

SILVER KING 82KBE (82KSW084)

004277

PREMIER RESOURCES LTD.

Incorporated Under the Laws of the Province of British Columbia

RECEIVED  
NOV 7 1974  
BRITISH COLUMBIA  
SECURITIES COMMISSION

P R O S P E C T U S

Date: October 24th, 1974

NEW ISSUE

300,000

COMMON SHARES

Proceeds to Issuer  
If All the Shares  
Are Sold

	Price to Public	Commission	Proceeds to Issuer If All the Shares Are Sold
Per Unit	20¢	5¢	15¢
TOTAL	\$ 60,000.00	\$ 15,000.00	\$ 45,000.00

THERE IS NO MARKET FOR THE SHARES OF THIS COMPANY.

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

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

NO SURVEY HAS BEEN MADE OF THE COMPANY'S LOCATED MINERAL CLAIMS AND THEREFORE IN ACCORDANCE WITH THE MINING LAWS OF THE YUKON TERRITORY THEIR EXISTENCE AND AREA COULD BE IN DOUBT.

A MINIMUM SUBSCRIPTION IS REQUIRED UNDER THIS PROSPECTUS. FOR DETAILS SEE PAGE ONE UNDER PLAN OF DISTRIBUTION.

PROPERTY FILE  
82KSW084-05

STATE OF TEXAS

THE PUBLIC UTILITY BOARD  
has filed with it the following information in accordance with the  
provisions of the Public Utility Act of 1935, as amended, and the  
Public Utility Board has approved the same.

I N D E X

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## NAME AND INCORPORATION OF ISSUER

The name of the Company is PREMIER RESOURCES LTD. The address of the Company's Head Office is 410 - 470 Granville Street, Vancouver, British Columbia. The address of the Company's Registered Office and Records Office is 534 - 789 West Pender Street, Vancouver, British Columbia. The Company was incorporated under the laws of the Province of British Columbia on the 6th day of August, 1968 as Premier Mining Corporation Ltd. and changed its name to Premier Resources Ltd. on August 16th, 1971. The Company was incorporated as a Private Company, converted to a Public Company on the 30th day of June, 1969 and is a reporting company under the provisions of the Companies Act.

## PLAN OF DISTRIBUTION

The Company offers by this Prospectus 300,000 shares of its capital stock at 20¢ per share. Shares of this issue will be sold through brokers or broker-dealers and they will be paid a commission by the Company of up to 25% or 5¢ per share for each share sold. The Company may also sell its shares directly to the public through its own salesmen or trading directors. Salesmen will be paid a commission of up to 25% or 5¢ per share for each share sold. Trading directors will not be paid any commission although the Company may allow a discount of up to 25% or 5¢ per share for each share sold by the trading director.

The Company has borrowed \$50,000.00 from Pacific Resources Corporation Ltd. of 777 Hornby Street, Vancouver, British Columbia which is repayable together with interest at the rate of 10% on demand. The Company has agreed to issue 166,667 shares in satisfaction of one-half of the principal sum owed or \$25,000.00 at a deemed consideration of 15¢ per share.

NAME AND INCORPORATION OF ISSUER

The name of the Company is PREMIER RESOURCES LTD.  
 The proceeds from the sale of shares and sold

and deposited with the Registrar and Transfer Agent, until

the sum of \$25,500.00 which amount is referred to as the minimum

amount and is required to ensure that the Company will be able

to complete the recommendations of the engineer, satisfy the

requirements of the laws of the Province of British Columbia on the 6th

day of August, 1974 as Premier Mining Corporation Ltd. and changed

the sum of \$25,500.00 which amount is referred to as the minimum

amount and is required to ensure that the Company will be able

to complete the recommendations of the engineer, satisfy the

requirements of the laws of the Province of British Columbia on the 6th

day of August, 1974 as Premier Mining Corporation Ltd. and changed

the sum of \$25,500.00 which amount is referred to as the minimum

amount and is required to ensure that the Company will be able

PLAN OF DISTRIBUTION

DIRECTORS AND OFFICERS

<u>Names and Addresses</u>	<u>Principal Occupation for the Past Five Years</u>	<u>Office</u>
Ralph Andrew Sostad 1190 Renton Place West Vancouver, B.C.	Mining executive with Dundee Mining Ltd. and Mines Ltd.; Burlington Mines Ltd. and Victor Mining Corporation Ltd. (N.P.L.); prospector.	President Director
Douglas P. Hunt 4121 11th Avenue Edmonton, Alberta	Manager of Consolidated Aohstra Minerals Ltd. and Savage Drilling Ltd.	Director Salesmen will be paid a commission of up to 2% or 2%
Henry John Reimer 828 Clearbrook Rd. R.R. #5 Woodstock Abbotsford, B.C.	Farmer	Director Trading directors will not be paid any commission although the Company may allow a commission of up to 2% or 2% per share for each share sold.
Andrew Walter Kallquist #1108 - 801 Comox St. Vancouver, B.C.	Credit manager of B.C. Equipment Company Ltd.; credit manager of B.F. Goodrich Canada Limited.	Secretary and Director

CAPITALIZATION

<u>Designation of Security</u>	<u>Authorized to Issue</u>	<u>Amount outstanding at July 15, 1974</u>	<u>Amount outstanding as at</u>	<u>Amount outstanding as at</u>	<u>all securities are sold and issued for</u>
Common Shares	5,000,000	4,431,800	4,431,800	4,431,800	1,898,467
Without Par Value					share

Particulars of shares sold for cash to date are as follows:

<u>Number Sold</u>	<u>Price</u>	<u>Net Cash Received</u>	<u>Commission Paid</u>
309,500	10¢	\$30,950.00	Nil
59,500	20¢	\$11,900.00	Nil
84,000	22½¢	\$18,900.00	Nil
5,000	24¢	\$ 1,200.00	Nil
27,100	25¢	\$ 6,775.00	Nil
153,700	30¢	\$46,110.00	\$8,785.00
43,000	25¢	\$10,750.00	\$1,050.00

The Company has borrowed \$50,000.00 from Pacific Resources Corporation Ltd. payable with interest at the rate of 10% per annum on demand. The Company has agreed to issue 166,667 shares in satisfaction of one-half of the debt, or \$25,000.00, at a deemed consideration of 15¢ per share. The funds were borrowed for the purpose of making payments to Vincent V. Lisica, Financial Consultant in consideration of services to be rendered in obtaining long-term financing to be used to finance the Company's proposed housing project. The financing did not materialize and the housing project was not proceeded with. The balance of the loan being \$25,000.00 together with interest at the rate of 10% per annum must be paid on the closing of the next completed financing by the Company after the financing under this Prospectus or as soon as the Company has derived sufficient net profits from production from its properties to satisfy the debt but in any event the remaining principal and interest shall become due and payable on May 15, 1975. The Directors of Pacific Resources Corporation are:-

Henry John Reimer - 828 Clearbrook Rd., Abbotsford, B. C.  
 Conrad D. Humbke - 1700 - 777 Hornby Street, Vancouver, B. C.

The Company owes Ralph A. Sostad \$20,445.76. Mr. Sostad has agreed to waive the collection of the debt until after the date of closing of the next completed financing, after the financing under this prospectus or until the Company has received sufficient net profits from production from its properties whichever shall first occur.

DESCRIPTION OF SHARE CAPITAL STRUCTURE

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

USE OF PROCEEDS TO ISSUER

The estimated net proceeds to be derived by the Issuer from the sale of the securities offered hereby if all of the shares are sold is \$45,000.00.

The proceeds derived from the sale of the securities will be expended as follows:

- |    |  |                    |
|----|--|--------------------|
| 1. | Conduct Stage 1 of the exploration program recommended by George L. Mill, P. Eng., in his report on the McAllister property dated May 20th, 1974, a copy of which is attached hereto and forms part of this Prospectus | \$15,000.00        |
| 2. | Satisfaction of current liabilities  | 9,000.00           |
| 3. | Satisfaction of interest owed in respect to Pacific Resources Corporation Ltd. loan  | 8,000.00           |
| 4. | Property payment to be made in respect to the McAllister property  | 2,500.00           |
|    | TOTAL  | <u>\$34,500.00</u> |

The balance of the proceeds, being \$10,500.00, will be expended on the cost of this issue, estimated to be \$4,500.00 and general administrative expenses. If primary distribution of shares under the Prospectus is completed the Company shall endeavor to obtain a listing on the Vancouver Curb Exchange. The Company has allotted \$2,000.00 of the proceeds to cover the listing fee to be held in trust by National Trust Company, Limited until application for listing has been made. If the proceeds realized from the sale of the securities are insufficient to pay all of the expenditures, then satisfaction of administrative expenses, the exploration program, the Vancouver Curb Exchange fee, satisfaction of current liabilities, satisfaction of the property payment and the payment of interest on the loan to Pacific Resources Corporation Ltd. will take priority in that order.

The Company may, pursuant to the recommendations of an independent qualified engineer, abandon in whole or in part any of its properties or may alter as work progresses the work program recommended or make arrangements for the performance of all or any portion of such work by other persons or companies and may use any money so diverted for the purpose of conducting

work or examining other properties acquired by the Company after the date of this Prospectus although the Company has no present plans in this regard. If any such event occurs during primary distribution of the shares referred to in this Prospectus, an amendment to this Prospectus must first be filed and if a substantial portion of the Company's property is abandoned or sold after primary distribution, the shareholders shall be notified promptly.

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

DESCRIPTION OF BUSINESS AND PROPERTY OF ISSUER

The business of the Company is the acquisition, exploration and development of mineral claims and properties.

McAllister Claims

The Company holds an assignment of an option to purchase the following Crown Granted mineral claims situate in the Kootenay Land District in the Province of British Columbia and described as follows:

<u>Claim Name</u>	<u>Lot Number</u>
Ridgeway	Lot 11898
Silver Queen	Lot 11899
Silver King	Lot 11900
Rouse Fraction	Lot 11901

In order to acquire the claims, the Company must pay \$2,500.00 to Ralph A. Sostad, a director of the Company, and conduct exploration work on the claims at a cost of not less than \$15,000.00 in 1974 and \$30,000.00 in 1975. In addition, the Company must pay Slocan Silver Mines Ltd. (N.P.L.) \$32,500.00 as follows:

\$2,500.00 on or before June 15th, 1975 and \$5,000.00 on or before the 15th day of June, 1976 and a further \$5,000.00 on the 15th day of June each year thereafter until the total purchase price has been paid provided that if commercial production is commenced, the Company must pay \$5.00 per ton for each ton of ore shipped to the smelter until the total purchase price has been paid.

The mineral claims are situate in the Slocan Mining Division, approximately 12 miles east of New Denver. The claims are accessible by good gravelled road from New Denver to Three Forks, British Columbia, a distance of approximately 6 miles and by a further 6 miles of gravelled road, the latter 2 miles of which consists of switch-back road to the mine site.

The mineral claims were mined intermittently from 1903 to 1950. Metal shipments from the mine were as follows:

Gold	-	98 ounces
Silver	-	1,049,383 ounces
Lead	-	30,626 pounds
Zinc	-	5,409 pounds

Particulars of the underground workings are described in the report of George L. Mill, P. Eng., in his report dated May 20th, 1974, a copy of which is attached hereto and forms part of this Prospectus.

The principal mineralization on the claims is silver. Sampling of the underground workings has indicated high silver mineralization showings.

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

There is no known commercial body of ore on the claims and the proposed program is an exploratory search for ore, primarily silver.

#### Lulu Claims

The Company owns 16 mineral claims located in the Whitehorse Mining District, Yukon Territory, in the vicinity of Tagish Lake near the British Columbia-Yukon border which are more particularly described as follows:



<u>Claim Name</u>	<u>Grant Number</u>	<u>Expiry Date</u>
Lulu 1 - 4	Y21107 - Y21110	October 13, 1976
Lulu 5 - 16	Y26217 - Y26228	September 27, 1976

The Company acquired the Lulu claims from Ralph A. Sostad, a director of the Company, and from Kenneth Shortt of Whitehorse, Yukon Territory, pursuant to an agreement dated November 22nd, 1968. The Company issued Messrs. Shortt and Sostad 375,000 shares each, all of which were subject to escrow restrictions, as consideration for the claims. The cost of the Lulu claims to the Vendors was \$841.00.

Pacific Resources Corporation Ltd., of 1785, 777 Hornby Street, Vancouver, British Columbia, has received 327,600 of the vendor's shares and Marguerite Sostad, of 1190 Renton Place, West Vancouver, British Columbia has received 325,000 of the vendor's shares within three (3) years of the date of the Prospectus.

Since acquiring the claims the Company has conducted a magnetic survey, trenching, geological mapping and soil sampling on the claims.

The Company does not intend to spend any of the proceeds derived from the sale of securities under this Prospectus on the Lulu claims.

#### PROMOTERS

The promoter of the Company is Ralph Andrew Sostad, a director of the Company. Mr. Sostad has received 375,000 shares of the Company, all of which were subject to escrow restrictions, as consideration for his interest in the Lulu claims, and will receive \$2,500.00 as consideration for his interest in the McAllister claims. The cost of the McAllister claims to Mr. Sostad was \$2,500.00. Mr. Sostad also received \$5,300.00 directly and \$550.90 through Northward Explorations Ltd., a company controlled by Mr. Sostad, from the Company during 1970, 1971 and 1972 for acting as the Company's field superintendent and manager.

#### REMUNERATION OF DIRECTORS AND OFFICERS

The Company has not paid its Directors or Senior Officers any remuneration during the last fiscal year and does not intend to pay its Directors and Officers any remuneration during the current fiscal year ending January 31, 1975.

ESCROWED SHARES

Certificates representing 675,000 shares referred to below are held in escrow by National Trust Company, Limited subject to the direction or determination of the Superintendent of Brokers ("Superintendent"). The escrow restrictions provide that the shares may not be traded in, dealt with in any manner whatsoever, or released nor by the Company, its transfer agent or escrow holder make any transfer or record any trading of the shares without the consent of the Superintendent.

In the event the Company loses or abandons or fails to obtain title to all or part of the property or assets for which it allotted all or part of the escrow shares, the Company will declare any such event to the Superintendent by way of Directors' resolution and the holders of such shares, the trustee thereof and the Company have agreed that such number of said shares as the Superintendent determines shall have become subject to cancellation shall be surrendered to the Company by way of gift for cancellation. The complete text of the escrow agreement is available for inspection at the Company's registered office at 534 - 789 West Pender Street, Vancouver, British Columbia.

<u>Designation of Class</u>	<u>Number of Shares Held in Escrow as at September 30, 1974</u>	<u>Percentage of Class</u>
Common Shares	675,000	* 47.1%

PRINCIPAL HOLDERS OF SECURITIES

To the knowledge of the Company, only the following own, directly or indirectly, more than 10% of any class of shares of the Company as at September 30th, 1974.

<u>Name and Address</u>	<u>Type of Ownership</u>	<u>Class and No. of Shs. Owned</u>	<u>Percentage of Class</u>
Pacific Resources Corporation Ltd. 777 Hornby Street Vancouver, B.C.	Direct and	327,600 Common	* 22.9%
Ralph A. Sostad 1190 Renton Place West Vancouver, B.C.	Direct and Beneficial	178,000 Common	* 12.4%
Marguerite Sostad 1190 Renton Place West Vancouver, B.C.	Direct	325,000 Common	* 22.7%

\* calculated on the basis of there being 1,431,800 shares issued and outstanding.

The following table shows the respective percentage holdings of the Directors and Senior Officers of the Issuer as at September 30th, 1974.

<u>Designation of Class</u>	<u>Percentage of Class</u>
Common Shares	* 15.9%

Based on 1,898,467 shares to be outstanding if the shares offered by this Prospectus are sold and the shares are issued to Pacific Resources Corporation Ltd. for debt, 48.3% of the shares will have been issued to Insiders for property and cash and 15.8% are being offered to the public.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

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

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Company are J.M. Ross and Company, 3039 Granville Street, Vancouver, British Columbia.

The Company's registrar and transfer agent is the National Trust Company, Limited, 510 Burrard Street, Vancouver, British Columbia.

PURCHASER'S STATUTORY RIGHTS OF RESCISSION

Sections 61 and 62 of the Securities Act, 1967 (British Columbia) provide in effect that where a security is offered to the public in the course of primary distribution:

- (a) A purchaser has a right to rescind a contract for the purchase of a security, while still the owner thereof, if a copy of the last Prospectus, together with Financial Statements and reports and summaries of reports relating to the securities as filed with the Superintendent of Brokers was not delivered to him or his agent prior to delivery to either of them of the written confirmation of the sale of the securities. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell within 60 days of the date of delivery of the written confirmation but no action shall

PROPERTY FILE

be commenced after the expiration of three months from the date of service of such notice.

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

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

OTHER MATERIAL FACTS

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

The McAllister Mine  
(Lat. 50°05', Long. 117°15')

Slocan Mining Division

B.C.

May 20, 1974

George L. Mill, P. Eng.

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## INTRODUCTION

This report is written at the request of Mr. Ralph Sostad, 410 - 470 Granville Street, Vancouver, B.C. It has reference to the McAllister Mine, a former silver-lead producer located on the eastern slope of the Kane Creek Valley in the Slocan Mining Division of British Columbia. Its purpose is directed towards the determination of the economic feasibility of entering into an exploration program to obtain information relative to the lateral and down-dip potential of the vein system or systems on the property and - considering present silver prices - the chances of offsetting, at least in part, the cost of such a program by carrying on scavenger operations in old workings on the upper horizons.

## SUMMARY

In summary, the writer is of the opinion that the high silver content of the main vein - a feature supported by past production records - the indicated presence of partially-developed and readily accessible ore above No. 3 level at its east end and the availability of targets to the west and below that horizon, offer a combination of targets which warrant investigation of the profit-making potential of the McAllister property at present metal prices and production cost levels.

Taking all these factors into consideration recommendations have been advanced which cover the first two stages of an exploration program and which call for:

1. The provision of adequate access facilities to permit the geological mapping and the sampling of all existing underground workings.

2. The rehabilitation of the No. 3 Level crosscut and that portion of the drift which extends eastward from the intersection of that crosscut with the lode.

3. Stopping operations above No. 3 Level, in the area lying between the two faults shown on White's longitudinal projection, to an extent at least sufficient to provide test shipments to the smelter.

It has been estimated that the first stage of the program as outlined will call for a capital outlay of \$15,000.00 and that the implementation of the second stage an additional \$30,000.00. Subsequent stages, if warranted, would involve rehabilitation of No. 6 Level crosscut as the main haulageway, and exploratory work on No. 3 Level west of its crosscut as well as on the down-dip projection of the main vein below the No. 3 Level horizon.

PROPERTY

The subject property comprises four Crown-granted mineral claims held by Mr. Sostad under the terms of an "option to purchase" agreement. Located in the Slocan Mining Division of British Columbia these claims are identifiable as follows:

- Ridgeway - Lot No. 11898
- Silver Queen - Lot No. 11899
- Silver King - Lot No. 11900
- Rause Fraction - Lot No. 11901



### LOCATION AND ACCESSIBILITY

The property is located in the Slocan Mining Division of British Columbia. It lies on London Ridge, northwest of Winston and on the east side of Kane Creek. It is readily accessible by road from New Denver via the New Denver-Kaslo road to Three Forks, up the Kane Creek road for a distance of four miles, then up a two mile switch-back road to No. 3 level portal. Due to its close proximity to New Denver no camp provision would be necessary but transportation facilities would have to be provided over the approximate twelve mile travel distance.

### PHYSICAL FEATURES

Portal elevations range from 5,500 to 6,000 feet above sea level. Climatic conditions are moderate but a relatively heavy snowfall must be anticipated. An ample water supply is available from underground sources or from Kane Creek but most of the timber requirements would have to be obtained from sawmills in the vicinity.

### HISTORY OF THE PROPERTY

In the course of its intermittent operation between the years 1903 and 1950 the McAllister Mine is reported to have accounted for the delivery of a total of 23,194 tons to the smelter. Total metal content of these shipments was:

Gold	98 ounces
Silver	1,049,383 ounces
Lead	30,626 pounds

Zinc 5,409 pounds

This type of ore is commonly classed as a "dry" silver ore and, in this case, represents a per ton silver content of approximately 45 ounces.

The original surface exposure is said to have been traced over a distance of 2,000 feet and to have varied in width from 3 to 9 feet. The old trenches and open cuts are no longer distinguishable. The vein was first developed on three horizons with No. 3 level crosscut (Elevation 5850) serving as the main haulageway. In 1925, No. 6 level crosscut was started at Elevation 5500 and eventually connected by manways and ore-passes with new working horizons Nos. 4, 4½, 5 and 5½, none of which was extended to surface. No. 6 crosscut then became the main haulageway and tramming facilities extending beyond its portal, along the contour of the hillside, to the upper terminal of a two-bucket aerial tramway, 4,000 feet in length, extending to the floor of the valley.

On No. 3 level silver content of the vein was reported as ranging between 30 and 40 ounces per ton over a strike length of 1,000 feet. On No. 4 level a 380 foot length showed an average width of 4.5 feet and an average grade of 38 ounces of silver per ton. With the exception of small highgrade veins - presumably not part of the main vein - no tonnage of any consequence was developed below the No. 5 horizon. No. 6 level crosscut, though driven beyond the projection of the downward continuation of the main vein in 1926, did not intersect it but the vein is said to have been picked up two years later. The writer was unable to confirm this in the course of his 1968 examination because of the condition of the manways and the lack of ventilation due to caving of the portal of No. 6 level crosscut. In 1929 development work was confined to driving northeasterly from

a 76 foot raise extending from No. 6 level to reach "favorable ground on the downward projection of No. 5 level stopes". Access to this was not gained and the extent of the advance is not known. Beyond this date production was limited to 1,078 tons under lease arrangements with a reported silver content of 58,251 ounces.

When Liberty Mines Limited optioned the property in 1968 the writer stressed the importance of re-opening No. 6 level crosscut - initially, at least, to an extent sufficient to provide adequate ventilation to permit the safe examination and geological mapping of all workings below No. 3 level. Because of its poor condition plans called for the re-location of the portal with the new heading directed to a breakthrough in more favorable ground conditions. K.J. Christie, P.Eng., who supervised this underground work, states that the advance on this new heading was suspended with the face within a few rounds of its target. The writer understands, however, that a substantial amount of road work was done, principally in the area of the switchbacks.

#### GEOLOGY AND MINERALIZATION

The underlying formations on London Ridge are the slates, argillites and quartzites of the Slocan Series. Intrusive dykes and stocks, varying greatly both as to composition and in thickness or cross-section, are common in the area and are related to the Nelson batholith. The sediments show complex folding with frequent reversals in dip. The McAllister Main Vein occurs in quartzites underlain by a soft bed of slates estimated to be some 300 feet in thickness. The vein has an average strike of north 40 degrees east and an average dip of about 45 degrees to

the southeast. In places, however, it will flatten to 20 degrees and, in others, steepen to 60 degrees. It is well-defined in the quartzites but, upon encountering the slate formation to the northeast, it appears to break into a series of small veinlets. This may be due to faulting at the contact but it has been pointed out that it may also be due to closure of the fissure in the soft slates and that its further continuity might be expected should it re-enter the quartzites.

The lode material consists of quartz and crushed wall rock. The quartz carries silver values which appear to be associated principally with tetrahedrite, with the possible presence of tennantite in minor quantities. Pyrite, galena and sphalerite appear to a lesser extent. The contained minerals are either distributed irregularly through the quartz or concentrated in small rich shoots located in the vicinity of cross fissures which intersect the main vein at an angle of about 30 degrees.

Apart from the main vein a number of other quartz veins have been observed on the property but have not been explored.

#### POTENTIAL OF THE PROPERTY

Having reference to the enclosed plan and longitudinal projection of the mine workings it will be noted that the property has been developed by six main levels and two sub-levels over a vertical distance of 400 feet below surface. Levels Nos. 1, 2, 3 and 6 are adits which reach the main haulageway. In the course of his last visit to the property the writer gained access to most of the workings lying on and above No. 3 level with the major exception of the southwesterly portion of No. 3 level where air

conditions appeared hazardous. Attempts to reach horizons below the 4 $\frac{1}{2}$  sub-level were abandoned due to difficulty of access as well as lack of ventilation because of the closure of No. 6 crosscut at its portal.

Reference to the enclosed longitudinal projection shows that practically all past production originated from the central portion of the workings. As shipments averaged better than 45 ounces per ton in silver content one can assume that work was concentrated in this area because of its higher grade or the fact that it was more readily accessible. Based on the visual examination of the vein on the horizons inspected, the assays reported by White on his longitudinal projection of the workings and the current price of silver it would certainly appear that a substantial tonnage of profitable ore remains to be mined on both sides of the major stoped areas.

To substantiate further the opinion expressed above and having in mind the current price of silver as compared to that prevailing in 1935, the writer extracts the following assays and comments appearing in White's longitudinal projection:

A) Southwest of the Main Raise

1. Small stope on No. 3 level 500 feet from the raise - vein 25" wide @ 44.5 ozs/ton.
2. "quartzite carrying low grade (?) quartz vein" in general area.
3. Small stope on No. 5 level 150 feet from the raise - vein 16.4" wide @ 24.5 ozs/ton.

**B) Area between No. 2 Level and Surface**

1. "This area probably carries some commercial ore tonnage".  
Two samples taken from stope backs show vein 12.6" wide @ 34.3  
ozs/ton and 50" wide @ 36.5 ozs/ton respectively.

**C) Area between Main Raise and Fault**

1. Sample taken between Main raise and southwest boundary of stoped area on No. 4 level - vein 38" wide @ 44.7 ozs/ton.
  2. Samples taken on floor of underhand stopes on No. 5 level - vein 62.9" wide @ 57.7 ozs/ton and 25.4" wide @ 230.1 ozs/ton.
- Check samples at this location taken by Sullivan in 1966 show vein 20" wide @ 94.8 ozs/ton and 24" wide @ 250.0 ozs/ton.

**D) Area Northeast of the Fault**

With reference to this area White states that it "doubtless carries considerable good ore yet to be developed. Vein samples taken in old workings above the assumed quartzite-slate contact vary from 6" to 35" in width and from 22 to 137 ozs/ton in silver content.

It should be noted here that the position of the contact east of the workings is not known and that the possibility exists that the main vein may re-enter the quartzites.

In summary, the more attractive targets at date of writing are:

1. The area northeast of the main fault.
2. The area between No. 3 and No. 5 levels southwest of the main raise.
3. The area below No. 5 level between it and the contact.

## CONCLUSIONS AND RECOMMENDATIONS

The writer concludes that the implementation of an exploration program on the property is fully justified. Furthermore, he is of the opinion - based on available information and assuming the careful control of stoping operations - that there is sufficient reserve tonnage of adequate grade above No. 3 Level to offset partially the capital outlay required to carry the first two stages to completion. The conclusions and ensuing recommendations are based on the following factors:

1. The current price of silver.
2. The indicated availability of an adequate supply of partially-developed ore above No. 3 Level at a grade sufficiently high in silver content to warrant direct shipments to a smelter.
3. The possible potential of the zone lying southwest of the above indicated reserve and also above No. 3 Level.
4. The presence of known targets between No. 3 Level and the quartzite-slate contact.
5. The siliceous nature of the ore re the provision of silica "credits" from the smelter.
6. The relatively low cost of surface and underground rehabilitation, excluding the re-opening and maintenance of No. 6 level crosscut as a main haulageway, at least for mining operations below No. 3 level. The No. 6 level horizon must be classed as the unknown factor until access to it can be gained.

In concluding that the McAllister property has economic potential at current metal prices the writer advances the following recommendations outlined in stages with the implementation of the second and subsequent stages dependent upon the results reporting in its preceding stage:

#### STAGE 1

1. Extend the new heading started in 1968 by Liberty Mines Limited to its breakthrough to No. 6 Level crosscut. It is anticipated that this will provide adequate ventilation to permit safe access to the workings below No. 3 Level. Precautionary measures should be taken prior to breakthrough as the lower workings may well be flooded.
2. Rehabilitate raises necessary to provide safe access to all levels.
3. Carry out a comprehensive geological mapping program both on surface and in all underground workings.
4. Sample all pertinent locations with particular emphasis on the area above No. 3 Level drift east of its access crosscut. Bulky samples cut across realistic mining widths are recommended.

#### STAGE 2

1. Rehabilitate No. 3 Level crosscut and that portion of the drift extending eastward along the lode.
2. Provide essential surface facilities such as an ore bunker at the portal of No. 3 Level and a change room. Housing facilities are not considered as warranted at this time.



3. Carry out stoping operations above No. 3 Level, in the area lying between the two faults shown on White's longitudinal projection, to an extent at least sufficient to provide test shipments to the smelter. The number of shipments possible during the current year will depend, undoubtedly, on the starting date of the exploration program.

### STAGE 3

While the writer considers that the second stage of the program can be classed as mandatory he recognizes fully that the implementation of the third and subsequent stages will depend upon the results obtained in the first two stages. The third and subsequent stages would call for the investigation of the potential of the western portion of the No. 3 Level, the down-dip projection of the vein and the economic rehabilitation of No. 6 Level crosscut as a main haulage way. Recommendations and cost estimates pertaining to these areas will have to be held in abeyance pending the receipt of results reporting in the first two stages of the exploration program.

A separate estimate of the capital outlay required to carry each of the first two stages to completion, as outlined in the appendix, shows \$15,000.00 for the first stage and \$30,000.00 for the second stage, for a total of \$45,000.00.

Respectfully submitted,

  
George L. Mill

COST ESTIMATESSTAGE 1

Mobilization	\$ 500.00
Road Repairs	750.00
No. 6 Level Portal Rehabilitation	3,500.00
Equipment Rentals	750.00
Operating Supplies	1,000.00
Transportation Facilities	500.00
Provision of Access to Raises	1,500.00
Geological Mapping	2,500.00
Sampling and Assaying	1,500.00
Engineering and Administration	1,000.00
Contingencies	1,500.00
	<u>\$15,000.00</u>
	TOTAL STAGE 1

STAGE 2

Equipment Requirements (rental-purchase)	\$15,000.00
Rehabilitation of No. 3 Level	2,000.00
Operating Supplies	3,000.00
Transportation	2,000.00
Surface Requirements (ore bunker and change room)	3,000.00
Engineering and Administration	2,000.00
Contingencies	3,000.00
	<u>\$30,000.00</u>
	TOTAL STAGE 2

REFERENCES

**D.C. Minister of Mines Reports - years:**

1904-1920-1922-1924-1925-1926-1928 and 1935

B.S. White, P.Eng. - 1935

Plan and longitudinal projection of mine workings.

Assay plans of various levels.

Jos. Sullivan, P.Eng. - 1966 Report

The McAllister Mineral Claims.

George L. Mill, P.Eng. - 1968

Report on the McAllister Mine (for Liberty Mines

Limited, (N.P.L.))

K.J. Christie, P.Eng.

Comments re work done by Liberty Mines Ltd. under his supervision.

CERTIFICATION

I, George L. Mill, hereby certify--

1. That I am a mining and metallurgical engineer residing at 6176 Tisdall Street, Vancouver, B.C., V5Z 3N4.

2. That I am a graduate of Queen's University, B.Sc., and a registered member of the Association of Professional Engineers of the Province of British Columbia.

3. That I have practised my profession for 41 years.

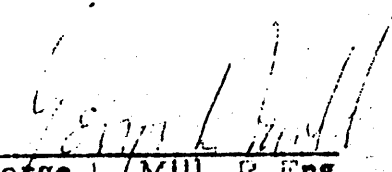
4. That I have no financial interest, direct or indirect, in the subject property nor in any property in its vicinity and that I do not anticipate obtaining any such interest.

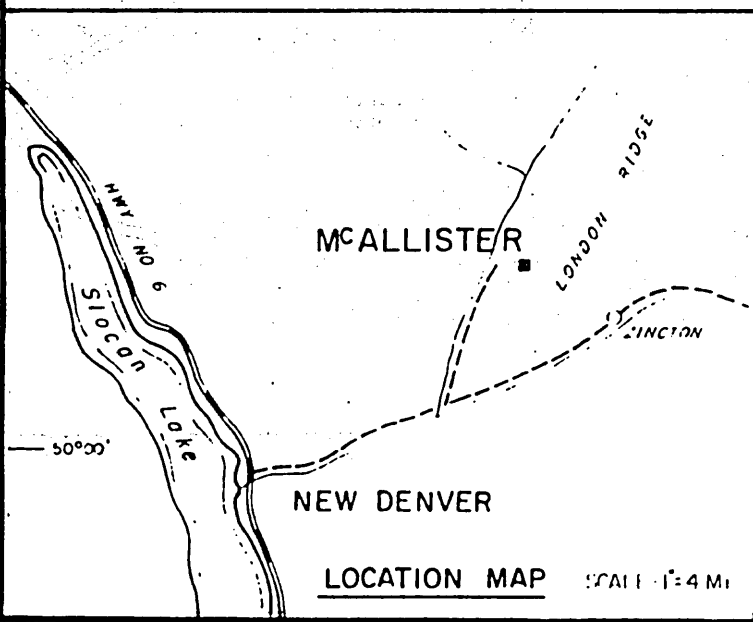
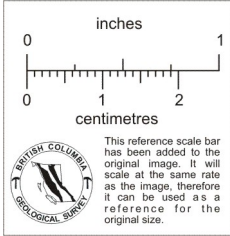
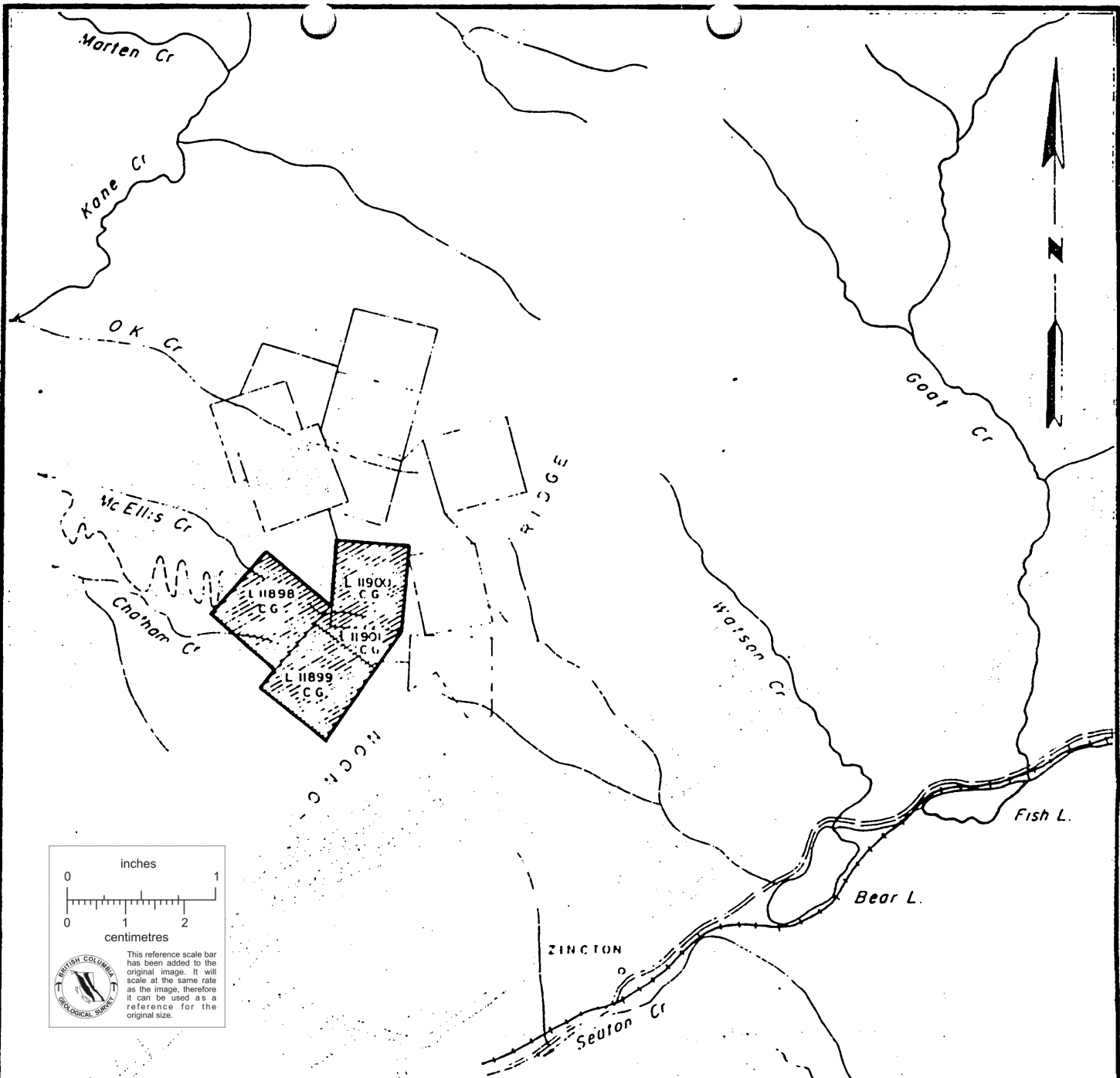
5. That the information contained in this report was derived in the course of several visits to the property in the 1950's and from my personal inspection of all accessible workings on June 29 and 30, 1968. Furthermore, much data has been obtained from the reports, maps and publications indicated on the attached references.

6. That Mr. Ralph Sostad has my authorization to make use of this report relative to the implementation of the recommendations, in whole or in part, contained therein.

To accompany report on the  
McAllister Mine,  
Slocan Mining Division

May 20, 1974

  
George L. Mill, P. Eng.



**PROPERTY FILE**

PLAN SHOWING LOCATION OF

**MCALLISTER MINE**

SLOCAN MINING DIVISION  
BRITISH COLUMBIA

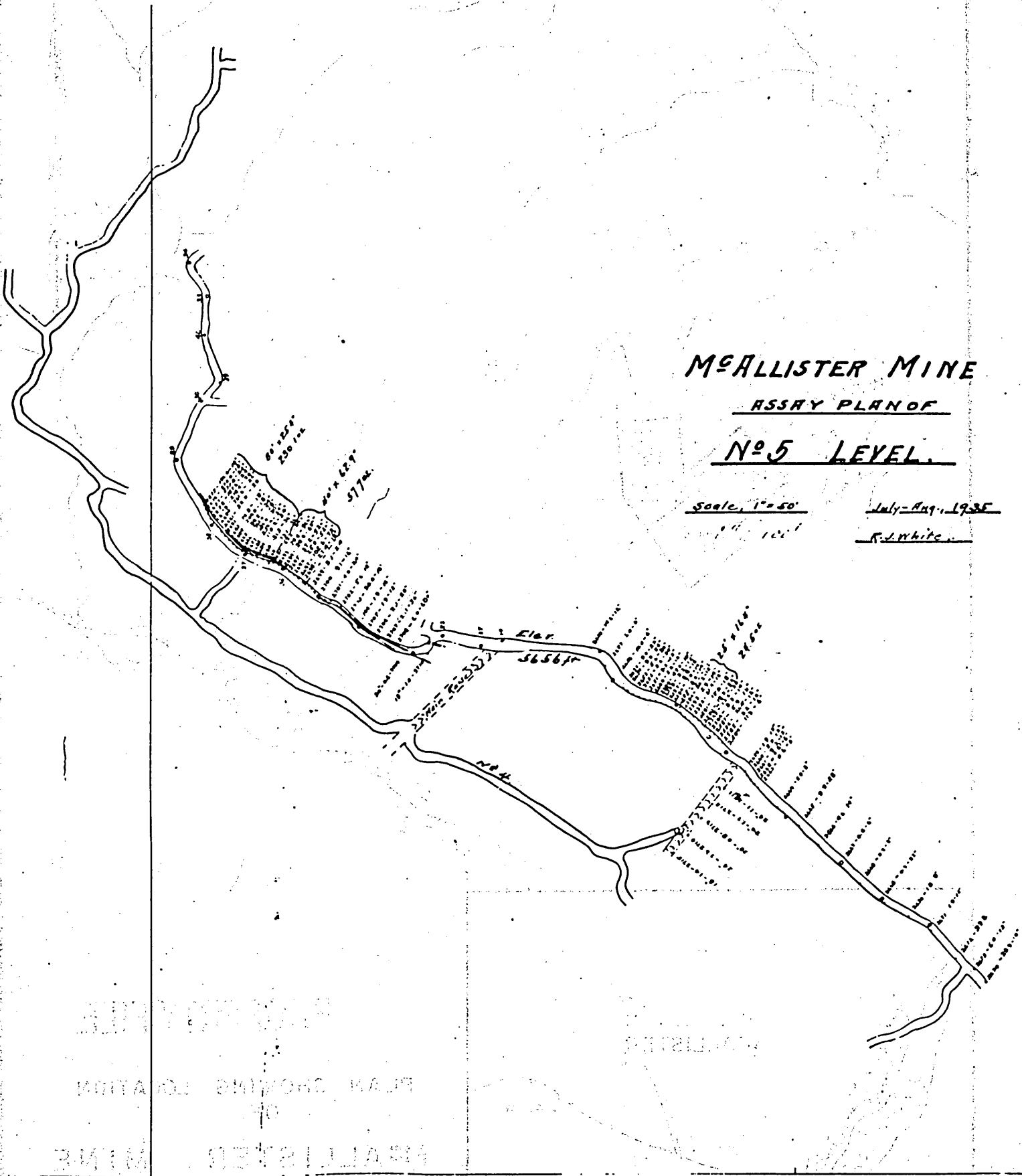
Scale: 1" = 1/2 Mi (approx)

**McALLISTER MINE**  
ASSAY PLAN OF  
Nº 5 LEVEL.

Scale, 1"=50'

July-Aug., 1935

R. J. White



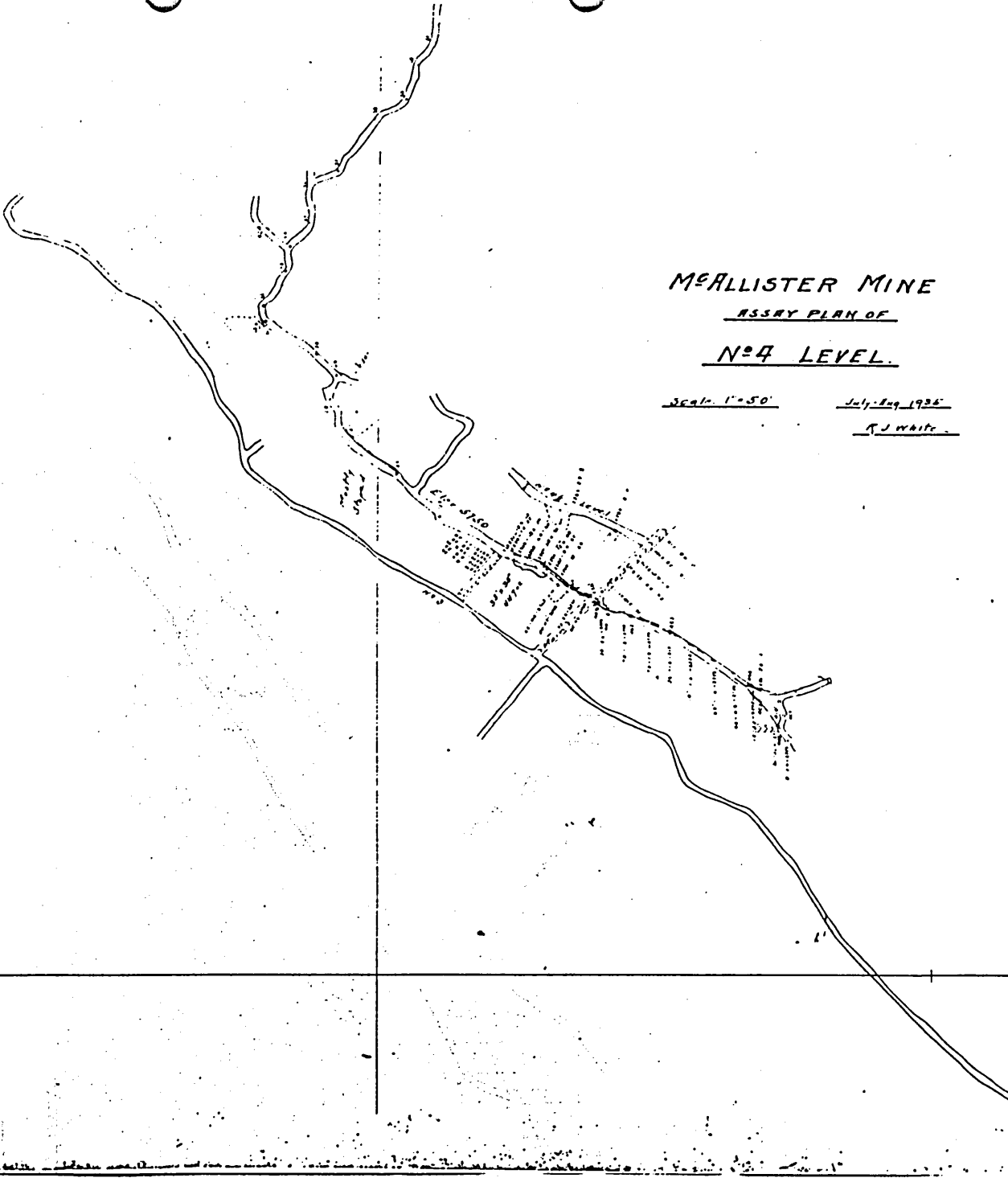
McALLISTER MINE  
ASSAY PLAN OF  
Nº 5 LEVEL  
Scale, 1"=50'  
July-Aug., 1935  
R. J. White

**McALLISTER MINE**  
ASSAY PLAN OF  
Nº 4 LEVEL.

Scale 1"=50'

July-Aug 1926

T. J. Wait

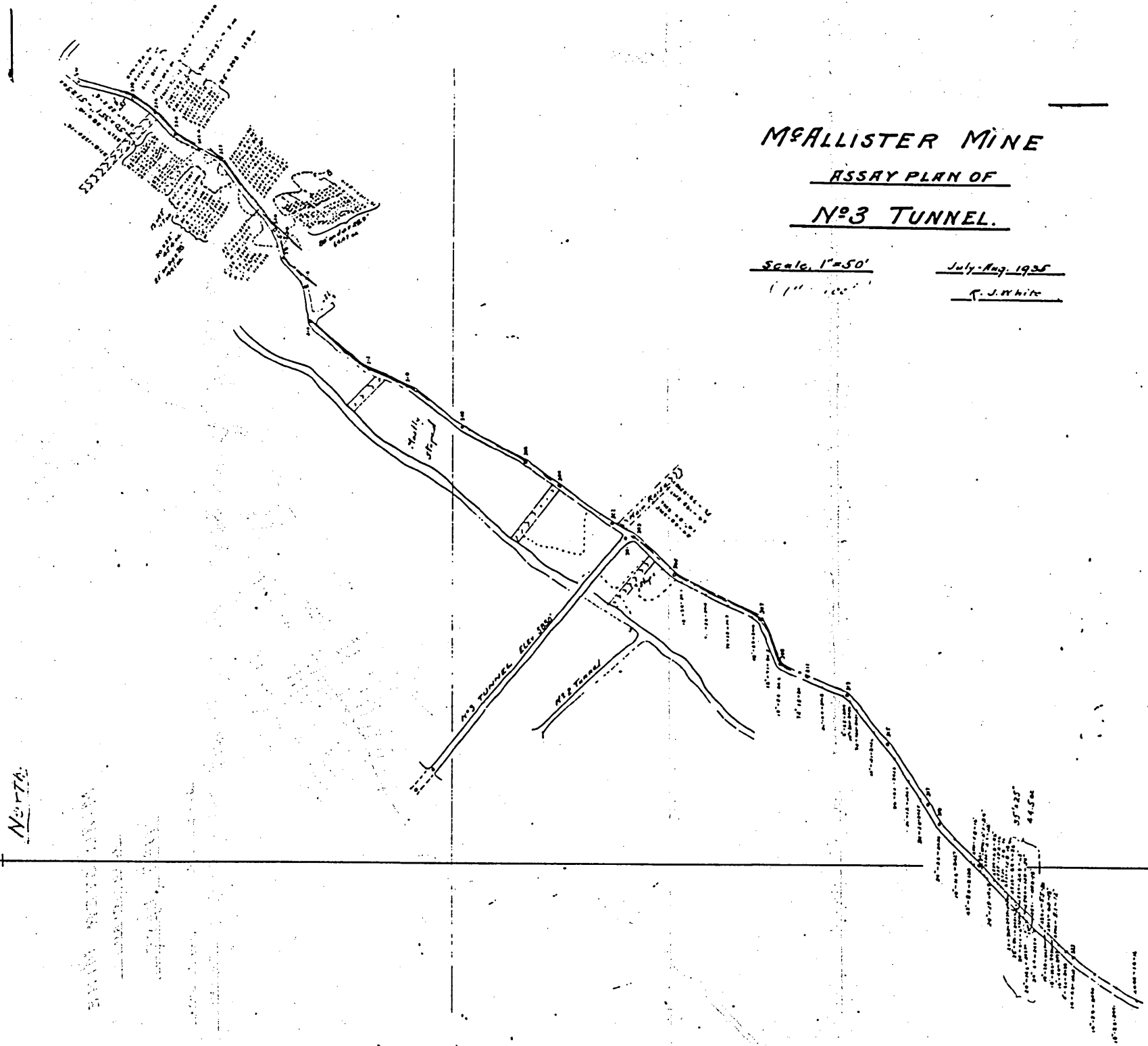


North

**McALLISTER MINE**  
**ASSAY PLAN OF**  
**Nº3 TUNNEL.**

Scale, 1"=50'  
1" = 100'

July-Aug. 1935  
F. J. White



North



North.

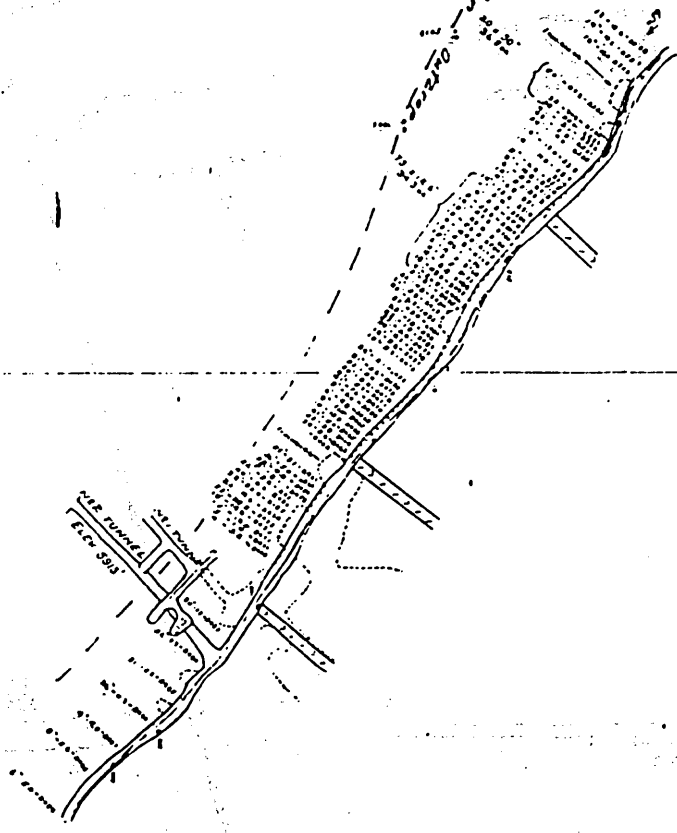
**McALLISTER MINE**  
ASSAY PLAN OF  
N<sup>o</sup> 2 TUNNEL

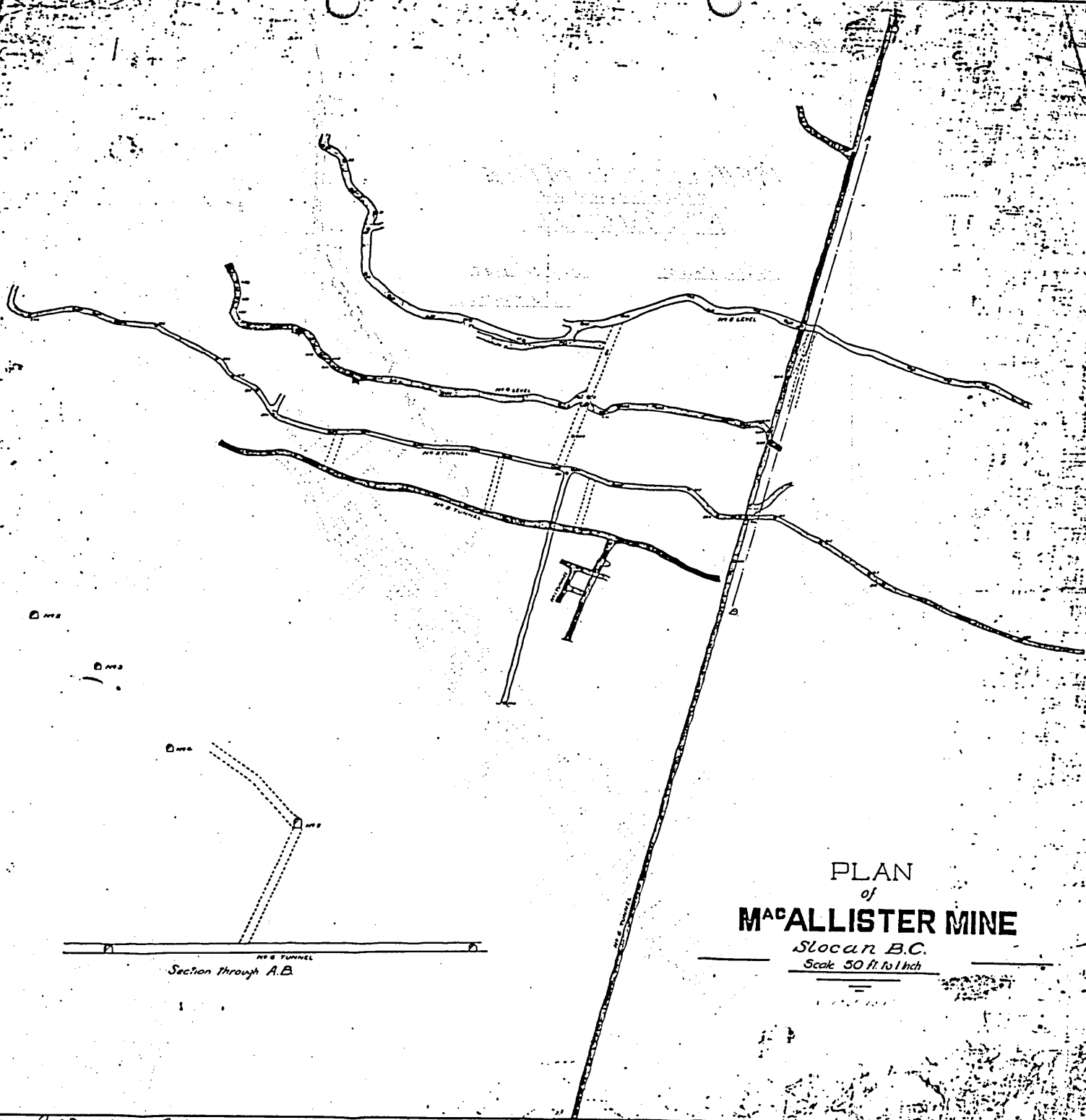
Scale 1"=50'

July-Aug-1925

R. J. White

(P)





PLAN  
of  
**MACALLISTER MINE**

*Slocan B.C.*  
Scale 50 ft. to 1 inch

Section through A.B.

REDUCE TO 9 1/2 X 14

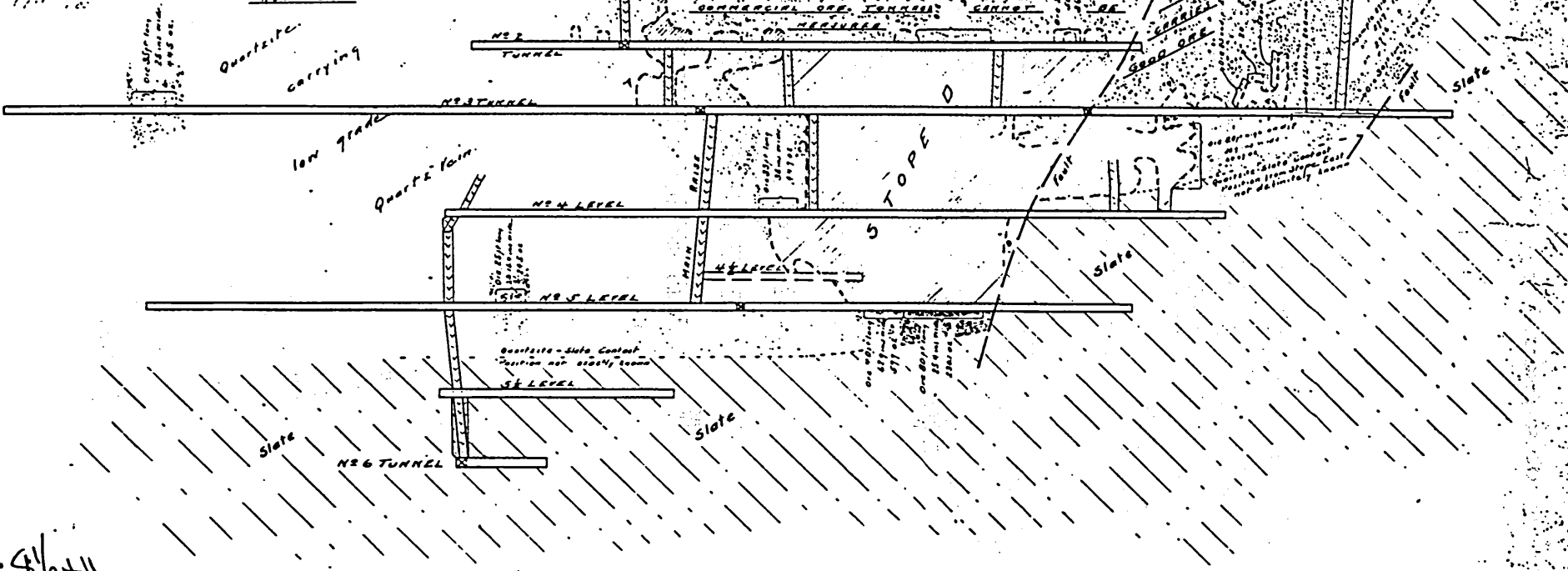
# McALLISTER MINE LONGITUDINAL PROJECTION

LOOKING NORTHWEST

Scale 1 inch = 50 feet

August 1935

R.H.L.P.



Reduced to 8 1/2 x 11

Don't zero from here on.

PREMIER RESOURCES LTD.

FINANCIAL STATEMENTS

AS AT JULY 15, 1974

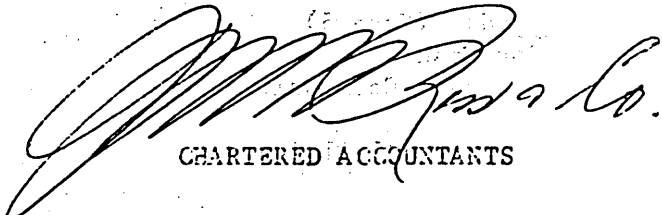
The Shareholders,  
Premier Resources Ltd.,  
Vancouver, B. C.

We have examined the balance sheet of Premier Resources Ltd. as at July 15, 1974, and the statements of deferred exploration, development, administration and housing expenditures, source and application of funds and deficit for the period ended on that date and the five preceding years. Our examination included a general review of accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at July 15, 1974, and the results of its operations and the source and application of its funds for the period ended on that date and the five preceding years, all in accordance with generally accepted accounting principles applied on a consistent basis.

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00,000,000	000,000

Vancouver, B. C.  
July 26, 1974.

  
CHARTERED ACCOUNTANTS

PREMIER RESOURCES LTD.

BALANCE SHEET

AS AT JULY 15, 1974

ASSETS

Current Assets:

Cash in bank \$ 43.11

Mineral Claims - at cost: (Note 2)

At the stated value of 750,000 shares issued 7,500.00

Office Furniture and Fixtures - at cost 1,710.04

Deferred Expenditures:

Exploration and development \$ 20,309.18

Administration 57,968.03 78,277.21

\$ 87,530.36

LIABILITIES, CAPITAL AND SURPLUS LESS DEFICIT

Current Liabilities:

Accounts payable - trade \$ 8,998.87

Interest payable (Note 3) 8,965.71

Payroll and employee deductions payable 128.36

Loans from shareholders 20,445.76

Due to Pacific Resources (Note 3) 50,000.00

\$ 88,538.70

Capital Stock:

Authorized:

5,000,000 shares - no par value

Issued: (Note 5)

For Cash	<u>Shares</u>	
	681,800	\$ 136,690.00
Less: Commissions		19,940.00
		<u>\$ 116,750.00</u>
For Mineral Claims	750,000	7,500.00
	<u>1,431,800</u>	<u>\$ 124,250.00</u>

Contributed Surplus (Note 6) 7,101.26

\$ 131,351.26

Deficit

132,359.60 (1,008.34)

\$ 87,530.36

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Board:

P. J. Hallquist Director

Robert Ouellet Director

This is the balance sheet referred to in our report dated July 26, 1974.

J. M. ROSS & CO. CHARTERED ACCOUNTANTS

PREMIER RESOURCES LTD.

NOTES TO FINANCIAL STATEMENTS

AS AT JULY 15, 1974

1. Accounting Policies:

- (a) Assets are carried at historical cost less amounts written off and are not intended to reflect present or future values.
- (b) Fixed assets are not depreciated.
- (c) Deferred exploration and development expenditures on properties still held by the Company are carried at cost and costs of properties and expenditures thereon are written off to deficit when properties are abandoned.
- (d) Deferred administration expenditures are carried at cost and no attempt is made to allocate administrative costs to individual properties, held or abandoned, and therefor administrative costs are not written off to deficit.
- (e) Other deferred development expenditures are carried at cost as long as such projects are contemplated by the Company, and are written off to deficit when such projects are no longer considered feasible.
- (f) Capital stock issued for other than cash is recorded at the values attributed to the shares by the directors at the time of issuance.

2. The Company's mineral claims consist of the following:

<u>Claims</u>	<u>Mining Division</u>	<u>Shares</u>		<u>Total</u>
		<u>Number</u>	<u>Amount</u>	
Lulu 1 - 16	Whitehorse	<u>750,000</u>	<u>\$ 7,500.00</u>	<u>\$ 7,500.00</u>

3. Pursuant to an agreement dated December 1, 1971, the Company borrowed \$ 50,000 from Pacific Resources Corporation Ltd. for the purposes of making payments required under the financing agreement described in Note 4. The loan, which bears interest at the rate of 10% per annum, may be partially repaid, in the amount of \$ 25,000, by the issuance of 166,667 shares of the capital stock of the Company at a deemed price of 15¢ per share, pursuant to an agreement with Pacific dated June 24, 1974, on the condition that the Company's proposed Prospectus be accepted for filing by the B. C. Securities Commission on or before September 30, 1974 and subject to the approval of the agreement by the B. C. Securities Commission. Providing the Company pays \$ 5,000 in 1974 on the accrued interest due on the loan, Pacific also agreed to defer payment of the remaining \$ 25,000 principal until the earlier of the Company's next completed financing after the financing pursuant to the proposed Prospectus or the derivation of sufficient net profits from the Company's mineral properties. The present liability of \$ 50,000 principal and interest thereon is personally guaranteed by R. Sostad, President of the Company, and A. Rattray, a former Director of the Company.
4. Pursuant to an agreement dated November 15, 1971, with Vincent V. Lisica, Financial Advisor and Consultant, payments of \$ 50,000 (U.S. funds) were made in consideration of services to be rendered in obtaining long-term financing in the amount of \$ 2,000,000 to be used to finance the Company's proposed Housing project. A refund was to be made to the Company of \$ 25,000 if said financing did not materialize. Since the financing was not obtained under this agreement and since Mr. Lisica did not refund the \$ 25,000 deposit, the amount was written off as a bad debt. The balance of the \$ 50,000 was charged to Financial Advisor and Consultant's fees since it was payable whether the financing was obtained or not.

5. Of the issued shares, 675,000 shares are held in escrow by the National Trust Company, subject to release by the Superintendent of Brokers.
6. Pursuant to a release dated April 24, 1974, Alvin Rattray, a former Director of the Company, has discharged the Company of any and all debts owing him by the Company. The indebtedness of the Company to Rattray in the amount of \$ 7,101.26 has been written off to Contributed Surplus.
7. Subsequent to the date of these Financial Statements, the Company entered into an agreement with Ralph Sostad whereby Sostad assigned his interest in an option agreement dated June 21, 1974 with Slocan Silver Mines Ltd. (N.P.L.), for the purchase of four Crown Granted mineral claims situate in the Kootenay Land District, in the Province of British Columbia. Under the agreements, the Company will make the following payments:
  - (a) \$ 2,500 to Sostad in reimbursement of the first payment made to Slocan Silver,
  - (b) \$ 2,500 to Slocan Silver on or before June 15, 1975, and
  - (c) \$ 5,000 on or before June 15 of each year thereafter until the total purchase price of \$ 35,000 is paid.

The Company also agreed to pay Slocan Silver a royalty of \$ 5.00 per ton of ore shipped to smelter from the claims, such royalties to apply first against the annual payments set out above. In order to maintain the assignment agreement in good standing, the Company must conduct exploration work on the claims at a cost of not less than \$ 15,000 in 1974 and \$ 30,000 in 1975.
8. The aggregate remuneration paid by the Company, directly or indirectly, to the Directors and Senior Officers of the Company was \$ 12,243.98 during 1972, \$ 1,188.00 during 1971 and \$ 1,545.90 during 1970.



PREMIER RESOURCES LTD.

STATEMENT OF DEFICIT

FOR THE PERIOD ENDED JULY 15, 1974

(WITH COMPARATIVE FIGURES FOR THE PERIOD ENDED JULY 15, 1973 AND  
THE YEARS ENDED JANUARY 31, 1974, 1973, 1972, 1971 AND 1970)

	Period Ended July 15,		Year Ended January 31,				
	<u>1974</u>	<u>1973</u>	<u>1974</u>	<u>1973</u>	<u>1972</u>	<u>1971</u>	<u>1970</u>
Deficit at Beginning of Period	\$130,067.93	\$53,418.14	\$ 53,418.14	\$53,418.14	\$18,784.47	\$ -	\$ -
Add: Exploration and development expenditures on abandoned mining claims written off	-	-	-	-	34,633.67	18,784.47	-
Housing development expenditures written off	2,291.67	-	75,149.79	-	-	-	-
Incorporation expense written off	-	-	1,500.00	-	-	-	-
Deficit at End of Period	<u>\$132,359.60</u>	<u>\$53,418.14</u>	<u>\$130,067.93</u>	<u>\$53,418.14</u>	<u>\$53,418.14</u>	<u>\$18,787.47</u>	<u>\$ -</u>

PREMIER RESOURCES LTD.

STATEMENT OF DEFERRED EXPLORATION AND DEVELOPMENT EXPENDITURES

FOR THE PERIOD ENDED JULY 15, 1974

(WITH COMPARATIVE FIGURES FOR THE PERIOD ENDED JULY 15, 1973 AND

THE YEARS ENDED JANUARY 31, 1974, 1973, 1972, 1971 AND 1970)

	Period Ended July 15,		Year Ended January 31,				
	1974	1973	1974	1973	1972	1971	1970
Mining claims abandoned	\$	\$	\$	\$	\$12,151.00	\$14,762.50	\$
Stripping and trenching					13,282.94		
Travel				209.09	2,316.99	119.00	4,323.68
Prospecting and claims staking					315.02	1,739.00	3,500.77
Geophysical					1,900.00	3,482.8	
Engineering	500.00				1,967.73		2,863.00
Claims expenses					1,060.00	1,800.00	1,885.00
Property examination							2,512.61
Auto and truck				17.50	1,115.72		
Workmen's Compensation		(14.76)	(14.76)	208.35	690.88		
Camp expense					222.78	290.50	105.98
Assays, maps and blueprints					325.50		73.56
<b>Exploration and Development for the Period</b>	<b>\$ 500.00</b>	<b>\$ (14.76)</b>	<b>\$ (14.76)</b>	<b>\$ 434.94</b>	<b>\$35,348.56</b>	<b>\$22,193.98</b>	<b>\$15,264.60</b>
Exploration and Development at Beginning of Period	<u>19,809.18</u>	<u>19,823.94</u>	<u>19,823.94</u>	<u>19,389.00</u>	<u>18,674.11</u>	<u>15,264.60</u>	<u>-</u>
	<u>\$20,309.18</u>	<u>\$19,809.18</u>	<u>\$19,809.18</u>	<u>\$19,823.94</u>	<u>\$54,022.67</u>	<u>\$37,458.58</u>	<u>\$15,264.60</u>
Less: Exploration and development expenditures on abandoned claims written off to deficit	-	-	-	-	34,633.67	18,784.47	-
<b>Exploration and Development at End of Period</b>	<b><u>\$20,309.18</u></b>	<b><u>\$19,809.18</u></b>	<b><u>\$19,809.18</u></b>	<b><u>\$19,823.94</u></b>	<b><u>\$19,389.00</u></b>	<b><u>\$18,674.11</u></b>	<b><u>\$15,264.60</u></b>

PREMIER RESOURCES LTD.

STATEMENT OF DEFERRED ADMINISTRATION EXPENDITURES

FOR THE PERIOD ENDED JULY 15, 1974

(WITH COMPARATIVE FIGURES FOR THE PERIOD ENDED JULY 15, 1973 AND

THE YEARS ENDED JANUARY 31, 1974, 1973, 1972, 1971 AND 1970)

	Period Ended July 15,		Year Ended January 31,				
	1974	1973	1974	1973	1972	1971	1970
Legal and audit	\$ 250.00	\$ 85.00	\$ 935.00	\$ 3,334.50	\$ 1,736.74	\$ 4,012.81	\$ 3,704.08
Administration and management fees					5,800.00	500.00	3,599.50
Office rentals and maintenance		75.00	75.00	1,264.00	4,533.41	670.16	1,435.30
Office salaries and benefits					5,128.56	1,087.15	
Office, supplies and printing	188.22	(25.01)	(25.01)	445.04	2,670.78	1,621.27	1,218.03
Telephone		44.81	65.81	863.07	2,134.88	979.71	1,608.77
Accounting				100.00	2,075.00	688.00	995.00
Trust Company fees	161.97	225.00	474.20	507.99	1,187.60	173.91	250.00
Licenses and taxes					385.60	250.17	50.00
Travel and Promotion	51.30		8.85	30.33	216.00		396.00
Bank charges and interest			3.00	32.29	16.40	15.05	62.59
Administration for the Period	\$ 651.49	\$ 404.80	\$ 1,536.85	\$ 6,577.22	\$25,884.97	\$ 9,998.23	\$13,319.27
Administration at Beginning of Period	<u>57,316.54</u>	<u>55,779.69</u>	<u>55,779.69</u>	<u>49,202.47</u>	<u>23,317.50</u>	<u>13,319.27</u>	<u>-</u>
Administration at End of Period	<u>\$57,968.03</u>	<u>\$56,184.49</u>	<u>\$57,316.54</u>	<u>\$55,779.69</u>	<u>\$49,202.47</u>	<u>\$23,317.50</u>	<u>\$13,319.27</u>

PREMIER RESOURCES LTD.

STATEMENT OF DEFERRED HOUSING DEVELOPMENT EXPENDITURES

FOR THE PERIOD ENDED JULY 15, 1974

(WITH COMPARATIVE FIGURES FOR THE PERIOD ENDED JULY 15, 1973 AND

THE YEARS ENDED JANUARY 31, 1974, 1973, 1972, 1971 AND 1970)

	Period Ended July 15,		Year Ended January 31,				
	1974	1973	1974	1973	1972	1971	1970
Financial advisor's and consultant's fees	\$	\$	\$	\$	\$25,095.79	\$	\$
Bad Debt				25,000.00			
Interest	2,291.67	2,291.67	5,000.00	4,986.34	737.70		
Travel				3,091.23	1,974.04		
Feasibility study					3,000.00		
Survey fees					2,881.53		
Legal					1,550.45		
Appraisal fees					1,000.00		
Promotion					432.71		
Architect consulting					400.00		
Housing Development for the Period	\$2,291.67	\$ 2,291.67	\$ 5,000.00	\$33,077.57	\$37,072.22	\$ -	\$ -
Housing Development at Beginning of Period	-	70,149.79	70,149.79	37,072.22	-	-	-
Deduct: Housing development expenditures written off to deficit	2,291.67	\$72,441.46	\$75,149.79	\$70,149.79	\$37,072.22	\$ -	\$ -
Housing Development at End of Period	\$ -	\$72,441.46	\$ -	\$70,149.79	\$37,072.22	\$ -	\$ -

PREMIER RESOURCES LTD.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE PERIOD ENDED JULY 15, 1974

(WITH COMPARATIVE FIGURES FOR THE PERIOD ENDED JULY 15, 1973 AND

THE YEARS ENDED JANUARY 31, 1974, 1973, 1972, 1971 AND 1970)

	Period Ended		Year Ended January 31,				
	July 15,		1974	1973	1972	1971	1970
<b>Source of Funds:</b>							
Sale of capital stock	\$	\$	\$	\$	\$72,300.00	\$ 7,110.00	\$64,780.00
Less: Shares for mineral claims							(7,500.00)
Commissions					(16,162.50)	(1,665.00)	(2,112.50)
Proceeds on disposal of claims					400.00		
Contributed Surplus (Note 6)	7,101.26						
	<u>\$ 7,101.26</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$56,537.50</u>	<u>\$ 5,445.00</u>	<u>\$55,167.50</u>
<b>Application of Funds:</b>							
Purchase of mineral claims	\$	\$	\$	\$	\$	\$	\$19,700.00
Less: Shares for mineral claims							(7,500.00)
Cost of interest in mining claims							15,113.50
Purchase of office furniture					1,710.04		346.00
Deferred Expenditures:							
Exploration and development	500.00	(14.76)	(14.76)	434.94	35,348.56	22,193.98	15,264.60
Less: Mineral claims abandoned					(12,151.00)	(14,762.50)	
Administration	651.49	404.80	1,536.85	6,577.22	25,884.97	9,998.23	13,319.27
Less: Furniture in lieu of rent					(346.00)		
Housing development	2,291.67	2,291.67	5,000.00	33,077.57	37,072.22		
Incorporation							1,500.00
	<u>\$ 3,443.16</u>	<u>\$ 2,681.71</u>	<u>\$ 6,522.09</u>	<u>\$40,089.73</u>	<u>\$87,518.79</u>	<u>\$17,429.71</u>	<u>\$57,743.37</u>
Increase (Decrease) in Working Capital Deficiency	\$ (3,658.10)	\$ 2,681.71	\$ 6,522.09	\$40,089.73	\$30,981.29	\$11,984.71	\$ 2,575.87
Working Capital Deficiency at Beginning of Period	<u>92,153.69</u>	<u>85,631.60</u>	<u>85,631.60</u>	<u>45,541.87</u>	<u>14,560.58</u>	<u>2,575.87</u>	<u>-</u>
Working Capital Deficiency at End of Period	<u>\$88,495.59</u>	<u>\$88,313.31</u>	<u>\$92,153.69</u>	<u>\$85,631.60</u>	<u>\$45,541.87</u>	<u>\$14,560.58</u>	<u>\$ 2,575.87</u>
<b>Represented By:</b>							
Current Liabilities	\$88,538.70	\$88,389.27	\$92,196.80	\$95,787.60	\$70,650.73	\$15,969.12	\$ 2,978.11
Less: Current Assets	43.11	75.96	43.11	156.00	25,108.86	1,408.54	402.24
Working Capital Deficiency as above	<u>\$88,495.59</u>	<u>\$88,313.31</u>	<u>\$92,153.69</u>	<u>\$85,631.60</u>	<u>\$45,541.87</u>	<u>\$14,560.58</u>	<u>\$ 2,575.87</u>

CERTIFICATE

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by Part VII of the Securities Act, 1967, and the Regulations thereunder.

DATED at Vancouver, British Columbia, this 24 day of October 1974.

L. J. ...  
Director and Promoter

C. J. ...  
Director

A. J. ...  
Director

D. J. ...  
Director