

004279

KONDA, REX
HALTON CHIEF, JO-JO72H/9E
82K/3E (082KSW006)CHIEF
HALTON
JO-JO

PROSPECTUS

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.

New Issue
316,550 Shares

Par Value
50¢ each

HEAD OFFICE:
411 - 1200 West Pender Street
Vancouver, B. C.

REGISTERED OFFICE:
1250 - 505 Burrard Street
Vancouver, B. C.

A PURCHASE OF THE SECURITIES OFFERED BY THIS PROSPECTUS MUST BE CONSIDERED A SPECULATION AS THE COMPANY'S MINING PROPERTIES ARE STILL ONLY IN THE EXPLORATION STAGE

	Price to Public	Commissions	Proceeds to Company
Per Unit	35¢	8.75¢	26.25¢
Total	\$110,792.50	\$27,698.13	\$83,094.37

THERE IS NO EXISTING MARKET FOR THE SHARES OF THIS COMPANY.

NO SURVEY OF ANY PROPERTY OR PROPERTY INTEREST HELD BY THE COMPANY HAS BEEN MADE AND, THEREFORE, IN ACCORDANCE WITH THE MINING LAWS OF THE APPROPRIATE JURISDICTIONS IN WHICH THE PROPERTY IS SITUATE, THE EXISTENCE OF AND THE AREA OF THE PROPERTY COULD BE IN DOUBT.

The shares offered by this prospectus represent 23.2% and the shares issued to promoters, directors and other insiders for cash and properties represent 25.7% of the total number of shares to be issued and outstanding upon completion of this offering.

Dated May 19, 1971.

PROPERTY FILE

82KSW026-05

CAIRN MINES LTD. (N.P.L.)

PROSPECTUS

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THE COMPANY

Cairn Mines Ltd. (N.P.L.) ("the Company") was incorporated on June 9, 1967 under the Companies Act, British Columbia by Memorandum of Association. The original name of the Company was Summit Lake Exploration Co. Ltd. (N.P.L.) and was changed on June 18, 1968 to PoleStar Mines Ltd. (N.P.L.). On May 15, 1969 the Company's name was changed to Cairn Mines Ltd. (N.P.L.).

The Company converted from a private to a public company on August 28, 1969.

CAPITALIZATION

The authorized capital of the Company is \$1,500,000 divided into 3,000,000 shares of a par value of 50¢ each. There is only one class of shares and all rank equally as to dividends, voting rights and participation in assets.

Share Capitalization	Outstanding as of December 31, 1970	Outstanding as of February 15, 1971	Outstanding on Completion of Offering
3,000,000	1,045,452	1,045,452	1,362,002

AUDITORS

The auditors of the Company are MacGillivray & Co., Chartered Accountants, 550 Burrard Street, Vancouver, British Columbia.

REGISTRAR AND TRANSFER AGENT

The registrar and transfer agent of the Company is The Canada Trust Company, 901 West Pender Street, Vancouver, British Columbia.

PLAN OF DISTRIBUTION

The Company offers by this Prospectus 316,550 shares of its capital stock at 35¢ per share. Shares of this issue may be sold by trading directors of the Company pursuant to the provisions of section 7(2) of the Securities Act, 1967. No commission or other remuneration will be payable to the trading directors of the Company in connection with this offering of shares. Shares of this issue may also be sold by persons and companies registered to trade in securities in the Province of British Columbia.

PRIOR SALES

Particulars of shares sold for cash:

Number of Shares	Price	Discount	Commissions	Cash Received
2	50¢	Nil	Nil	\$ 1.00
200,000	10¢	40¢	Nil	20,000.00
100,000	15¢	35¢	Nil	15,000.00
9,500	26 1/4¢	23 3/4¢	Nil	2,493.75
6,500	30¢	20¢	\$ 243.75	1,706.25
<u>67,450</u>	<u>35¢</u>	<u>15¢</u>	<u>5,878.10</u>	<u>17,729.40</u>
383,452			\$6,121.85	\$56,930.40

The Canada Trust Company, 901 West Pender Street, Vancouver, British Columbia holds 300,002 of the above shares in trust for the beneficial holders thereof which shares will not be released until at least 30 days following completion of this offering of shares to the public.

Particulars of shares sold for other than cash:

Number of Shares	Deemed Price	Discount	Commissions	Consideration
350,000	10¢	40¢	Nil	Jo Jo and Halton Chief Mineral leases
312,000	10¢	40¢	Nil	Rex 1-20, Ronda 1-8, 10-16 & 24 mineral claims

All of the above 662,000 shares are held in escrow by The Canada Trust Company under the direction and control of the Superintendent of Brokers of British Columbia. (See paragraphs "Business and Property" and "Escrowed Shares").

BUSINESS AND PROPERTY

The Company is a mining company engaged in searching for and developing mineral properties.

1. Description and Access

(a) Osoyoos Mining Division, British Columbia

The Company is the recorded and beneficial owner of the following located mineral claims situate at approximately 49°40' north latitude and 120° west longitude:

Rex	1 - 20	22565 - 22584
Ronda	1 - 8	22541 - 22548
Ronda	10 - 16	22550 - 22556
Ronda	24	

(hereinafter referred to as "the Osoyoos claims")

The northerly boundary of the Osoyoos claims is approximately three miles south of Thirsk, a station on the Kettle Valley Line of the Canadian Pacific Railway. It is readily accessible from West Summerland via the Trout Creek Valley road which skirts the railway right-of-way to terminate at Princeton. At a point roughly 18 miles from West Summerland the choice of either of two logging roads, both trending south-westerly from the main road, provides access - by four wheel drive vehicle - to the north central and northwesterly sections of the property.

(b) Slocan Mining Division, British Columbia

The Company holds the following mineral leases situate in the Slocan Mining Division:

Jo Jo	Lot No. 1839	Lease No. 91
Halton Chief	Lot No. 2158	Lease No. 85

(hereinafter referred to as "the Slocan leases")

The Slocan leases are accessible by a six mile road up Kane Creek from Three Forks, an abandoned settlement, five miles by road east of New Denver.

2. **Acquisition**

By agreement dated July 2, 1969 between E. Michael Spittlehouse as the vendor and the Company as the purchaser, the Company acquired the Rex mineral claims for the consideration of \$12,000. The cost of the Rex claims to Mr. Spittlehouse was approximately \$500.

By agreement dated July 2, 1969 between E. Michael Spittlehouse, Kenneth Davies, Norman Pfoh, Lorne Chorney, and David Hotner as vendors and the Company as the purchaser, the Company acquired the Ronda mineral claims for the consideration of \$8,000 and 312,000 shares of the Company which consideration was distributed as follows:

E. Michael Spittlehouse	112,000 shares and \$8,000
Kenneth Davies	50,000 shares
Norman Pfoh	50,000 shares
Lorne Chorney	50,000 shares
David Hotner	50,000 shares

The cost of the Ronda claims to the vendors was approximately \$500.

By agreement dated June 24, 1969 between Robert C. McCorkell as the vendor and the Company as the purchaser, the Company acquired the Jo Jo and Halton Chief mineral leases for the consideration of 350,000 shares of the Company and the sum of \$20,000 to be paid as follows:

- (a) \$1,000 upon execution of the agreement
- (b) \$1,000 on or before June 30, 1970;
- (c) \$1,000 on or before June 30 of each and every year after 1970 for a period of 18 years.

3. **History**

- (a) Osoyoos claims:

The granodioritic mass which covers most of the northeastern portion of the Princeton map area has been prospected intermittently over the past fifty years. Efforts were directed primarily along creek beds in search of precious metal values. While copper, lead and zinc mineralization was found in several localities, the area as a whole failed to produce a commercial deposit.

About five years ago, Brenda Mines undertook a large scale exploration program over an area in the northern portion of the granodioritic mass showing disseminated copper mineralization in an effort to prove up an orebody of porphyry copper dimensions. This action on the part of the Brenda company started a staking rush and the subsequent initiation of numerous exploratory programs. With success of the Brenda venture now giving assurance of a copper-molybdenum operation of major proportions, the potential of the area as a whole is greatly enhanced, and the continued search for other commercial deposits – the existence of which may well be masked by the glacial drift-cover – is fully warranted.

4. **Work Done**

- (a) Osoyoos Claims:

Work on the Osoyoos claims has consisted of 18 miles of linecutting, geomagnetic and geochemical surveys, klyceptor surveys and soil sampling.

- (b) Slocan leases:

Work done on the Slocan leases consists of mapping old workings.

5. **Equipment**

There is no underground or surface plant or equipment on either the Osoyoos claims or the Slocan leases.

USE OF PROCEEDS

Osoyoos claims

In his report dated September 23, 1969 on the Osoyoos claims, George L. Mill, P. Eng., estimates the cost of the recommended program of work for the Osoyoos claims as follows:

Mobilization	\$ 1,000
Two-Component Magnetometer Survey (5 miles at \$450/mile)	2,250
Geological mapping	1,000
Line Cutting (40 miles at \$150/mile)	6,000
Electromagnetic and Magnetometer Surveys (40 miles at \$350/mile)	14,000
Diamond Drilling (4,000 feet at \$12/foot)	48,000
Administration and Engineering	5,000
Contingencies	<u>7,750</u>
TOTAL	\$85,000

The proceeds from the sale of shares offered by this prospectus are intended to be used in carrying out the program of work recommended by George P. Mill, P. Eng., in his report dated September 23, 1969 and the Company will not discontinue or depart from the recommended program of work unless advised in writing by its consulting engineer to do so. Should the Company contemplate any such change or departure, notice thereof will be made to all shareholders.

Administrative costs estimated for financial year ending December 31, 1971:

Rent — 12 mo. at \$350	\$4,200	
Telephone — 12 mo. at \$52	624	
General administration	<u>3,076</u>	\$ 7,900.00
Cost of program recommended as above less estimated savings of \$16,000 on electromagnetic and magnetometer surveys and diamond drilling based on directors' determination of firm contracts with reliable contractors		69,000.00
Working capital		<u>6,194.37</u>
		\$83,094.37

If the actual proceeds from the sale of shares offered by this prospectus should prove insufficient to accomplish the purposes set out above, the Company intends to give priority to the two component magnetometer survey, geological mapping, line cutting and electromagnetic and magnetometer surveys.

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 jurisdictions in which the securities offered by this prospectus may be lawfully sold.

Should the Company propose to use the said proceeds to invest, underwrite or trade in non-trustee type securities after the initial distribution of the securities offered by this prospectus, approval by the shareholders shall first be obtained and disclosure made to the regulatory securities bodies having jurisdiction over the sale of the securities offered by this prospectus.

Except for expenditures necessary to keep the leases in good standing, no monies from the proceeds of the offering of shares made by this prospectus will be spent on the Slocan leases until an engineer's report has been prepared and filed with the British Columbia Securities Commission.

PROMOTERS

By virtue of the definition of "promoter" as contained in the Securities Act, 1967, all of the directors together with E. Michael Spittlehouse of 1731 Dunbar Street, Vancouver, B. C. may be considered to be promoters of the Company.

As vendor of the Rex claims to the Company, Mr. Spittlehouse received \$12,000.

As vendors of the Ronda claims to the Company, the following persons received the consideration set opposite their names:

E. Michael Spittlehouse	112,000 shares and \$8,000
Kenneth Davies	50,000 shares
Norman Pfoh	50,000 shares
Lorne Chorney	50,000 shares
David Hotner	50,000 shares

(See "Business and Property - Acquisition")

DIRECTORS AND OFFICERS

Name	Address	Office Held
Ronald H. Ashman	3338 Granville Street Vancouver, B. C.	Director
Lorne G. Chorney	1498 Angus Drive Vancouver, B. C.	Director and Secretary
Kenneth J. Davies	4660 Inverness Street Vancouver, B. C.	Director and Vice-President

Name	Address	Office Held
David A. Hotner	9573 – 134th Street North Surrey, B. C.	Director
Norman D. Pfoh	802–1340 Burnaby Street Vancouver, B. C.	Director, President and Treasurer

The principal occupations of the directors during the past five years are as follows:

Ronald Ashman:	August 1965 to December, 1970 – supervisor of communications with Federal Electric Corporation, Winnipeg International Airport; January, 1971 to date – automotive executive.
Lorne G. Chorney:	January 1964 to July 1966 – electronic technician with Alberta Government, Camrose, Alberta; August 1966 to date – technician with B. C. Telephone, Vancouver, B. C.
Kenneth J. Davies:	April 1964 to June 1966 – self-employed landscaper; July 1966 to date – president and owner of Dogwood Fluorescent Sales & Services Ltd., Vancouver, B. C.
David A. Hotner:	August 1964 to March 1967 – carpenter with Redden Construction Ltd., Vancouver, B. C.; March 1967 to September 1967 – carpenter with L. C. M. Construction Ltd., North Surrey, B. C.; September 1967 to June 1969 – partner in Adobe Construction, North Surrey, B. C.
Norman D. Pfoh:	June 1963 to May 1970 – general manager with Pizza Patio Management Ltd., Vancouver, B. C.; June 1970 to date – principal of Entex International Ltd., Vancouver, B. C.

REMUNERATION OF DIRECTORS

No remuneration has been paid to any of the Company's officers or directors since its incorporation, and it is not anticipated that any remuneration will be paid during the year ending December 31, 1971 to the directors or officers of the Company.

ESCROWED SHARES

Certificates representing 662,000 shares are held in escrow by The Canada Trust Company, 901 West Pender Street, British Columbia, under the direction and control of the Superintendent of Brokers of British Columbia. The escrow restrictions provide that the shares may not be traded in, dealt with in any manner whatsoever, or released, nor may the Company, its transfer agent or escrow

holder make any transfer or record any trading of the shares without the consent of the Superintendent of Brokers. If the Company loses or does not obtain a good marketable title to or abandons or discontinues development of the property which was the consideration for the shares in escrow, or in the event the property is not as represented, the holders of the escrow shares have agreed to advise the Superintendent of Brokers and to surrender by way of gift to the Company such number of escrowed shares as the Superintendent of Brokers may deem fair and equitable.

Class of Shares	Number of Shares Held in Escrow	Percentage of Class
Common	662,000	63.3 %

PRINCIPAL HOLDERS OF SECURITIES

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 or company who owns more than 10 % of the Company's shares:

Name and Address	Type of Ownership	Number of Shares Owned	Percentage of Shares Outstanding
Robert C. McCorkell 35211 Marshall Road Abbotsford, B. C.	Record and Beneficial	350,000	33.5 %

The directors of the Company beneficially own 33.5 % of the outstanding shares of the Company.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Section 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 the 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 report and summaries of reports relating to the securities as filed with the British Columbia Securities Commission, 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 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.

ENGINEERS' REPORT

Osoyoos Claims

The following is taken from the report of George L. Mill, P. Eng., on the Osoyoos claims dated September 23, 1969, and together with the information thereon contained in the paragraphs "Location and Access" and "History" constitutes the Mill report in its entirety.

Introduction

This report has been prepared at the request of officials of Cairn Mines Ltd. (N.P.L.). The writer first examined the subject property on three occasions during the years 1966 and 1967 and, upon his recommendation, an electromagnetic ground reconnaissance survey was carried out in the spring of the year 1968. This survey outlined an anomalous area on which geophysical work in greater detail was fully warranted. No further work was done on the property and the ground was later acquired by Cairn Mines Ltd. This latter company, upon the recommendation of the writer, conducted a combined magnetometer and electromagnetic survey between June 23rd and August 27th of the current year. The detail portion of this survey was limited to the general area of the known anomalous zone and the reconnaissance portion was undertaken in an attempt to check the possible northerly and easterly projection of this zone of interest.

Summary

In summary, the writer concludes that, on the basis of information available to date, the implementation of the program on the scale recommended in this report is fully justified. While the existence of an orebody of porphyry dimensions is not visualized the possible existence of a substantial commercial deposit on the property cannot be overlooked. In essence, the recommended program involves the extension of magnetometer and electromagnetic surveys in detail over zones of indicated potential and the further checking, by means of a two-component magnetometer survey — plus the subsequent diamond drilling — of zones of known potential.

The capital outlay required to bring the outlined program to completion is estimated at \$85,000.

Property

The subject property, located in the Osoyoos Mining Division of British Columbia and comprising a total of 36 claims held by right of location, is made up of two contiguous groups, namely, the Ronda and the Rex. Records of ownership have been checked and, subject to the acceptance of assessment work now filed, both groups are in good standing until the 5th day of August, 1971.

Physical Features

Elevations range from 4,000 to 4,500 feet above sea level with the moderately steep slope of the Trout Creek valley grading southwesterly into a more rolling formation to the valley of Lost Chain Creek. Jackpine predominates, with the occasional stand of fir. Water is available from Lost Chain Creek which crosses the northwesterly portion of the property to empty into Trout Creek. Climate conditions can be moderate to heavy with a marked scarcity of outcroppings.

Geology of the Area

The property lies in the east-central portion of the granitic mass which covers most of the north-eastern section of the Princeton map area. These rocks extend southward to within six miles of the Similkameen River. A major re-entrant of the Nicola Volcanics lies northwesterly of the Brenda property which is approximately thirteen miles north of the Cairn holdings. Other minor inclusions of the Nicola formation appear within the boundaries of the granitic mass. Medium to heavy overburden conditions obscure the area, but the occasional outcrop shows variously coloured medium to coarse-grained siliceous granite and granodiorite with sparse iron and copper mineralization in evidence at a few locations.

A drilling program carried out in 1967 on ground adjoining the Cairn holdings to the northeast shows the rocks in that area to be essentially granodioritic, medium to coarse-grained, faintly to distinctly foliated and carrying varying amounts of biotite and hornblende. While some dissemination is apparent in the drill cores, the copper and iron mineralization appears to occur chiefly in fractures and siliceous zones.

Work to Date on the Property

As mentioned in the introduction to this report, a combined magnetometer and electromagnetic ground survey was conducted recently over a portion of the area contained within the boundaries of the property. This work was done by Klyceptor International Air Surveys Ltd. and the readings interpreted by D. L. Hings, P.Eng., Consulting Geophysicist. It was carried out in two stages as follows:

STAGE 1

A general reconnaissance survey to check the possible northerly and easterly projection of a known anomalous area. (Klyceptor Report No. EM-69-102).

STAGE 11

A detail survey limited to a four claim block within the boundaries of which this anomalous zone was known to lie. (Klyceptor Report No. EM-69-102-D).

As the findings indicated in the detail survey are of primary importance at this time a copy of the electromagnetic profile map prepared by Mr. Hings is included in this report. It outlines an area anomaly (Z1A) approximately 1400 feet in length with an average width of about 200 feet. It also indicates two other zones of interest, both in close proximity to the survey boundaries, one to the southwest (Z2A) and the other to the east (Z3A).

Readings obtained in the reconnaissance survey conducted under Stage 1 of the exploration program show conductive zones extending both northerly and northeasterly from the area covered by the detail survey.

A limited geochemical survey carried out in conjunction with Stage 2 of the program showed relatively low copper values but the "highs" appear to maintain strike features similar to those indicated in the geophysical surveys.

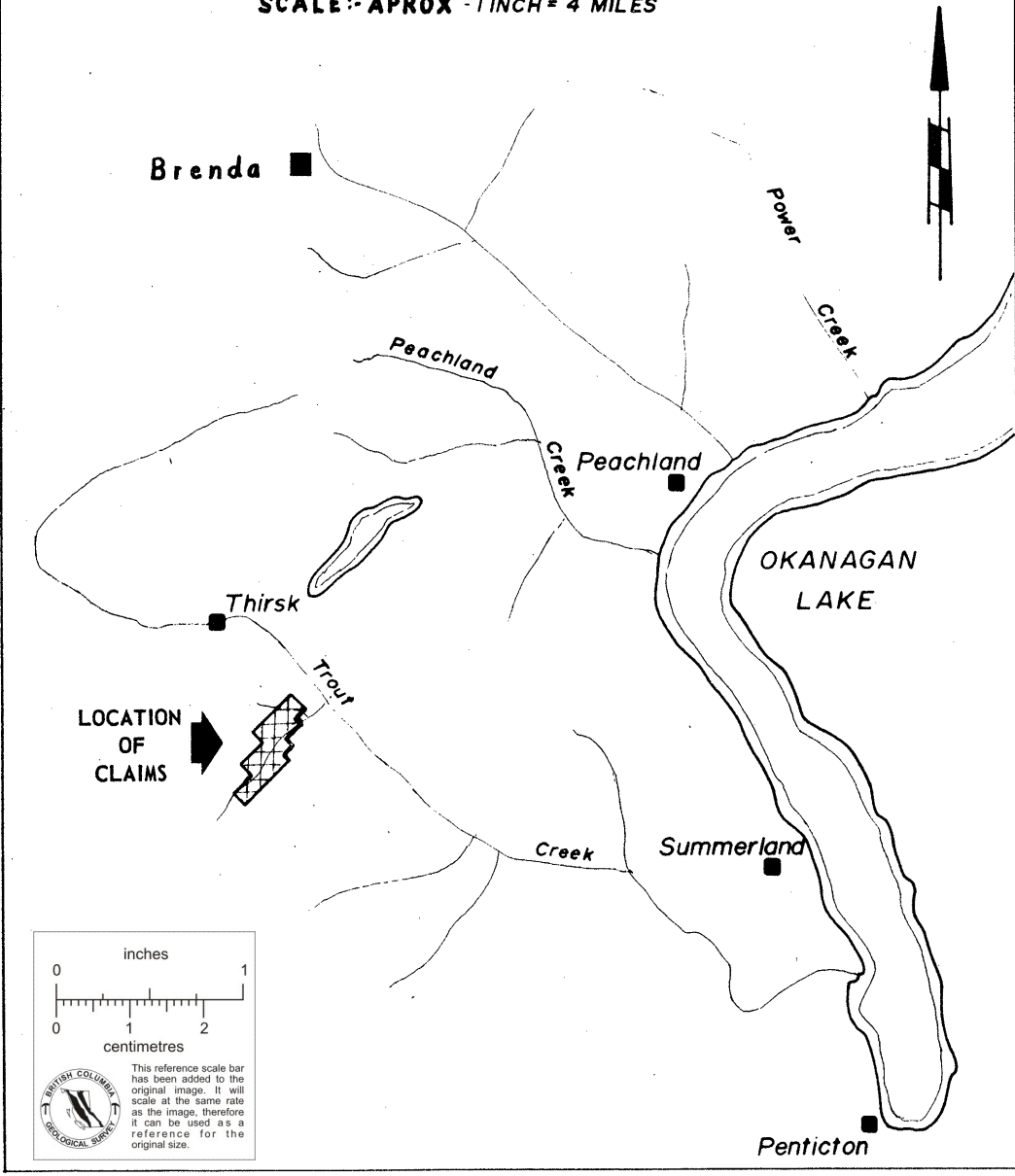
LOCATION MAP

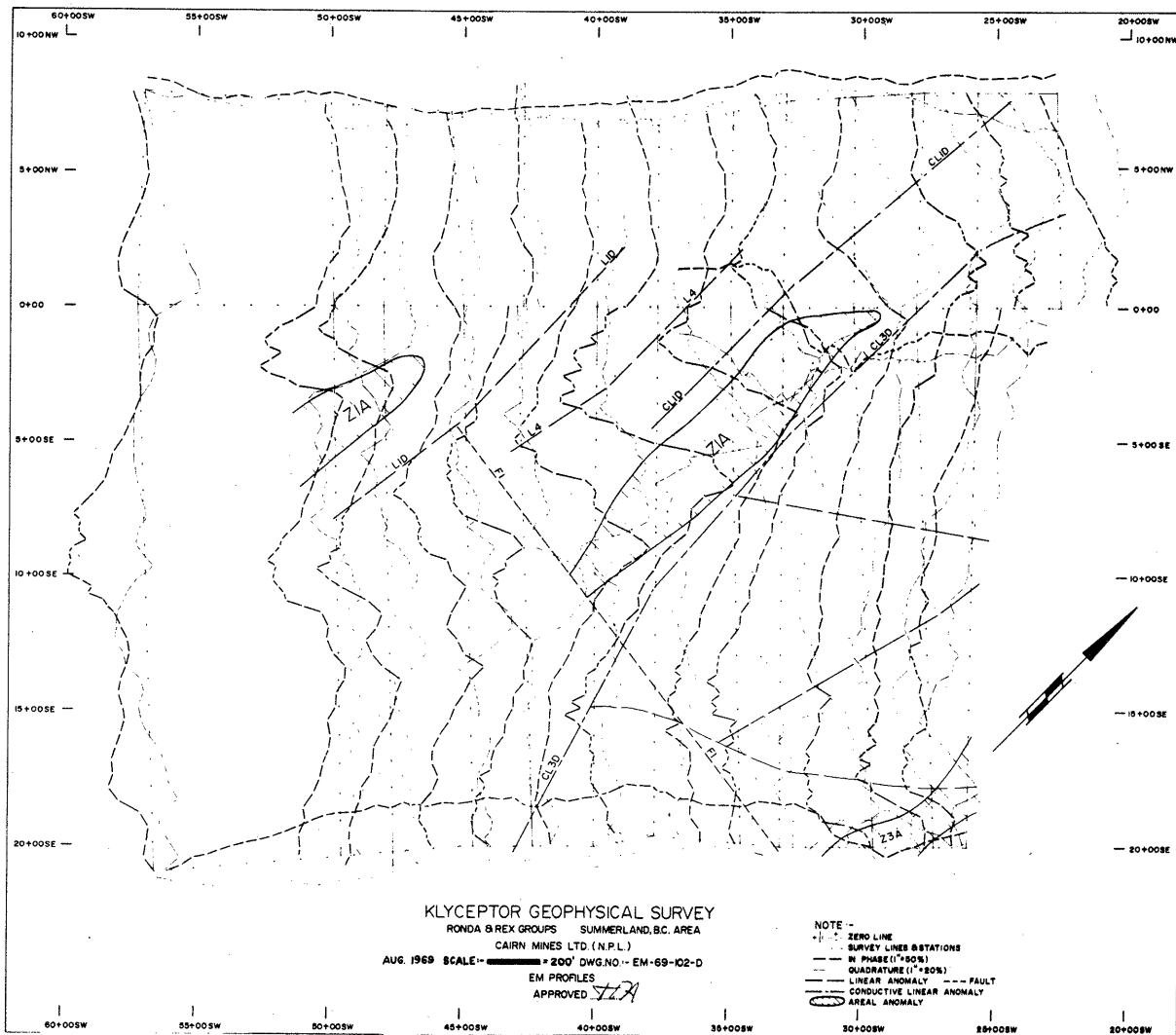
Ronda & Rex Claims Groups

CAIRN MINES LTD. (n.p.l.)

Osoyoos Mining District, B.C.

SCALE: APROX - 1 INCH = 4 MILES



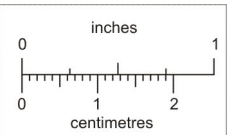


KLYCEPTOR GEOPHYSICAL SURVEY
 RONDA & REX GROUPS SUMMERLAND, B.C. AREA
 CAIRN MINES LTD. (N.P.L.)

AUG. 1969 SCALE = 1" = 200' DWG. NO. - EM-69-102-D

EM PROFILES
 APPROVED *[Signature]*

- NOTE -
- - - - - ZERO LINE
 - - - - - SURVEY LINES & STATIONS
 - - - - - IN PHASE (1°-90°)
 - - - - - QUADRATURE (1°-90°)
 - - - - - LINEAR ANOMALY
 - - - - - FAULT
 - - - - - CONDUCTIVE LINEAR ANOMALY
 - - - - - AREAL ANOMALY



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Conclusions and Recommendations

From his interpretation of the results obtained in the detail survey Mr. Hings draws the following significant points:

1. That the anomalous area designated as Z1A shows more promise than any area so far surveyed on the property.
2. That the formation is dipping to the west and that development work involving subsurface exploration would appear to be best applied in or west of this Z1A zone.
3. That the indicated fault which appears to terminate the Z1A zone at its south end may prove to be the northern terminus of the zone designated as Z2A.
4. That there are indications of a parallel zone, designated as Z3A at the most easterly boundary of the surveyed area.

After full consideration of all available information the writer concludes that the initiation of a fairly substantial exploration program is fully warranted and that such a program should call for additional magnetometer and electromagnetic work in detail over areas of indicated potential together with diamond drilling from locations where holes can be spotted with some degree of accuracy. In line with this opinion the writer advances the following recommendations.

1. Stake at least four additional claims. Contiguous to Ronda 7-8 and Rex 14-16, if ground is open.
2. Map surface in applicable areas.
3. Check anomalous area designated as Z1A using a two-component magnetometer before establishing drilling locations.
4. Carry out a combined magnetometer and electromagnetic survey in detail over zones designated as Z2A and Z3A as well as on conductive zones outlined in the reconnaissance survey done in the area north and northeast of the Z1A zone.
5. A minimum of 4,000 feet of diamond drilling in 400 to 500 foot holes is recommended. At least three of these holes would be drilled eastward from the hanging-wall side of the Z1A zone. Location of the others will depend on the results obtained in the course of the geophysical work.

The attached cost estimates indicate that the above program will call for a capital outlay of \$85,000.

MacGILLIVRAY & Co.
550 BARRARD STREET, VANCOUVER 1, CANADA

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the Balance Sheet of Cairn Mines Ltd. (N.P.L.), as at December 31st, 1970 and the Statement of Source and Application of Funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

We have not verified title to the mineral claims or leases directly with the Government Registry Offices. We have received an opinion from the Company's solicitor that the Company is the recorded and beneficial owner or the optionee of all claims and leases recorded in the books of account and that all claims and leases are in good standing.

In our opinion, subject to the foregoing, these financial statements present fairly the financial position of the Company as at December 31st, 1970 and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles, applied on a basis consistent with that of the preceding year.

"MacGILLIVRAY & CO."
Chartered Accountants

Vancouver, Canada
January 14th, 1971.

CAIRN MINES LTD. (N.P.L.)
Vancouver, B. C.

BALANCE SHEET AS AT DECEMBER 31st, 1970
(with comparative figures for 1969)

A S S E T S

	1970	1969
CURRENT ASSET		
Bank	\$ 119.30	\$ 623.41
MINERAL PROPERTIES, at cost (Note 1)	<u>88,200.00</u>	<u>87,200.00</u>
FIXED ASSETS, at cost (Note 2)		
Office equipment	656.25	—
Leasehold improvements	<u>3,335.09</u>	—
	<u>3,991.34</u>	—
DEFERRED COSTS		
Exploration and development expenses, per Schedule "1"	12,773.53	10,230.50
Administration expenses, per Schedule "2"	24,318.46	4,297.81
Incorporation costs	<u>1,096.20</u>	<u>1,096.20</u>
	<u>38,188.19</u>	<u>15,624.51</u>
	<u>\$130,498.83</u>	<u>\$103,447.92</u>

LIABILITIES AND SHARE CAPITAL

CURRENT LIABILITIES		
Accounts payable	\$ 5,798.43	\$ 2,246.92
Due to shareholders	<u>1,570.00</u>	—
	7,368.43	2,246.92
SHARE CAPITAL (Note 3)		
Authorized:		
3,000,000 shares with a par value of \$.50 each	<u>\$1,500,000.00</u>	
Issued:		
1,045,452 shares	<u>123,130.40</u>	<u>101,201.00</u>
	<u>\$130,498.83</u>	<u>\$103,447.92</u>

APPROVED ON BEHALF OF THE BOARD

"R. H. ASHMAN" — Director

"N. D. PFOH" — Director

CAIRN MINES LTD. (N.P.L.)
Vancouver, B. C.

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31st, 1970

1. MINERAL PROPERTIES

- (a) The Company owns 36 mineral claims located in the Osoyoos Mining Division of British Columbia, acquired for 312,000 shares of the Company's capital stock, valued at \$.10 a share, and \$20,000.00 cash \$ 51,200.00
- (b) The Company has an option to purchase two mineral leases in the Slocan Mining Division of British Columbia for 350,000 shares of the Company's capital stock, valued at \$.10 a share, and \$20,000.00 cash payable as follows:
- i) \$1,000.00 upon execution of agreement.
- ii) \$1,000.00 by June 30th of each year commencing 1970 37,000.00
- \$ 88,200.00

The Company has made all required option payments to date.

2. FIXED ASSETS

No provision for depreciation of fixed assets has been made in the accounts.

3. SHARE CAPITAL

Shares issued and discounts related thereto are classified as follows:

	Number of Shares	Par Value	Discounts & Commissions	Net
For cash	383,452	\$191,726.00	\$134,795.60	\$ 56,930.40
For properties	<u>662,000</u>	<u>331,000.00</u>	<u>264,800.00</u>	<u>66,200.00</u>
	<u>1,045,452</u>	<u>\$522,726.00</u>	<u>\$399,595.60</u>	<u>\$123,130.40</u>

During the year ended December 31st, 1970, 83,450 shares with a par value of \$41,725.00 were issued for a cash consideration of \$21,929.40, net to the treasury.

4. DIRECTOR'S REMUNERATION

No remuneration has been paid to the directors.

5. COMPARATIVE FIGURES

The statement of Source and Application of Funds has not been prepared on a comparative basis as figures for a comparative period in the previous year were not practically available.

CAIRN MINES LTD. (N.P.L.)
Vancouver, B. C.

**STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED DECEMBER 31st, 1970**

SOURCE OF FUNDS

Sale of shares	\$21,929.40
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APPLICATION OF FUNDS

Option payments	\$ 1,000.00	
Exploration and development expenses, per Schedule "1"	2,543.03	
Administration expenses, per Schedule "2"	20,020.65	
Purchase of fixed assets	<u>3,991.34</u>	<u>27,555.02</u>

DECREASE IN WORKING CAPITAL

5,625.62

WORKING CAPITAL DEFICIENCY, at December 31st, 19691,623.51**WORKING CAPITAL DEFICIENCY, at December 31st, 1970**\$ 7,249.13

**EXPLORATION AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31st, 1970**

Schedule "1"

OSOYOOS MINING DISTRICT

Total, to December 31st, 1969	\$ 9,186.75	
Expenses for the Year:		
Engineering fees	\$1,089.21	
Line cutting	1,000.00	
Licences	<u>108.75</u>	<u>2,197.96</u>
		\$11,384.71

SLOCAN MINING DISTRICT

Total, to December 31st, 1969	1,043.75	
Expenses for the Year:		
Licences	108.75	
Recording fees	<u>236.32</u>	<u>345.07</u>
		<u>1,388.82</u>

TOTAL, to Exhibit "A"\$12,773.53

CAIRN MINES LTD. (N.P.L.)
Vancouver, B. C.

**ADMINISTRATION EXPENSES
FOR THE YEAR ENDED DECEMBER 31st, 1970**

TOTAL , to December 31st, 1969		\$ 4,297.81
Expenses for the year:		
Advertising	\$1,892.08	
Audit	1,285.00	
Legal	2,329.10	
Licences	314.40	
Management fees	3,750.00	
Equipment rental	514.30	
Office supplies and expense	713.30	
Printing	1,394.34	
Prospectus	1,059.92	
Registrar and transfer fees	408.35	
Rent and utilities	4,297.79	
Secretarial services	1,158.38	
Telephone and telegraph	1,892.30	
Travel	<u>182.94</u>	<u>\$21,192.20</u>
		25,490.01
Less: Rental income		<u>1,171.55</u>
TOTAL , to Exhibit "A"		<u><u>\$24,318.46</u></u>

CERTIFICATES

DIRECTORS

The foregoing constitutes full, true and plain disclosures 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.

"RONALD H. ASHMAN"
Ronald H. Ashman

"DAVE HOTNER"
Dave Hotner

"LORNE G. CHORNEY"
Lorne G. Chorney

"NORMAN PFOH"
Norman Pfoh

"K. J. DAVIES"
K. J. Davies

PROMOTERS

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.

"RONALD H. ASHMAN"
Ronald H. Ashman

"DAVE HOTNER"
Dave Hotner

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"K. J. DAVIES"
K. J. Davies

"E. M. SPITTLEHOUSE"
E. M. Spittlehouse