering any Shares not sold at the conclusion of the Offering. In consideration therefore, the Agent has been granted non-transferable share purchase warrants ("Agent's Warrants") entitling it to purchase up to 125,000 shares of the Issuer at any time up to the close of business one year from the date of this Prospectus at a price of \$0.40 per share.

The Agent's Warrants will contain, among other things, anti-dilution provisions and provision for appropriate adjustment of the class, number and price of shares issuable pursuant to any exercise thereof upon the occurrence of certain events including any subdivision, consolidation or reclassification of the shares or the payment of stock dividends.

The Agent will receive a commission of \$0.05 per Share.

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

The obligations of the Agent under the Agency Agreement may be terminated prior to 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 prior to the Offering Day upon the occurrence of certain stated events.

The Issuer has granted the Agent a right of first refusal to provide future equity financing to the Issuer for a period of twelve (12) months from the Effective Date.

There are no payments in cash, securities or other consideration being made or to be made to a promoter, finder or any other person or company in connection with the Offering.

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

An application has been made to conditionally list the securities being offered herein on the Vancouver Stock Exchange. Listing is subject to the Issuer fulfilling the Listing Requirements of the Exchange.

The Vancouver Stock Exchange has conditionally listed the securities being offered pursuant to this Prospectus. Listing is subject to the Issuer fulfilling the listing requirements of the Vancouver Stock Exchange on or before August 24, 1988 including prescribed distribution and financial requirements.

#### **Additional Offering**

This Prospectus also qualifies the issuance of the Agent's Warrants and the sale to the public at the market price prevailing at the time of sale, any Shares purchased by the Agent through its guarantee. The Agent may sell any shares acquired on the exercise of the Agent's Warrants without further qualification.

#### **DESCRIPTION OF SHARE CAPITAL**

The authorized capital of the Issuer consists of 25,000,000 common shares without par value of which 1,350,000 shares are issued and outstanding as of the date of this Prospectus. All shares of the Issuer, both issued and unissued, rank equally as

to dividends, voting powers and participation in assets. No shares have been issued subject to call or assessment. There are no pre-emptive or conversion rights, and no provision for redemption, purchase for cancellation, surrender or sinking funds. Provisions as to the modifications, amendments or variations of such rights or such provisions are contained in the Company Act of the Province of British Columbia.

## DESCRIPTION OF BUSINESS AND PROPERTY OF THE ISSUER

### Business

The Issuer is a natural resource company engaged in the acquisition, exploration and development of mineral properties. The Issuer owns or has interests in the property described under the heading "Property" and intends to seek and acquire additional properties worthy of exploration and development.

### Property

The Issuer's property consists of four located mineral claims, all situated in the Nelson Mining Division, Province of British Columbia and more particularly described as follows:

<u>Claim Name</u>	<u>Record No.</u>	<u>Expiry Date</u>
Don	1220	September 17, 1988
Next	4794	August 18, 1988
Next II	4795	August 18, 1988
Next 3	4796	August 18, 1988

(the "Property")

The Don Claim was acquired by the Issuer pursuant to an Agreement dated August 18, 1987 with Wayne Smith, of 440 Perry Road, Kelowna, British Columbia, for the sum of \$50,000.

The Next Claims were acquired by the Issuer in July, 1987 by staking at a cost of \$245.

The Property is the subject of a report prepared by J.P. Elwell, P.Eng., and dated September 2, 1987, a copy of which is attached to and forms a part of this Prospectus.

### Location and Access

The Don Claim is located on the divide between Cultus and Next Creeks, about 30 kilometers east of Salmo, British Columbia.

The Next Claims which overlap and adjoin the Don Claim to the south have been recently staked. Access to the Property is by



way of 25 kilometres of logging road east of Highway 6 along Porcupine and Cultus Creeks, or from the Salmo-Creston Highway by 25 kilometres of logging roads along Blazed Creek. The Property itself has been largely logged-over and is covered by numerous well-built logging roads, most of which are in very good condition and passable to two-wheel drive vehicles.

### **Geology and Mineralization**

The claim area is underlain by a subdivision of the Windermere group called the Irene Volcanic Formation, consisting of Proterozoic sediments which strike NNW-SSE and dip steeply to the west.

From east to west, the oldest rock is the Tuff Unit (T) consisting of a thick sequence of tuffs with minor flows. The total thickness of this unit is not exposed, but is probably at least 500 metres.

Overlying the tuffs is the First Carbonate Unit (C1) up to 200 metres thick consisting of silicious dolomite (called dolostone by Longe). Sulphide mineralization, mainly pyrite and chalcopyrite, occurs in varying concentrations as disseminations in the dolomite.

The next higher formation to the west is the Siltstone Unit (S) consisting of siltstone grading into chloritic tuff. Thickness is approximately 300 metres.

Overlying the Siltstone Unit is the Second Carbonate Unit (C2), 300 metres thick consisting of limestone, dolomite, quartzite bands, siltstones, phyllitic shales and sericite schists.

To the west again of the Second Carbonate Unit and overlying it are the Phyllitic Shales (PS) consisting of shales, mudstones and phyllites estimated to be at least 1,500 metres thick.

Known copper-silver mineralization on the property is associated with the First Carbonate Unit in the vicinity of the old workings mentioned in the 1926-27 Minister of Mines reports and from nearby float boulders. A chip sample of this material cut by Longe assayed 0.84 oz./ton Ag and 1.2% Cu. Higher values are mentioned in the 1926-27 reports. Longe also noted low values in copper and silver associated with quartz veins in the Siltstone Unit, the average of four samples being Ag 0.255 oz./ton, Cu 0.28%.

In his examination of the Property, Mr. Elwell took two samples of float material which, on fresh breaks, proved to be highly silicious and well-disseminated with pyrite and chalcopyrite. These assayed as follows:

Cu 1.05%, Ag 1.36 oz./ton, Au 0.004 oz./ton  
Cu 1.77%, Ag 1.08% oz./ton, Au less than 0.003 oz./ton

## History

The earliest mention of exploration on ground which now appears to be covered by the Don Claim is in the 1926 Minister of Mines report under the Cultus Creek group of seven claims. This report mentions trenches and open cuts in a band of mineralized limestone some 40 to 50 feet thick. A grab sample taken from a muck pile from the main cut assayed Au 0.04 oz./ton, Ag 5.09 oz./ton and Cu 3.21%. Samples taken from the face of the main cut over 8 and 24 feet, respectively, were reported as follows:

Au 0.04, Ag 2.10 oz./ton, Cu 1.66%  
Au 0.06, Ag 0.70 oz./ton, Cu 1.55%.

A sample from mineralized float boulders assayed Au 0.03, Ag 5.70 oz./ton and Cu 5.60%.

In the 1927 Minister of Mines report, there is mention of the Humdinger and Hunkadora claims which were staked to cover a showing of copper mineralization in a similar rock type and on the same trend as the Cultus Creek group. A grab sample from an ore dump is reported to assay Au 0.06, Ag 2.4 oz./ton, Cu 4.58%.

The Don Claim was staked in 1979 to cover the copper-silver mineralization mentioned in the old report, and early in 1981 3.4 km of I.P. survey was carried out by Peter E. Walcott and Associates Ltd. Later in 1981, 726 soil samples were taken over the area covered by the I.P. survey and the geology was mapped at 1:10,000 scale. The above work was done under the direction of R.V. Longe, P. Eng. of Minequest Exploration Associates Ltd. and the results are contained in a report submitted in 1981 and updated in 1984.

It will be noted that the copper and lead anomalies are relatively weak and discontinuous but, in general, appear to follow the strike of the carbonate belts. Coincident with the soil anomalies are well defined I.P. anomalies, the eastern anomaly being centered over the C1 formation and having a width of about 100 metres and a strike length of 500 metres and open to the north and south. This anomaly covers the known showings of disseminated copper-silver mineralization. The western anomaly follows the strike of the C2 formation and covers a strike length of about 400 metres with a width of 50 to 100 metres. There is no known mineral showing exposed in this anomalous area, but some gossan stained overburden is exposed in an old road cut.

To date, the Issuer has expended \$6,726 on exploration of the Property.

## Conclusions and Recommendations

Mr. Elwell states in his Report that:

"On the basis of the previous and recent exploration work conducted on the ground covered by the Don Claim, the indications are of a large, strata-bound deposit of moderate to low grade copper-silver mineralization associated with the belts of silicified dolomite.

The results of the limited soil sampling and IP survey conducted to date indicate that the east zone occurring in the C1 carbonates has the biggest potential and is the zone on which there is some sample data. While the results of the samples taken from float and surface exposures are below economic grade, the results of some samples quoted in the Minister of Mines Reports are somewhat better and so the presence of higher grade material below the weathered and leached surface is a distinct possibility. At recent quotations for copper and silver it is thought that for an open-pit mine of medium size, a grade of between 5 and 6 oz./ton Ag equivalent may be economic."

Mr. Elwell recommends a two-phase exploration program as follows:

### Phase I

1. The 1981 baseline and the east-west cross lines should be relocated and the stations marked to define the limits of the east I.P. anomaly in the C1 formation, which is the priority target.
2. Thirteen reverse circulation percussion drill holes should be put down at 50 metre intervals along strike from stations on the west side of the I.P. anomaly on a bearing of 90 degrees and a dip of -60 degrees to a depth to cross the mineralized structure (approximately 150 metres each).

The approximate position of each hole is shown on Figure 3 of the Report. Some sites will be from the existing north-south road which follows the west boundary of the anomaly, but others may require some bulldozer cuts for the rig.

3. Mineralized drill cuttings should be sampled and assayed at 10 foot intervals. Both wet and dry sample splitters should be provided. Rejects should be preserved for metallurgical testing

Phase II

If the results of the above program show favorable indications of tonnage and grade potential, the drilling should be continued to the north and south along strike, and the west anomaly should be probed in a similar manner.

Phase I is estimated to cost \$86,000 and the Issuer has reserved that sum from the proceeds of this Offering in order to carry out Phase I.

Phase II, which is contingent upon favourable results from Phase I, is estimated to cost \$200,000. The Issuer has not reserved any of the proceeds of this Offering in order to carry out Phase II.

The Property has no underground or surface plant or equipment and has no known body of commercial ore.

**USE OF PROCEEDS**

The Issuer intends to apply the net proceeds from this Offering of \$150,000, together with cash-on-hand and term deposits as at February 9, 1988 in the amount of \$94,045 in order of priority as follows:

(a)	to pay legal, audit and printing costs of this Prospectus	\$ 20,000.00
(b)	to carry out the Phase I exploration program on the Don Property as recommended by J.P. Elwell, P.Eng., in his report dated September 2, 1987	86,000.00
(c)	to pay current liabilities to February 9, 1988	3,863.00
(d)	for working capital and general corporate purposes	<u>134,182.00</u>
	<b>TOTAL</b>	<b>\$244,045.00</b>

The Issuer may, pursuant to the written recommendations of a qualified engineer, abandon in whole or in part any of its properties or may alter as work progresses a work program recommended or may make such arrangements for the performance of all or any portion of such 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 after primary distribution of the Shares offered under this Prospectus, the shareholders will be notified.

No part of the proceeds will be used to invest, underwrite or trade in securities other than those that qualify as an investment in which trust funds may be invested under the laws of the jurisdiction in which the securities offered by this Prospectus may be lawfully 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 of the members of the Issuer must first be obtained and notice of the intention must be filed with the regulatory bodies having jurisdiction over the sale of the securities offered by this Prospectus.

In the event of any material change in the affairs of the Issuer during the primary distribution of the Shares offered by this Prospectus, an amendment to this Prospectus will be filed. Following completion of the primary distribution of the Shares offered by this Prospectus, shareholders will be notified of changes in the affairs of the Issuer in accordance with the requirements of the appropriate regulatory authorities.

#### SHARE AND LOAN CAPITAL STRUCTURE

Share Capital Authorized	Amount Outstanding as of Date of Financial State- ments Attached Hereto	Amount Out- standing at Date of this Prospectus	Amount Outstanding if All Shares Sold
25,000,000	1,350,000	1,350,000	1,850,000*

\* There are a total of 305,000 outstanding share purchase warrants and options. For further information, refer to the headings "Plan of Distribution" and "Options to Purchase Securities of the Issuer".

The Issuer has no contributed surplus or retained earnings as of the date of the financial statements attached hereto.

#### RISK FACTORS

The shares offered by this Prospectus must be considered speculative due to the nature of the Issuer's business. There is no assurance that expenditures to be made by the Issuer will

result in any discoveries of minerals in commercial quantities.

Mineral exploration and development is inherently speculative and carries with it many risks that even the most careful evaluation and management cannot overcome. There is no assurance that any production will be obtained; if production is obtained, prices received are subject to market fluctuations.

Mining operations generally involve a high degree of risk. Hazards such as unusual or unexpected formations and other conditions are involved. The Issuer may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material, adverse effect on the Issuer's financial position.

Upon completion of this Offering, this Issue will represent 27% of the shares then outstanding as compared to 53.2% that will then be owned by the Promoters, Directors, Senior Officers, and controlling persons of the Issuer and associates of the Agent.

The pro forma dilution of the investment in the securities offered hereby based on net tangible assets as at September 30, 1987 is 54%

There is no market through which the securities offered pursuant to this Prospectus may be sold. The probability of resale of any securities purchased and the probability of profit on such resale cannot be determined.

## **ACQUISITIONS**

For information as to material asset acquisitions by the Issuer within the preceding two years, reference is made to the heading "Business and Property of the Issuer".

## **PROMOTERS**

By virtue of the definition as set out in Section 1(1) of the Securities Act of the Province of British Columbia, Mr. Mario Ciancone, President and a Director of the Issuer, may be considered the Promoter of the Issuer. Mr. Ciancone has received 100,000 shares of the Issuer at a price of \$0.25 per share and 750,000 escrow shares of the Issuer at a price of \$0.01 per share. Mr. Ciancone has also received an Employee Stock Option entitling him to purchase 45,000 shares at a price of \$0.35 per share for a period of five (5) years from the Effective Date of this Prospectus.

Mr. Ciancone has not received anything of value (including money, property, options or rights of any kind) directly or indirectly from the Issuer other than as disclosed herein.

**DIRECTORS AND OFFICERS**

**MARIO ROBERT CIANCONE**  
907 Richter Street  
Kelowna, British Columbia  
**President and Director**

Mr. Ciancone is employed with Calona Wines Ltd. of Kelowna, British Columbia. He is also an independent businessman, investor and prospector.

**WYNAND (BILL) KAMPHUIS**  
12881 Oyama Road  
Oyama, British Columbia  
**Secretary and Director**

Mr. Kamphuis has been retired since 1981. Prior to that he was a self-employed accountant and business consultant with Kamex Systems (Edmonton) Ltd.

**WARREN WILLIAM SHEPHERD**  
102 2125 Burtch Road  
Kelowna, British Columbia  
**Director**

Mr. Shepherd has been a self-employed investor and business consultant since 1984. Prior to that he was employed as a night club manager with the Capri Hotel, Kelowna, British Columbia.

**DONALD ALEXANDER CLOZZA**  
830 E. 14th Avenue  
Vancouver, B.C.  
**Director**

Mr. Clozza is a mining executive, involved in the organization, administration and financing of natural resource companies.

Certain of the Directors and Officers of the Issuer are also directors, officers and shareholders of other companies engaged in mineral exploration and development, and conflicts of interest may arise between their duties as Directors of the Issuer and as directors of other companies. All such possible conflicts will be disclosed in accordance with the requirements of the British Columbia Company Act and the Directors concerned will govern

themselves in respect thereof to the best of their ability in accordance with the obligations imposed on them by law. In particular, the Directors and Officers of the Issuer have agreed to the following:

- (a) Participation in natural resources prospects offered to the Directors and Officers will be allocated between the various companies on the basis of prudent business judgement and the relative financial abilities and needs of the companies to participate; and
- (b) natural resource prospects formulated by or through the other companies in which the Directors and Officers of the Issuer are involved will not be offered to the Issuer except on the same or better terms than the basis on which they are offered to third party participants.

#### **EXECUTIVE COMPENSATION**

The number of Executive Officers is two. No cash compensation, including salaries, fees, commissions and bonuses has been paid to the Executive Officers of the Issuer for services rendered since the date of the Issuer's incorporation.

The Issuer has no plans pursuant to which cash or non-cash compensation will be paid or distributed to executive officers as at the date hereof. The Issuer has no plans to grant options to purchase securities to executive officers other than as disclosed under the heading "Options to Purchase Securities of the Issuer".

No cash or non-cash compensation was paid or is payable to any of the Directors of the Issuer, either directly or pursuant to a plan or arrangement, other than the granting of Directors incentive options as disclosed under the heading "Options to Purchase Securities of the Issuer".

#### **OPTIONS TO PURCHASE SECURITIES OF THE ISSUER**

The Issuer has granted incentive options to its Directors and Employees, all exercisable at a price of \$0.35 per share for a period of five (5) years from the Effective Date of this Prospectus:

##### **Directors**

<b>Name</b>	<b>No. of Shares</b>
Donald Clozza	45,000
William Shepherd	45,000



**Employees**

<b>Name</b>	<b>No. of Shares</b>
Wynand Kamphuis	45,000
Mario Ciancone	45,000

**ESCROWED SHARES**

As of the date of this Prospectus, 750,000 shares are held in escrow by Canada Trust Company, Four Bentall Centre, P.O. Box 49390, Vancouver, British Columbia subject to the direction or determination of the Superintendent of Brokers and the Vancouver Stock Exchange. The escrow agreement provides 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 tradings of the shares without the prior consent of the Superintendent of Brokers (if unlisted) or the Vancouver Stock Exchange (if the Issuer obtains a listing). Any shares not released from escrow within ten years of the Effective Date of this Prospectus will be subject to cancellation.

The complete text of the escrow agreement is available for inspection at the Company's registered office, 1600 - 609 Granville Street, Vancouver, British Columbia during the period of primary distribution of the securities offered hereunder and for thirty days thereafter.

<b>Designation of Class</b>	<b>Number of Shares Held in Escrow</b>	<b>Percentage of Class</b>
Common	750,000	55.6%

All of the escrow shares are owned by Mario Ciancone, the President and a Director of the Issuer, and were issued to him at a price of \$0.01 per share.

**PRINCIPAL HOLDERS OF SECURITIES**

- (a) As of the date of this Prospectus, the following table sets forth the number of shares owned of record or beneficially, directly or indirectly by each person who owns more than 10% of the Issuer's shares:

Name and Address	Designation of Class	Type of Ownership	No. of Shares Owned	% of Shares Outstanding
Mario Ciancone 907 Richter Street Kelowna, B.C.	Common	Direct & Beneficial	850,000	63%

(b) The following table sets forth the number of shares owned of record or beneficially, directly or indirectly by all of the Directors, Senior Officers and Promoters of the Issuer as a group:

Designation of Class	No. of Shares	Percentage of Class
Common	904,000	67%

Associates of the Agent hold a total of 80,000 shares of the Issuer, all of which were purchased at a price of \$0.25 per share.

#### PRIOR SALES

During the twelve-month period prior to the date of this Prospectus, the Issuer has sold the following shares for cash consideration:

No. of Shares	Price Per Share	Commission	Cash Received Per Share
600,000	\$0.25	Nil	\$150,000.00
750,000	\$0.01	Nil	\$ 7,500.00
<u>1,350,000</u>			<u>\$157,500.00</u>

The Issuer has sold no shares for other than cash consideration.

#### INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The Directors and Senior Officers of the Issuer have no interest in any material transactions in which the Issuer has participated or intends to participate at this time, save and except as disclosed in this Prospectus.

#### LEGAL PROCEEDINGS

The Issuer is not a party to any legal proceedings nor are any such proceedings contemplated.

**DIVIDEND RECORD**

The Issuer has not, since its incorporation, paid any dividends on any of its shares. The Issuer has no present intention to pay dividends but the future dividend policy will be determined by the Board of Directors on the basis of earnings, financial requirements and other relevant factors.

**AUDITORS, TRANSFER AGENT AND REGISTRAR**

The Auditor for the Issuer is MacKay & Partners, Chartered Accountants, of P.O. Box 340, Suite 204, Commerce One, 260 Harvey Avenue, Kelowna, British Columbia, V1Y 7N8.

The Registrar and Transfer Agent for the Issuer is Canada Trust Company, Four Bentall Centre, P.O. Box 49390, Vancouver, British Columbia, V7X 1P3.

**INCORPORATION WITHIN ONE YEAR - PRELIMINARY EXPENSES**

From the date of incorporation of the Issuer until the date of this Prospectus, the Issuer has incurred the following preliminary expenses:

**Administrative Expenses**

Professional Fees	\$5,000.00
Travel	1,466.00
Office Expenses	1,097.00
Bank charges	37.00
Total	<u>\$7,600.00</u>

**Development Expenses**

Property acquisition costs	\$50,425.00
Exploration costs	6,726.00
Total	<u>\$57,151.00</u>

Reference is made to the heading "Use of Proceeds" for information as to estimated future administrative and development expenses.

**MATERIAL CONTRACTS**

Particulars of material contracts entered into by the Issuer within the two (2) years prior to the date of this Prospectus are as follows:

- (a) Agency Agreement, more particularly described under the heading "Plan of Distribution";
- (b) Director and Employee Option Agreements more particularly described under the heading "Options to Purchase Securities of the Issuer";
- (c) Escrow Agreement more particularly described under the heading "Escrowed Shares";
- (d) Agreement dated August 18, 1987 between the Issuer and Wayne Smith whereby the Issuer acquired the Don Claim as more particularly described under the heading "Business and Property of the Issuer";

All material contracts will be available for inspection at the Company's registered and records office, 1600 - 609 Granville Street, Vancouver, British Columbia during normal business hours during the period of primary distribution of the securities offered hereunder and for thirty (30) days thereafter.

#### **OTHER MATERIAL FACTS**

There are no other material facts other than as disclosed in this Prospectus.

#### **STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

The Securities Act provides the purchaser with a right to withdraw from an Agreement to purchase securities within two (2) business days of 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 a 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 or consult a lawyer.

NEW SPIRIT RESOURCES AND DEVELOPMENTS INC.

FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION ON  
AUGUST 19, 1987

TO SEPTEMBER 30, 1987

Auditors' Report

Statement of Loss and Deficit

Balance Sheet

Statement of Changes in Financial Position

Notes to the Financial Statements

# Mackay & Partners

Chartered  
Accountants

P.O. Box 340  
Suite 204 Commerce I  
260 Harvey Avenue  
Kelowna, B.C. V1Y 7N8  
Telephone: (604) 763-5021

## AUDITORS' REPORT

To the Shareholders and Directors of  
New Spirit Resources and Developments Inc.

We have examined the balance sheet of New Spirit Resources and Developments Inc. as at September 30, 1987 and the statements of loss and deficit and changes in financial position for the period from incorporation on August 19, 1987 to September 30, 1987. 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 September 30, 1987 and the results of its operations and the changes in its financial position for the period from incorporation on August 19, 1987 to September 30, 1987 in accordance with generally accepted accounting principles.

KELOWNA, BRITISH COLUMBIA  
FEBRUARY 9, 1988

*Mackay & Partners*  
CHARTERED ACCOUNTANTS

NEW SPIRIT RESOURCES AND DEVELOPMENTS INC.

STATEMENT OF LOSS AND DEFICIT

FOR THE PERIOD FROM INCORPORATION ON AUGUST 19, 1987  
TO SEPTEMBER 30, 1987

REVENUE	\$ _____
ADMINISTRATIVE EXPENSES	
Professional fees	5,000
Travel	175
Bank charges	<u>37</u>
	<u>5,212</u>
LOSS, BEING DEFICIT AT END OF PERIOD	\$ <u><u>(5,212)</u></u>

NEW SPIRIT RESOURCES AND DEVELOPMENTS INC.

BALANCE SHEET

AS AT SEPTEMBER 30, 1987

ASSETS

CURRENT	
Cash and term deposits	\$ 97,709
MINERAL PROPERTIES (Note 3)	<u>57,151</u>
	<u>\$154,860</u>

LIABILITIES

CURRENT	
Accounts payable and accrued liabilities	\$ 2,572

SHAREHOLDERS' EQUITY

SHARE CAPITAL (Note 4)	157,500
DEFICIT	<u>(5,212)</u>
	<u>\$154,860</u>

CONTINGENCY (Note 2)

SUBSEQUENT EVENT (Note 4)

APPROVED BY THE DIRECTORS:

*W. S. ...* Director  
*...* Director



NEW SPIRIT RESOURCES AND DEVELOPMENTS INC.

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE PERIOD FROM INCORPORATION ON AUGUST 19, 1987  
TO SEPTEMBER 30, 1987

OPERATING ACTIVITIES

Loss for the period	\$ (5,212)
Cash provided by changes in non-cash working capital	<u>2,572</u>
Cash from operations	(2,640)

FINANCING ACTIVITIES

Common shares issued for cash	157,500
-------------------------------	---------

INVESTING ACTIVITIES

Investment in mineral properties	<u>(57,151)</u>
----------------------------------	-----------------

CASH CLOSING

\$ 97,709

NEW SPIRIT RESOURCES AND DEVELOPMENTS INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION ON AUGUST 19, 1987  
TO SEPTEMBER 30, 1987

1. SIGNIFICANT ACCOUNTING POLICY

Mineral Properties

The company capitalizes all acquisition, exploration and development costs related to exploration and development of mineral properties on a property-by-property basis. The costs of abandoned properties are charged to income in the year of abandonment. The costs of producing properties will be depleted by the unit of production method based upon estimated proven reserves.

2. CONTINGENCY

The recoverability of costs of mineral properties is subject to the discovery of sufficient commercially recoverable reserves.

3. MINERAL PROPERTIES

As at September 30, 1987, accumulated costs in respect of mineral properties owned, leased or under option, consisted of the following:

	<u>Acquisition Costs</u>	<u>Exploration Costs</u>	<u>Total</u>
Don & Next claims - situated in the Nelson B. C. Mining Division	<u>\$50,425</u>	<u>\$ 6,726</u>	<u>\$57,151</u>

4. SHARE CAPITAL

Authorized:

25,000,000 common shares without par value

Issued and fully paid:

1,350,000 common shares \$157,500

Included in the shares issued and fully paid are 750,000 escrow shares issued at \$.01 per share. The shares are held in escrow subject to the order of the Superintendent of Brokers for the Province of British Columbia.

The directors and certain employees have been granted options to purchase up to 180,000 shares of the company at \$.35 per share. These options expire in December, 1992.

NEW SPIRIT RESOURCES AND DEVELOPMENTS INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION ON AUGUST 19, 1987  
TO SEPTEMBER 30, 1987

4. SHARE CAPITAL - Continued

The company has entered into an agreement to offer 500,000 shares to the public for net proceeds of \$150,000, through the facilities of the Vancouver Stock Exchange. As consideration for agreeing to purchase any unsubscribed shares at the conclusion of the offering, the agent will receive warrants entitling them to purchase up to 125,000 shares at a price of \$0.40 per share. These warrants will expire one year after the date of the prospectus.

5. COMMENCEMENT OF OPERATIONS

The company commenced operations on incorporation.

6. SEGMENTED INFORMATION

The company operates exclusively in the mineral exploration and development industry in Canada.

7. JURISDICTION OF INCORPORATION

The company is incorporated under the laws of British Columbia.

**REPORT ON THE  
DON AND NEXT CLAIMS  
N.T.S. 82F/2 and F/7  
NELSON MINING DIVISION, B.C.**

**for**

**NEW SPIRIT RESOURCES AND DEVELOPMENT INC.  
16TH FLOOR, 609 GRANVILLE STREET  
VANCOUVER, B.C.**

**by**

**J.P. ELWELL ENGINEERING LTD.  
#1026 - 510 WEST HASTINGS STREET  
VANCOUVER, B.C.**

**September 2, 1987**

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## MAPS

Figure 1 - Regional Location Map	Follows page 2
Figure 2 - Location Map of Don and Next Claims	Follows page 3
Figure 3 - Composite Maps of Soil and I.P. Anomalies, Geology and Proposed Drill Hole Locations	In pocket

**REPORT ON THE DON AND NEXT CLAIMS  
NELSON MINING DIVISION, B.C.**

**SUMMARY**

The Don claim of 18 units is located on the divide between Cultus and Next Creeks about 30 km east of Salmo, in the Nelson Mining Division of B.C. It was staked to cover two occurrences of copper-silver mineralization associated with a belt of silicified dolomite which were mentioned in the B.C. Minister of Mines reports for 1926 and 1927.

Geochemical and I.P. surveys conducted in 1981 along with geological mapping indicated two coincident anomalous areas associated with two separate steep dipping carbonate belts with the anomaly on the eastern carbonate belt covering the old copper-silver showings leading to the conclusion that the claims could be host to a stratabound deposit of copper-silver mineralization of substantial size. The Next claims, which overlap and adjoin the Don claims to the south, have been recently staked to cover possible extensions of the mineral zone.

This report outlines a Phase I program of reverse circulation percussion drilling to explore the east anomalous areas and evaluate its potential size and economic mineral content and is estimated to cost \$86,000.

**INTRODUCTION**

On August 12, 1987 the writer carried out a reconnaissance examination of part of the Don claim and Next Creeks, about 30 km east of Salmo, in the Nelson Mining Division of B.C.

As there are very few rock outcrops on the claim area, the main objective of the examination was to become familiar with the topography and access routes, etc., and the evaluation of the property has been mainly based on the geological mapping, geophysical and soil sampling surveys carried out in 1981 under the direction of Mr. R.V. Longe, P.Eng. of Minequest Exploration Associates Ltd. for Pioneer Metals Corp. Much of the background material in this report has been obtained from Longe's report prepared in 1981 and updated in 1984, and is acknowledged.

This report was prepared for New Spirit Resources and Development Inc., 16th floor, 609 Granville Street, Vancouver, B.C.

### LOCATION AND ACCESS

The Don claim of 18 metric units is located on the divide between Cultus and Next Creeks about 30 km east of Salmo, B.C. in the Nelson Mining Division. The geographic centre of the claim area would be Lat.  $49^{\circ}17'N$ , Long.  $116^{\circ}54'W$ .

Access to the claim area is by way of 25 km of logging road east of Highway 6 along Porcupine and Cultus Creeks, or from the Salmo-Creston Highway by 25 km of logging road along Blazed Creek. The claim area itself has been largely logged over and is covered by numerous well built logging roads, most of which are in very good condition and passable to two-wheel drive vehicles. A Regional Location Map (Figure 1) accompanies this report.

### TOPOGRAPHY, WATER, ETC.

The part of the Don claim which was covered by the 1981 surveys lies on a moderate slope with elevations of up to 6,000 feet on the west side to 4,500 feet on the east. Minor creeks drain from west to east, but these were practically dry at the time of the recent examination. Cultus Creek itself is said to carry sufficient year-round water for exploration purposes.

Overburden cover is fairly complete, the only bedrock noted being along certain logging road cuts. Most of the surveyed area has been logged off prior to 1981 and has now grown up to light brush.

NEW SPIRIT RESOURCES AND DEVELOPMENT INC.

DON & NEXT CLAIMS  
NELSON MINING DIVISION, B.C.

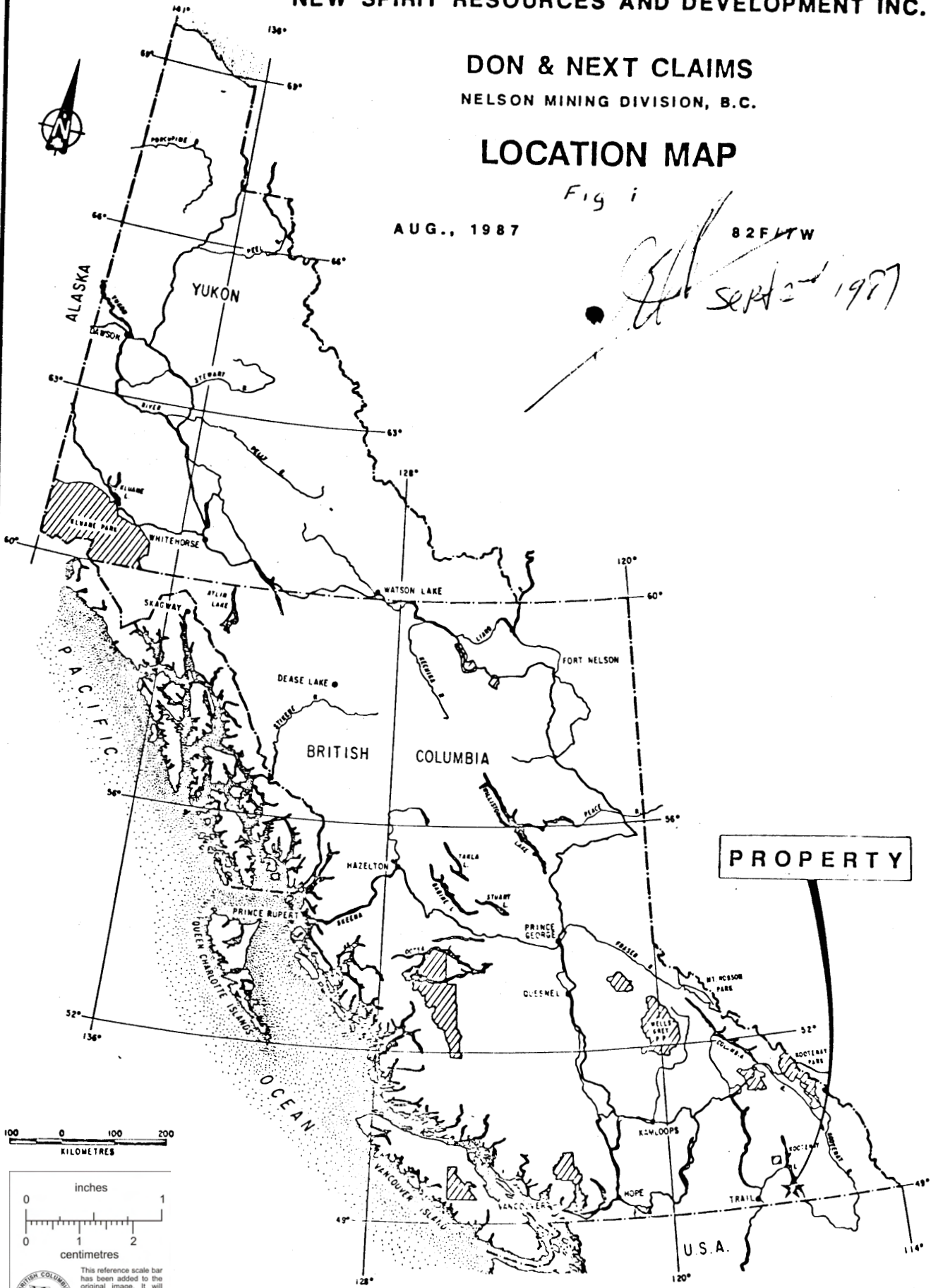
LOCATION MAP

Fig 1

AUG., 1987

82F/TW

*Sept 2 1987*



PROPERTY

100 0 100 200  
KILOMETRES

0 1  
inches  
0 1 2  
centimetres



This reference scale bar has been added to the original image. It will scale at the same rate as the image, therefore it can be used as a reference for the original size.



## PROPERTY

The property now consists of four claims as follows:

<u>Name</u>	<u>Record No.</u>	<u>Units</u>	<u>Staked</u>
Don	1220	18	1979
Next	4794	20	July 21, 1987
Next 2	4795	12	July 22, 1987
Next 3	4796	15	July 26, 1987

The three claims which were recently staked lie to the south of the Don claim and protect the possible extension of the favorable mineralized belt located on the Don claim.

A Claim Location Map, drawn from Maps M82/Fs and M82/F7 accompany this report (Figure 3).

## EARLY HISTORY

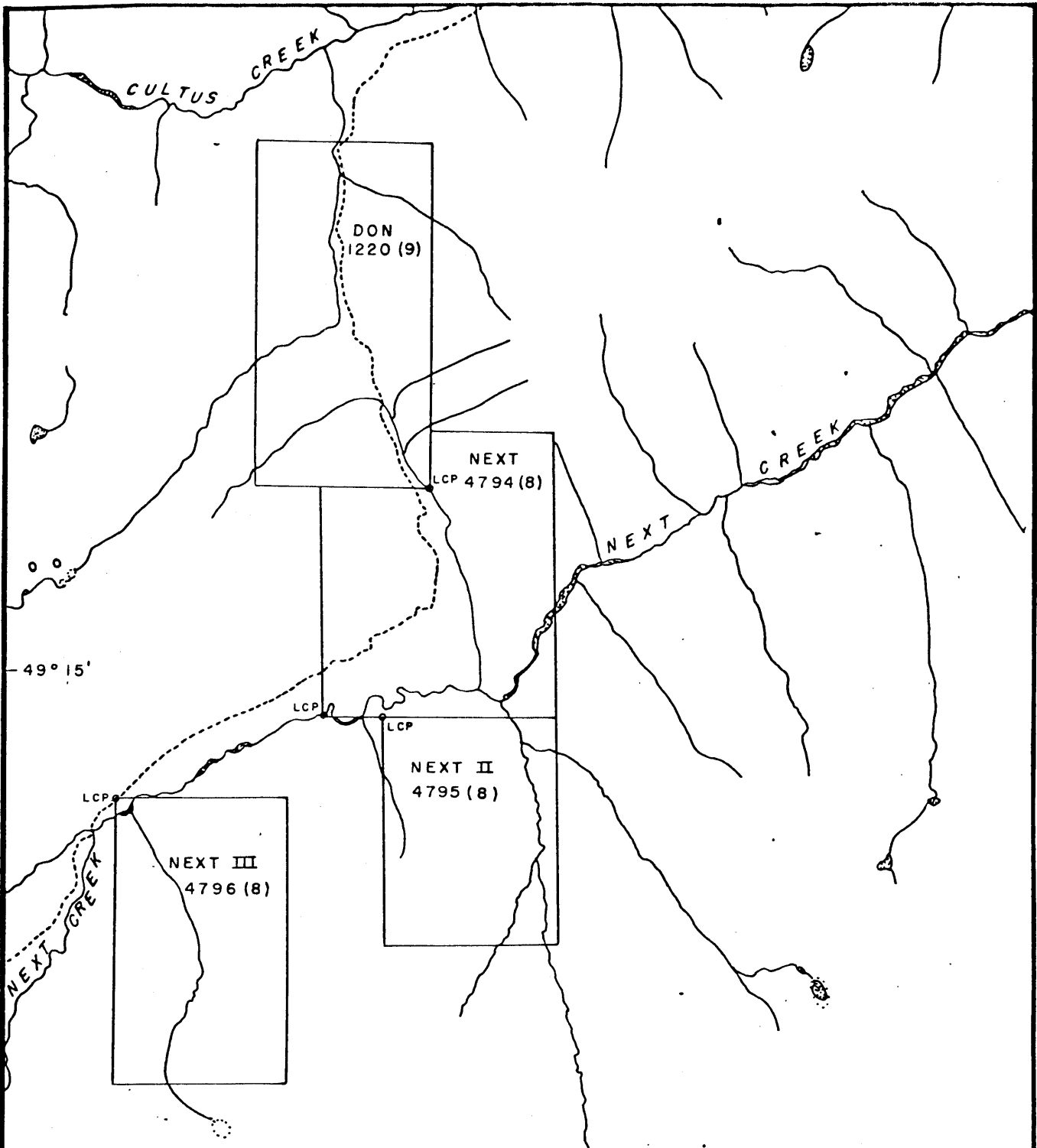
The earliest mention of exploration on ground which now appears to be covered by the Don claim is in the 1926 Minister of Mines report under the Cultus Creek group of seven claims. This report mentions trenches and open cuts in a band of mineralized limestone some 40 to 50 feet thick. A grab sample taken from a muck pile from the main cut assayed Au 0.04 oz./ton, Ag 5.09 oz./ton and Cu 3.21%. Samples taken from the face of the main cut over 8 and 24 feet, respectively, were reported as follows:

Au 0.04, Ag 2.10 oz./ton, Cu 1.66%

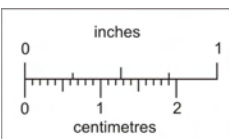
Au 0.06, Ag 0.70 oz./ton, Cu 1.55%.

A sample from mineralized float boulders assayed Au 0.03, Ag 5.70 oz./ton and Cu 5.60%.

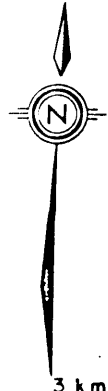
In the 1927 Minister of Mines report, there is mention of the Humdinger and Hunkadora claims which were staked to cover a showing of copper mineralization in a similar rock type and on the same trend as the Cultus Creek group. A grab sample from an ore dump is reported to assay Au 0.06, Ag 2.4 oz./ton, Cu 4.58%



49° 15'

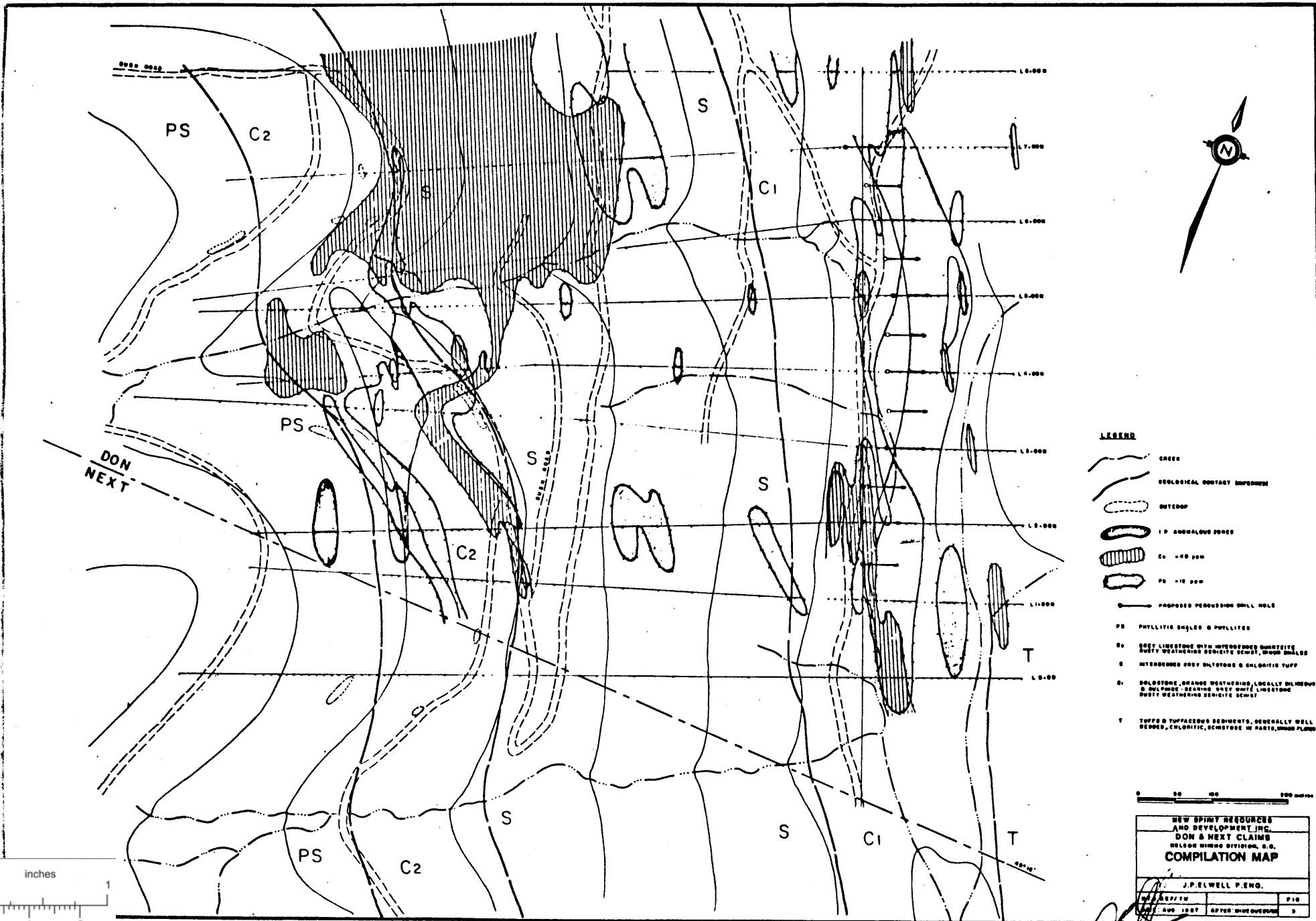


This reference scale bar has been added to the original image. It will scale at the same rate as the image, therefore it can be used as a reference for the original size.



NEW SPIRIT RESOURCES AND DEVELOPMENT INC.		
DON & NEXT CLAIMS		
NELSON MINING DIVISION, B.C.		
<b>CLAIM MAP</b>		
J.P. ELWELL P. ENG.		
N.T.S. 82F/7 W82W	SCALE: 1:50,000	FIG.
DATE: AUG. 1987	DRAWN: J.P.E./dw	2

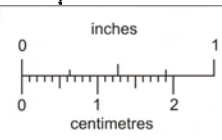
*J.P. Elwell Sept 2 1987*



- LEGEND**
- CREEK
  - GEOLOGICAL CONTACT IMPROVED
  - OUTCROP
  - IP ANOMALOUS ZONES
  - C<sub>1</sub> +40 200
  - PS +10 200
  - PROPOSED PRODUCTION DRILL HOLE
  - PS** PHYLITIC SHALES & PHYLITES
  - C<sub>1</sub>** GREY LIMESTONE WITH INTERBEDDED QUARTZITE  
SILEX, WEATHERING BLENDED SCORAL, MOUND MASSES
  - S** INTERBEDDED GREY SILTSTONE & CHALKY TUFF
  - T** DOLOSTONE, ORANGE WEATHERING, LOCALLY SILICEOUS  
& SULPHATE BEARING GREY WHITE LIMESTONE  
BRITLY WEATHERING BLENDED SCORAL
  - V** TUFFS & TUFFACEOUS SEDIMENTS, GENERALLY WELL  
BEDDED, CHALKY, SCORAL IN PARTS, MOUND PLAINS



<b>NEW SPINY RESOURCES AND DEVELOPMENT INC. DON &amp; NEXT CLAIMS BULLOCK MINING DIVISION, B.C.</b>		
<b>COMPILATION MAP</b>		
J.P. ELWELL P. ENG.		
DATE	BY	FILE
2001	J.P.E.	100
DATE	BY	FILE
1987	J.P.E.	100



This reference scale bar has been added to the original image. It will scale at the same rate as the image, therefore it can be used as a reference for the original size.

*J.P.E.* 2<sup>nd</sup> Sept 1981

## RECENT EXPLORATION

The Don claim was staked in 1979 to cover the copper-silver mineralization mentioned in the old report, and early in 1981 3.4 km of I.P. survey was carried out by Peter E. Walcott and Associates Ltd. Later in 1981, 726 soil samples were taken over the area covered by the I.P. survey and the geology was mapped at 1:10,000 scale. The above work was done under the direction of R.V. Longe, P.Eng. of Minequest Exploration Associates Ltd. and the results are contained in a report submitted in 1981 and updated in 1984.

## REGIONAL AND ECONOMIC GEOLOGY

The regional and economic geology of the claim area is discussed in some detail by Longe in his 1984 report, and the geological picture presented is based on a study of various memoirs and papers covering the general area, together with the detailed surface mapping of the Don claim carried out by Longe in 1981. The following has been summarized from this work.

The claim area is underlain by a subdivision of the Windermere group called the Irene Volcanic Formation, consisting of Proterozoic sediments which strike NNW-SSE and dip steeply to the west.

From east to west, the oldest rock is the Tuff Unit (T) consisting of a thick sequence of tuffs with minor flows. The total thickness of this unit is not exposed, but is probably at least 500 metres.

Overlying the tuffs is the First Carbonate Unit (C1) up to 200 metres thick consisting of silicious dolomite (called dolostone by Longe). Sulphide mineralization, mainly pyrite and chalcopyrite, occurs in varying concentrations as disseminations in the dolomite.

The next higher formation to the west is the Siltstone Unit (S) consisting of siltstone grading into chloritic tuff. Thickness is approximately 300 metres.

Overlying the Siltstone Unit is the Second Carbonate Unit (C2), 300 metres thick consisting of limestone, dolomite, quartzite bands, siltstones, phyllitic shales and sericite schists.

To the west again of the Second Carbonate Unit and overlying it are the Phyllitic Shales (PS) consisting of shales, mudstones and phyllites estimated to be at least 1,500 metres thick.

### Mineralization

Known copper-silver mineralization on the property is associated with the First Carbonate Unit in the vicinity of the old workings mentioned in the 1926-27 Minister of Mines reports and from nearby float boulders. A chip sample of this material cut by Longe assayed 0.84 oz./ton Ag and 1.2% Cu. Higher values are mentioned in the 1926-27 reports (see Early History). Longe also noted low values in copper and silver associated with quartz veins in the Siltstone Unit, the average of four samples being Ag 0.255 oz./ton, Cu 0.28%.

### GEOCHEMISTRY AND GEOPHYSICS

The results of the geochemical and I.P. survey conducted in 1981 have been plotted on the 1:2,500 scale plan as one overlay to Longe's geological mapping of this area (Figure 3).

It will be noted that the copper and lead anomalies are relatively weak and discontinuous but, in general, appear to follow the strike of the carbonate belts. Coincident with the soil anomalies are well defined I.P. anomalies, the eastern anomaly being centered over the C1 formation and having a width of about 100 metres and a strike length of 500 metres and open to the north and south. This anomaly covers the known showings of disseminated copper-silver mineralization. The western anomaly follows the strike of the C2 formation and covers a strike length of about 400 metres with a width of 50 to 100 metres. There is no known mineral showing exposed in this anomalous area, but some gossan stained overburden is exposed in an old road cut.

### EXAMINATION OF THE PROPERTY

From the previous reports on the property, it was not expected to be able to examine or sample any mineral in place and the value of the property as an exploration target would be based on the geochemical and geophysical results and ample data from old workings. The main objective of the examination, therefore, was to become familiar with the topography, access routes, overburden conditions, etc.

The first part of the claim examined was in the area of the western I.P. anomaly. Overburden cover is complete and there were no mineral showings, but some gossan staining of the overburden in a road cut might indicate underlying sulphide mineralization. Down slope to the south, a few small outcrops of bedrock corresponding to the siltstone or shale phase of the C2 formation were noted.

Further to the east and down slope, the overburden cover becomes heavier, but on a road which runs parallel to the strike of the C1 formation gossan staining was noted in the overburden, and at about line 200 N, some large slabs and boulders of gossan stained silicious dolomite were located. Below the road is evidence of an old prospect working which may correspond to the 1926 report of work on the Cultus Creek claims.

Two samples were taken of this float material which, on fresh breaks, proved to be highly silicious and well disseminated with pyrite and chalcopyrite. These assayed as follows:

#4626 - Cu 1.05%, Ag 1.36 oz./ton, Au 0.004 oz./ton

#4627 - Cu 1.77%, Ag 1.08 oz./ton, Au less than 0.003 oz./ton.

These results correspond closely with the sample taken by Longe from the same location.

## DISCUSSION AND EVALUATION

On the basis of the previous and recent exploration work conducted on the ground covered by the Don claim, the indications are of a large, stratabound deposit of moderate to low grade copper-silver mineralization associated with the belts of silicified dolomite.

The results of the limited soil sampling and I.P. survey conducted to date indicate that the east zone occurring in the C1 carbonates has the biggest potential and is the zone on which there is some sample data. While the results of the samples taken from float and surface exposures are below economic grade, the results of some samples quoted in the Minister of Mines reports are somewhat better and so the presence of higher grade material below the weathered and leached surface is a distinct possibility. At recent quotations for copper and silver, it is thought that for an open pit mine of medium size, a grade of between 5 and 6 oz./ton Ag equivalent might be economic. Longe recommended a first phase exploration

program consisting of three widely spaced diamond drill holes of 150 metres each across the east zone, and trenches across the east and west zone. It is the writer's opinion that more geological and minerological data could be obtained by drilling a series of closer spaced percussion drill holes across the strike of the I.P. anomalies with large samples of the cuttings being taken at 10 feet intervals for analysis and assay. Detailed recommendations would be as follows.

## **RECOMMENDATIONS**

### **Phase I**

1. The 1981 baseline and the east-west cross lines should be relocated and the stations marked to define the limits of the east I.P. anomaly in the C1 formation, which is the priority target.
2. Thirteen reverse circulation percussion drill holes should be put down at 50 metre intervals along strike from stations on the west side of the I.P. anomaly on a bearing of 90° and a dip of -60° to a depth to cross the mineralized structure (approximately 150 metres each).

The approximate position of each hole is shown on Figure 3 which accompanies this report. Some sites will be from the existing north-south road which follows the west boundary of the anomaly, but others may require some bulldozer cuts for the rig.

3. Mineralized drill cuttings should be sampled and assayed at 10 foot intervals. Both wet and dry sample splitters should be provided. Rejects should be preserved for metallurgical testing.

### **Phase II**

If the results of the above program show favorable indications of tonnage and grade potential, the drilling should be continued to the north and south along strike, and the west anomaly should be probed in a similar manner.

**ESTIMATE OF COSTS**

**Phase I**

1. Relocation of baseline and grid lines 2 men, 6 days	\$ 1,800
2. Percussion drilling - allow 2,000 m @ \$25.00/m	50,000
3. Mobilization and demobilization of drill	2,000
4. Geological supervision and sampling 20 days @ \$400/day	8,000
5. Bulldozer work to prepare drill sites	5,000
6. Assaying - allow 400 samples @ \$20 each	8,000
7. Crew maintenance 20 days @ \$60/day	1,200
8. Travel and administration	2,000
9. Contingency allowance	<u>8,000</u>
Total, Phase I	\$86,000

**Phase II**

A provisional budget of \$200,000 should be allowed, subject to the success of Phase I work.

J.P. ELWELL ENGINEERING LTD.  
September 2, 1987

J.P. ELWELL, P. Eng.





**BIBLIOGRAPHY**

B.C. Minister of Mines Annual Report 1926 - p. 284 - Cultus Creek Property.

B.C. Minister of Mines Annual Report 1927 - p. 326 - Humdinger and Hunkadora Property.

Minequest Report No. 47 - Don and Next Claims, Nelson Mining Division, B.C. - R.V. Longe,  
P.Eng., January 1984.

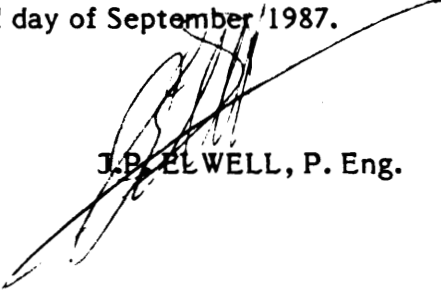
A Report on an Induced Polarization Survey - Peter E. Walcott and Associates Ltd. 1982.

CERTIFICATE

I, James Paul Elwell, of 4744 Caulfield Drive, West Vancouver, B.C. do hereby certify that:

1. I am a Consulting Mining Engineer residing at 4744 Caulfield Drive, West Vancouver, B.C. and with an office at #1026 - 510 West Hastings Street, Vancouver, B.C. V6B 1L8.
2. I am a graduate in Mining Engineering from the University of Alberta in 1940 and am a Registered Professional Engineer in the Province of British Columbia.
3. I have no personal interest, directly or indirectly, in the properties examined or in New Spirit Resources and Development Inc. securities, nor do I expect to receive, directly or indirectly, any interest in such properties or securities.
4. The findings in the report are derived from data acknowledged and from a personal examination of the property on August 12, 1987 and an evaluation of the exploration results.
5. The full text of the report and accompanying maps may be reproduced in the Company's Prospectus or Statement of Material Facts.

DATED at VANCOUVER, B.C. this 2nd day of September 1987.




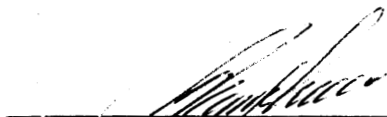
J.P. ELWELL, P. Eng.


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

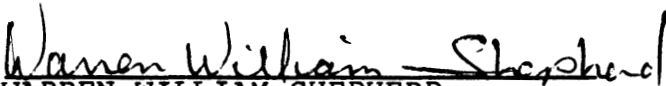
The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the Securities Act and its regulations.

Dated: February 9, 1988

  
\_\_\_\_\_  
MARIO CIANCONE  
Chief Executive Officer, President  
Director and Promoter

  
\_\_\_\_\_  
WYNAND KAMPHUIS  
Chief Financial Officer, Secretary  
and Director

  
\_\_\_\_\_  
DONALD CLOZZA  
Director

  
\_\_\_\_\_  
WARREN WILLIAM SHEPHERD  
Director

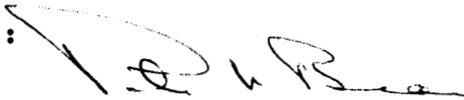
CERTIFICATE OF THE AGENT

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 and its regulations.

Dated: February 9, 1988

CANARIM INVESTMENT CORPORATION LTD.

Per:

A handwritten signature in dark ink, appearing to be "D. W. B.", written over a horizontal line.