

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 OTHER 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

005066

DATED: May 31, 1987

EFFECTIVE DATE: June 26, 1987

NEW ISSUE

# RUNAWAY RESOURCES LTD.

1500 - 1176 West Georgia Str  
Vancouver, British Columbia  
(hereinafter referred to as the "Is

82M223-05

**PUBLIC OFFERING 500,000**  
**PRICE: \$0.45 PER SHA**

**PROPERTY FILE**

Shares	Price to Public	Commission	Received by Issuer "
Per Share .....	\$0.45	\$0.05	\$0.40
Total .....	\$225,000.00	\$25,000.00	\$200,000.00

(1) Before deduction of the costs of the issue estimated to be \$15,000.00

THE PRICE OF THE ISSUER'S SECURITIES WAS DETERMINED BY ITS BOARD OF DIRECTORS THROUGH NEGOTIATIONS WITH THE AGENT.

THERE IS CURRENTLY NO MARKET FOR THE SECURITIES OF THE ISSUER.

THIS PROSPECTUS ALSO QUALIFIED FOR SALE TO THE PUBLIC AT THE MARKET PRICE FOR THE SHARES AT THE TIME OF SALE ANY SHARES OF THE ISSUER WHICH THE AGENT MAY ACQUIRE UPON EXERCISE OF ITS AGENT'S WARRANTS. SEE "PLAN OF DISTRIBUTION" ON PAGES 1 AND 2.

A PURCHASE OF THE SECURITIES OFFERED BY THIS PROSPECTUS MUST BE CONSIDERED SPECULATIVE. THE PROPERTY IN WHICH THE ISSUER HAS AN INTEREST IS IN THE EXPLORATION AND DEVELOPMENT STAGE ONLY AND IS WITHOUT A KNOWN BODY OF COMMERCIAL ORE. NO SURVEY OF THE PROPERTY OF THE ISSUER HAS BEEN MADE AND THEREFORE IN ACCORDANCE WITH THE LAWS OF THE JURISDICTION IN WHICH THE MINING PROPERTY IS SITUATE, ITS EXISTENCE AND AREA COULD BE IN DOUBT. SEE THE CAPTION "RISK FACTORS" ON PAGE 8.

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

UPON COMPLETION OF THIS OFFERING, THIS ISSUE WILL REPRESENT 26.41% OF THE SHARES THEN OUTSTANDING AS COMPARED TO 50.13% THAT WILL THEN BE OWNED BY THE PROMOTERS, DIRECTORS AND SENIOR OFFICERS OF THE ISSUER. REFER TO THE HEADING "PRINCIPAL HOLDERS OF SECURITIES" ON PAGES 14 AND 15 HEREIN FOR DETAILS OF SHARES HELD BY THE DIRECTORS, PROMOTERS AND CONTROLLING PERSONS.

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 "CONFLICT OF INTEREST" ON PAGE 16 FOR A COMMENT AS TO THE RESOLUTION OF POSSIBLE CONFLICTS OF INTEREST.

THE VANCOUVER STOCK EXCHANGE HAS CONDITIONALLY LISTED THE SECURITIES BEING OFFERED PURSUANT TO THIS PROSPECTUS. LISTING IS SUBJECT TO THE ISSUER FULFILLING ALL THE LISTING REQUIREMENTS OF THE VANCOUVER STOCK EXCHANGE ON OR BEFORE DECEMBER 28TH, 1987, INCLUDING PRESCRIBED DISTRIBUTION AND FINANCIAL REQUIREMENTS.

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 PAGES 1 AND 2 AND SUBJECT TO THE APPROVAL OF ALL LEGAL MATTERS ON BEHALF OF THE ISSUER BY MESSRS. SOBOLEWSKI ANFIELD, VANCOUVER, BRITISH COLUMBIA, SOLICITORS FOR THE ISSUER.

AGENT

**YORKTON SECURITIES INC.**

14th Floor, 609 Granville Street  
Vancouver, British Columbia V7Y 1G5

REGISTRAR & TRANSFER AGENT

**THE CANADA TRUST COMPANY**

1055 Dunsmuir Street  
Vancouver, British Columbia V7X 1P3

Vancouver Stock Exchange Trading Symbol: RWY

**RUNAWAY RESOURCES LTD.**

**PROSPECTUS**

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**RUNAWAY RESOURCES LTD.**

(herein "the Issuer")

**SUMMARY OF PROSPECTUS DATED MAY 31, 1987**

**The Issuer**

Runaway Resources Ltd. was incorporated in the Province of British Columbia on April 10, 1986 and has an authorized share capital of 25,000,000 shares of which 1,393,001 are currently issued and outstanding. The Issuer is engaged in the business of acquiring, exploring and developing mineral properties.

**The SOBS/ADON Mineral Prospect**

The Issuer has acquired the right to earn a 50% working interest in the ADON and SOBS mineral claims comprising a total of 192 claim units situate in the Kamloops Mining Division, Province of British Columbia. The geology of the property consists of largely volcanic origin and hosts a number of volcanogenic massive sulfide occurrences. The claims straddle East Barriere Lake resulting in essentially two separate areas for investigation. Most previous work has been carried out on the south of the lake whereas the Issuer intends to investigate anomalous zones of modest intensity which have been noted on the north side of the lake. Although the anomalous zones are of modest intensity they clearly have significance, particularly when judged in the light of known mineral exposure within the grid area.

**Offering**

The Issuer intends to offer to the public in British Columbia 500,000 of its common shares at the price of \$0.45 per share.

**Use of Proceeds**

Of the proceeds of \$200,000.00, approximately \$134,000.00 will be used by the Issuer to conduct a Phase I program as recommended by Gerald H. Rayner on areas of the SOBS, ADON, Rae or Cold mineral claims in which the Issuer has an interest. The balance of the funds will be used to pay the costs of the Issuer and for general working capital.

**Speculative Aspects**

Investment in the shares of the Issuer must be considered speculative due to the nature of the Issuer's business and the present stage of development of its mineral properties. Reference should be made to the caption "Risk Factors" contained in the balance of this prospectus.

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

## NAME AND INCORPORATION OF ISSUER

**RUNAWAY RESOURCES LTD.** (the "Issuer") was incorporated on April 10, 1986 under the Company Act of the Province of British Columbia by registration of its Memorandum and Articles.

The address of the head office of the Issuer is 1500 - 1176 West Georgia Street, Vancouver, British Columbia.

The address of the registered and records office of the Issuer is Suite 1600 - 609 Granville Street, Vancouver, British Columbia, V7Y 1C3.

## PLAN OF DISTRIBUTION

### **The Offering**

The Issuer, by its Agent, hereby offers (the "Offering") to the public through the facilities of the Vancouver Stock Exchange (the "Exchange") 500, 000 common shares (the "Shares") of the Issuer at a price of \$0.45 per Share. The Offering will be made in accordance with the rules and policies of the Exchange and will take place on a day (the "Offering Day") as determined by the Agent and the Issuer with the consent of the Exchange, within a period of one hundred and eighty (180) days from the date (the "Effective Date") upon which the securities of the Issuer are conditionally listed on the Exchange. The settlement date being the date the net proceeds of the Offering are provided the Issuer shall occur according to the rules of the Exchange within five (5) business days following the earlier of the date that the Shares are posted and called for trading on the Exchange or the expiry of the statutory and withdrawal period. (See "Purchaser's Statutory Right of Withdrawal and Rescission").

### **Appointment of Agents**

The Issuer, by an agreement (the "Agency Agreement") dated February 28, 1987 appointed Yorkton Securities Inc., 14th Floor, 609 Granville Street, Vancouver, British Columbia, V7Y 1G5 as its agent (the "Agent") to offer the Shares through the facilities of the Exchange.

The Agent has agreed to purchase any Shares not sold at the conclusion of the Offering. In consideration therefor, the Agent has been granted non-transferable share purchase warrants ("Agent's Warrants") entitling it to purchase up to 125,000 common shares of the Issuer at any time up to the close of business one hundred and eighty (180) days from listing of the Issuer's shares on the Vancouver Stock Exchange (the "Exchange") or twelve (12) months from the date of this Prospectus, whichever is earlier, at a price of \$0.51 per common share.

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 licensed broker-dealers, brokers and investment dealers, who may or may not be offered part of the commissions or warrants derived from this Offering.

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

The 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.

Those persons holding an interest of not less than 5% in Yorkton Securities Inc. are Allen Barry Van Stone, Stewart David Vorberg, Frank Guistra, Donald Risling, Lorne J. Levy, Arthur J. Thomas and Matthew Jong.

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 this Offering.

The Vancouver Stock Exchange has conditionally listed the securities being offered pursuant to this Prospectus. Listing is subject to the Issuer fulfilling all the listing requirements of the Vancouver Stock Exchange on or before December 28th, 1987 including prescribed distribution and financial requirements.

The price of the Issuer's securities was determined through negotiations with the Agent.

### **Agent's Warrants**

The Agent's warrants will contain, among other things, anti-dilution provisions and provision for appropriate adjustment of the class, number and price of common 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.

### **Additional Offering**

This Prospectus also qualifies for sale to the public at the market price prevailing at the time of the sale any Shares

purchased by the Agent and any of the common shares which may be acquired on the exercise of the Agent's Warrants at any time up to one hundred and eighty (180) days from the date of listing of the Issuer's shares on the Vancouver Stock Exchange, but in any event, not more than twelve (12) months from the date of this Prospectus. The Issuer will not receive any proceeds from the sale of any such shares by the Agent, all of which proceeds will in such event, accrue to the Agent.

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

The authorized capital of the Issuer consists of 25,000,000 common shares without par value of which 1,393,001 common shares are issued and outstanding as of the date hereof.

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 or purchase 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 PROPERTIES OF THE ISSUER**

##### **Business**

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

##### **The Property**

##### **THE RAE, SOBS/ADON CLAIMS, KAMLOOPS MINING DIVISION, BRITISH COLUMBIA**

By an agreement (the "Agreement") dated August 15, 1986 as amended, between the Issuer and Titan Resources Ltd. ("Titan") of 604 - 675 West Hastings Street, Vancouver, British Columbia, the Issuer acquired the exclusive right to acquire a 50% interest in and to the Rae, ADON 1 to 9, SOBS and Cold 1-6 two post claims consisting of a total of 192 claim units situate in the Kamloops Mining Division, Province of British Columbia. The Rae, SOBS, Cold and ADON claims shall hereinafter be referred to as the "Property".

The terms of the Agreement require that in order for the Issuer to earn its 50% working interest in the Property it must make a

reimbursement in the amount of \$60,000.00 of Titan's exploration expenses to date and in addition, conduct exploration and development work on the Property in the amount of \$215,000.00. Upon making a total reimbursement to Titan of \$60,000.00, of which \$15,000 has been paid, the Issuer will be vested in a 10% working interest in the Property.

Pursuant to the terms of the Agreement the Issuer paid Titan the sum of \$65,000.00 on August 15, 1986, which payment comprised a \$15,000.00 down payment on the reimbursement portion of \$60,000.00 with the balance of 50,000.00 being used to conduct exploration on the Property. The balance of \$45,000.00 due to Titan as a property cost reimbursement is due from the proceeds hereof and due no later than June 30, 1987. The balance of the exploration expenditures which the Issuer must pay to earn its 50% working interest must have been expended as follows:

- (a) by December 31, 1987, \$137,500.00; and
- (b) by August 1, 1988, \$27,500.00.

In summary the Issuer will have acquired, upon payment of the balance of \$45,000.00 representing reimbursement and exploration expenditures, a vested 10% interest in the Property. By conducting exploration expenditures in an amount of \$215,000.00 by August 1, 1988 (of which \$50,000.00 has been spent) the Issuer will have earned an undivided 50% interest in the Property. In the event the Issuer does not earn a 50% interest it's interest in the Property will revert to a 10% per cent net proceeds interest as defined in the Agreement. The Issuer's interest would revert to a 10% net proceeds interest in the event it is unable to incur expenditures of \$215,000.00 within the time limits provided above.

To the date of the Agreement Titan had expended approximately \$78,000.00 exploring the Property and had expended \$7,000.00 cash and issued 250,000 of its common shares to acquire the Property.

The ADON claims are subject to a production royalty of \$1.00 per ton of ore milled on the Property, the cost of which will be borne exclusively by Titan.

The Issuer, Titan and the royalty holders are all at arm's length to each other.

#### Location and Access

The Property is located approximately 25 km. east-northeast of the town of Barriere or approximately 85 km. north of Kamloops. Access to the Property is via well maintained gravel roads and logging roads.



## Geology

The Property is underlain by interlayered and complexly folded volcanic and metasedimentary rocks assigned to the Eagle Bay Formation of Mississippian age. This formation has been the target of continued exploration due to its potential for hosting volcanogenic massive sulfide deposits and, most recently, because of gold mineralization discovered on the Rea Gold property located eight kilometers to the south.

## History

According to the report dated December 19, 1986 (the "Report") of the Issuer's consulting engineer, Gerald H. Rayner the area was initially explored in the 1960's. A copy of the Report is attached hereto excluding Appendix II thereto which consists of geological grid line maps of the property. The Report in its entirety is available for inspection by those readers wishing greater clarification at the registered and records office of the Issuer, 1600 - 609 Granville Street, Vancouver, British Columbia, V7Y 1C3 during normal business hours for the period of primary distribution hereunder and for a period of thirty (30) days thereafter. The earliest data included in the Report was a result of work conducted by Western Mines Ltd. in 1973 consisting of a magnetometer survey and some soil geochemical sampling. The ADON claims were located in late 1983 and the Property optioned to Titan. Some trenching was conducted on the Property but bedrock was not reached. In the SOBS grid area a kayjun showing has been extensively exposed by bulldozing in recent years, which work is believed to have been conducted by Western Mines Ltd. Also noted by Mr. Rayner in the Report are two drill sites of unknown vintage with little or no record of the results.

The Issuer conducted a limited amount of drilling on the kayjun showing in 1986 consisting of 3 holes which did not show economic mineralization. More recent programs in 1985 and 1986 under the direction of Pamicon Developments Ltd. ("Pamicon") expanded the geochemical coverage of the SOBS grid and established and sampled the ADON grid on the north side of the lake. Magnetometer and VLS-EM surveys were also carried out over both grids. In addition Pamicon personnel located float clusters containing base metal sulfides and on the north side of the lake, a showing consisting of sulfide rubble which the Issuer intends to investigate with the proceeds of this prospectus.

## Recommendations

In the Report Mr. Rayner states that the results of the work done to date on the Property clearly justifies further exploration. A stage program of work is recommended as follows. A contoured orthotopographic map of the claims should be prepared to serve as a base for further work.

A Stage I program of field work should include geological mapping and prospecting of both the SOBS and ADON grid areas. Particular emphasis should be placed on the ADON grid area to determine which of the various geochemical and geophysical trends observed in the work to date reflect tectonic structures which follow the stratigraphy. In addition the Stage I program should also include backhoe trenching to open up the NSM showing for mapping and sampling and secondly, to trench the best of the geochemical-geophysical indications once they have been further defined.

In the event of favourable results being obtained from the Stage I program a Stage II program would consist of further backhoe work on the targets defined in Stage I and in addition, a limited amount of diamond drilling should be considered.

A Stage III program, being contingent on the success of the earlier stages, would consist primarily of diamond drilling.

The cost of the three Stages have been estimated at \$64,000.00, \$70,000.00 and \$100,000.00 respectively, for a total program of \$234,000.00. Only the costs of Stage I have been reserved from the proceeds of this Offering and are more particularly described as follows:

(a)	Base map preparation	\$	10,000.00
(b)	Geological mapping and prospecting		7,000.00
(c)	Backhoe trenching and sampling		25,000.00
(d)	Assaying		3,000.00
(e)	Travel, food and lodging		5,000.00
(f)	Administration and engineering		6,000.00
(g)	Contingencies		8,000.00
			<hr/>
	<b>TOTAL</b>	<b>\$</b>	<b>64,000.00</b>
			<hr/>

### Equipment and Known Ore Body

There is no surface or other equipment located on the Claims. There is no known body of commercial ore on the property.

### Work Done to Date

Two significant mineral showings and several occurrences are known to date on the Property. The Kayjun showing, to the south, consists of gold, silver, lead and zinc within a series of quartz veins at the contact between carbonaceous shale and limestone. The mineralized zone strikes almost north-south and dips approximately 20° easterly.

Sampling of the showing by Western Mines Ltd. in 1973 returned average grades over a 130' strike length of 1.38% lead, 1.18% zinc, 1.52 oz/ton silver and 0.025 oz/ton gold. Further

samplings by other workers for Titan in 1984 yielded values across two-foot widths of 0.51% lead, 4.54% zinc, 3.14 oz/ton silver and 0.15 oz/ton gold.

The Ruth showing on the north side of the lake is reported to exhibit scattered chalcopyrite, galena and sphalerite in quartz veins. At least five other separate occurrences have been discovered on the Property during work conducted in the past two years.

Geochemical soil sampling surveys during 1985 have outlined three broad and elongated anomalous zones of lead and copper on the ADON claims, while to the south a coincident lead-zinc anomaly approximately 600 meters long and 100 meters wide occurs in conjunction with the Kayjun showing.

In the same general area, VLF-M and magnometer surveys have resulted in a number of EM conductors and, to a lesser extent, magnetometer anomalies which correlate with the geochemical zones of interest.

Drilling of the Kayjun showing in 1986 proved disappointing. The Issuer intends to further investigate the NSM showing which is a large sulfide rubble showing located in the northern part of the Property.

## **RISK FACTORS**

### **Risks Inherent in Mining**

The Shares of the Issuer 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. The Issuer's properties are in the exploration stage only and are without a known body of ore. If the Issuer's exploration programs are unsuccessful a purchaser of Shares hereunder may lose his entire investment. The Issuer's ability to continue exploration and development of its properties and to continue investigation, evaluation and acquisition of other businesses of merit and mineral properties will be dependent on its ability to raise significant additional financing in the future. Should the Issuer not be able to obtain such financing a portion of the interest in its properties may be lost to joint venture partners or its properties may be lost entirely.

### **Dilution**

On completion of this Offering there will be a total of 1,893,001 shares of the Issuer outstanding with an approximate total book value based on the Issuer's financial statements as at

January 31, 1987 of \$342,751.00 or \$0.18 per share. Assuming the shareholders equity with respect to the 1,393,001 shares issued prior to the date of this prospectus has not changed between January 31, 1987 and the date of completion of this Offering, the purchase of the shares offered by this prospectus will suffer an immediate dilution of approximately \$0.27 in book value per share equal to 60% of the \$0.45 per Share offering price.

### USE OF PROCEEDS

The Issuer intends to apply the net proceeds from this offering of \$200,000.00 plus working capital on hand of approximately \$15,000.00 as follows:

- |    |   |                      |
|----|---|----------------------|
| 1. | To pay the costs of this issue for legal, audit, consulting and printing expenses estimated to be:  | \$ 15,000.00         |
| 2. | To conduct Stage I of the recommendations of Gerald H. Rayner, P. Eng., contained in the Report consisting in summary of geological mapping and prospecting of both grids of the Issuer's Property. In addition Stage I will also include a program of backhoe trenching to open up the NSM sulfide rubble showing for mapping and sampling and to further trench the rest of the geochemical/geophysical indications noted in the geological mapping | \$ 64,000.00         |
| 3. | To reserve for Stage II of the recommended program of Mr. Rayner providing the results of Stage I warrant further work. The program would consist of additional backhoe trenching and selected diamond drilling   | \$ 70,000.00         |
| 4. | Reserve for general corporate purposes  | \$ <u>66,000.00</u>  |
|    | <b>TOTAL</b>  | <b>\$ 215,000.00</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,

A REPORT ON THE  
SOBS AND ADON CLAIM GROUPS

KAMLOOPS MINING DIVISION  
BRITISH COLUMBIA

LATITUDE 51° 17'N  
LONGITUDE 119° 47'W

N.T.S.  
82M 4 & 5

for  
RUNAWAY RESOURCES LTD.

by  
G.H. RAYNER, P. ENG.  
G.H. RAYNER AND ASSOCIATES LTD.

WEST VANCOUVER, B.C.

DECEMBER 19, 1986.

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APPENDIX I

GEOCHEMICAL STATISTICAL DATA  
MONTGOMERY CONSULTANTS LTD.

APPENDIX II

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## 1:0 SUMMARY AND CONCLUSIONS

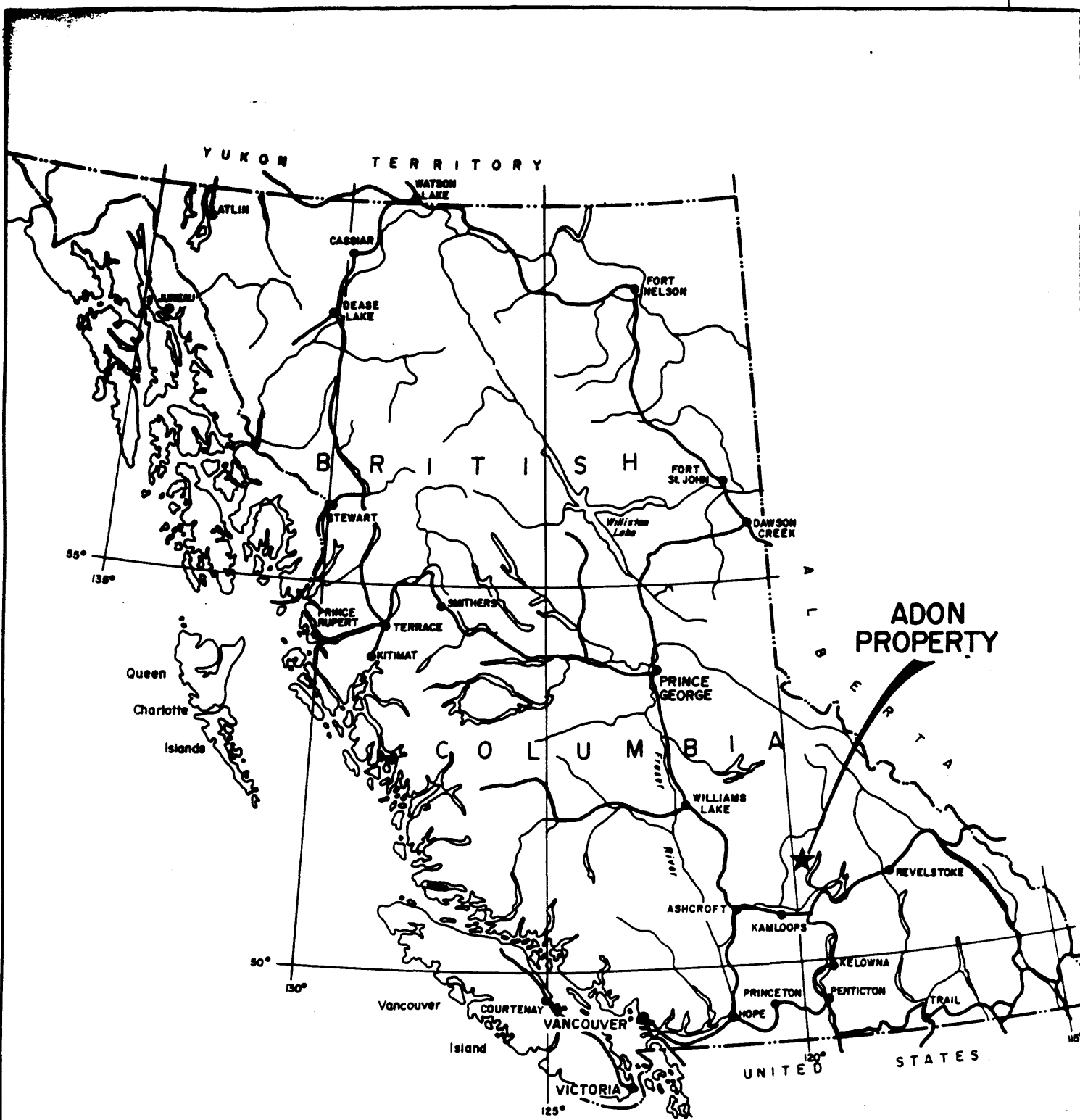
The ADON Property lies within the Eagle Bay Formation of Pre-Cretaceous to late Pre-Devonian Age. This formation, consisting of largely volcanic origin, hosts a number of volcanogenic massive sulphide occurrences scattered from the Chu Chua (C.C.) deposit in the north through the Rae Gold area to the Adams Plateau on the east side of Adams Lake.

The claims straddle East Barriere Lake giving essentially two separate areas for investigation. Most previous work has been carried out to the south of the lake, an area partly covered by the SOBS grid discussed in this report. Geochemical soil sampling on the SOBS grid by Western Mines Ltd. and extended by Runaway in 1985 has outlined the Kayjun zone, an old known showing, and has also delineated areas of anomalous geochemical response to the south. Some of these anomalous areas (in the area of 1985 work) correspond to areas of known Zn--Pb float in carbonate-rich clastic sediments. Other anomalous areas on the old portion of the grid were previously detected by Western Mines Ltd. The best of this geochemistry has been in part tested in the past by shallow bulldozer trenches but, in the areas examined, bed rock was not reached and the geochemistry remains essentially unexplained.

The Kayjun showing in this SOBS area has been extensively trenched, sampled and drilled by the present and previous operators with disappointing results. It does not present targets for further work at this time.

On the north side of East Barrier Lake on the ADON grid, several areas of weakly anomalous soil geochemical response warrant investigation. Although these anomalous zones are of modest intensity, they clearly have significance, particularly when judged in the light of known mineral exposure within the grid area.





**RUNAWAY RESOURCES LTD.**

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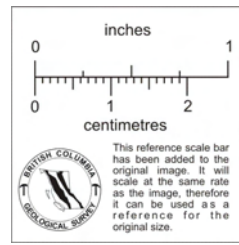
**ADON PROPERTY  
PROPERTY LOCATION MAP  
KAMLOOPS MINING DIVISION**

N.T.S. 82 M/5W

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**PAMICON DEVELOPMENTS LTD.**

DRAWN J.W.	PROJECT ADON	DATE DEC. 1966	PG. 1
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Mineralized exposure on the ADON grid consists primarily of the newly located NSM showing and related float occurrences. The rubble exposure of apparently strata-bound pyrrhotite-chalcopyrite mineralization bounded by quartz-sericite schist requires thorough trenching and sampling.

Potential for the discovery of economic mineralization clearly exists on the ground and a staged program of exploration is recommended.

## 2:0 INTRODUCTION

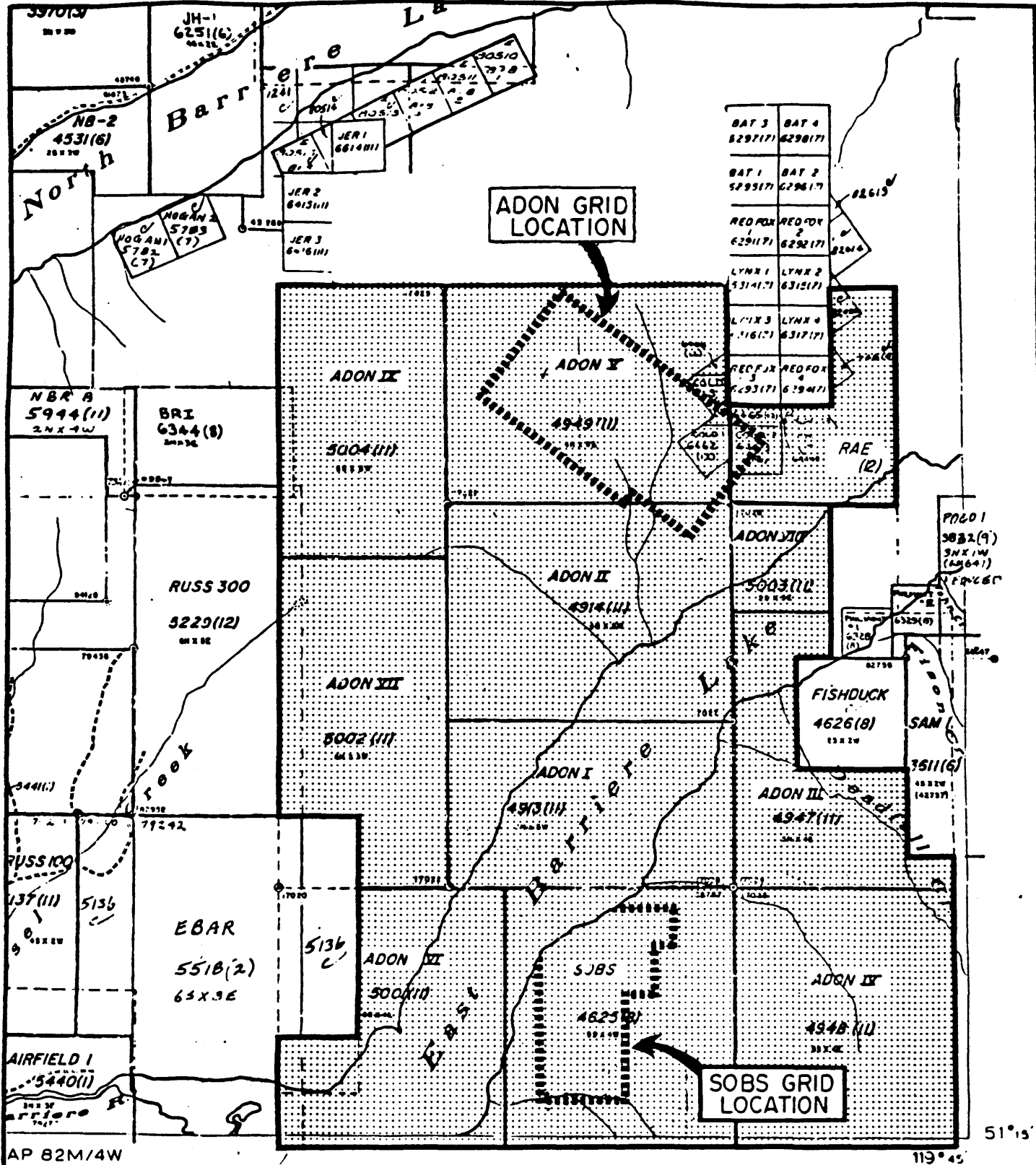
At the request of the directors of Runaway Resources Ltd. the writer has reviewed the available data on the SOBS-ADON claims group and prepared the following report.

In addition to a data review, the writer visited the property on October 23, 1986. A full day was spent on the ground in the company of Mr. David Caulfield of Pamicon Developments Ltd. who was familiar with the property. Most areas of known significance were examined during the day.

There is a considerable volume of data available on the property, or at least, on parts of it. This information has been built up by different groups working at different times and employing different methods. The present report is an attempt to synthesize this data and provide a unified summary upon which to base further work.

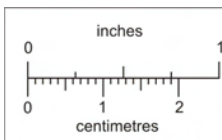
## 3:0 LOCATION AND ACCESS

The ADON Property lies about 25 kilometers northeasterly from the town of Barriere in south-central British Columbia. (see Figure I) The claims straddle East Barriere Lake following the trend of the Eagle Bay



AP 82M/4W

119° 45'



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.

TITAN RESOURCES LTD.

## ADON PROPERTY CLAIM MAP

KAMLOOPS MINING DIVISION  
N.T.S. 82 M/5W

PAMICON DEVELOPMENTS LTD.

DRAWN J.W.	PROJECT ADON	DATE DEC. 1986	FIG. 2
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Group. Good local roads and a well maintained system of logging roads provide good access to the ground on both sides of the lake.

Forest cover is continuous except in logged over areas.

Topography is rolling to moderately steep but nowhere prohibits access on foot.

The city of Kamloops, about 70 kilometers south-west of the property has scheduled air service and provides most support services required for an exploration program.

#### 4:0 PROPERTY

The property consists of 10 Modified Grid claims totalling 174 units (see Figure 2).

Claim details are shown in the following tabulation:

<u>Claim Name</u>	<u>Units</u>	<u>Record No.</u>	<u>Expiry Date</u>
ADON I	15	4913	November 7, 1989
ADON II	20	4914	November 7, 1989
ADON III	20	4947	November 17, 1989
ADON IV	20	4948	November 17, 1989
ADON V	20	4949	November 17, 1989
ADON VI	20	5001	November 23, 1989
ADON VII	18	5002	November 23, 1989
ADON VIII	6	5003	November 23, 1989
ADON IX	15	5004	November 23, 1989
SOBS	20	4625	August 10, 1991
Rae 1	12	6861	December 2, 1987

<u>Claim Name</u>	<u>Units</u>	<u>Tag No.</u>	<u>Staking Date</u>
Cold 1	1	542094	February 2/87
Cold 2-5	4	542096-99	February 2/87
Cold 6	1	542095	February 2/87

The L.C.P.'s for ADON I,III and IV were examined in the field on October 23, 1986 and appear to have been properly staked under the act.

The claims are understood to be held under option by Runaway Resources Ltd. Details of title were not further investigated.

#### 5:0 HISTORY AND PREVIOUS WORK

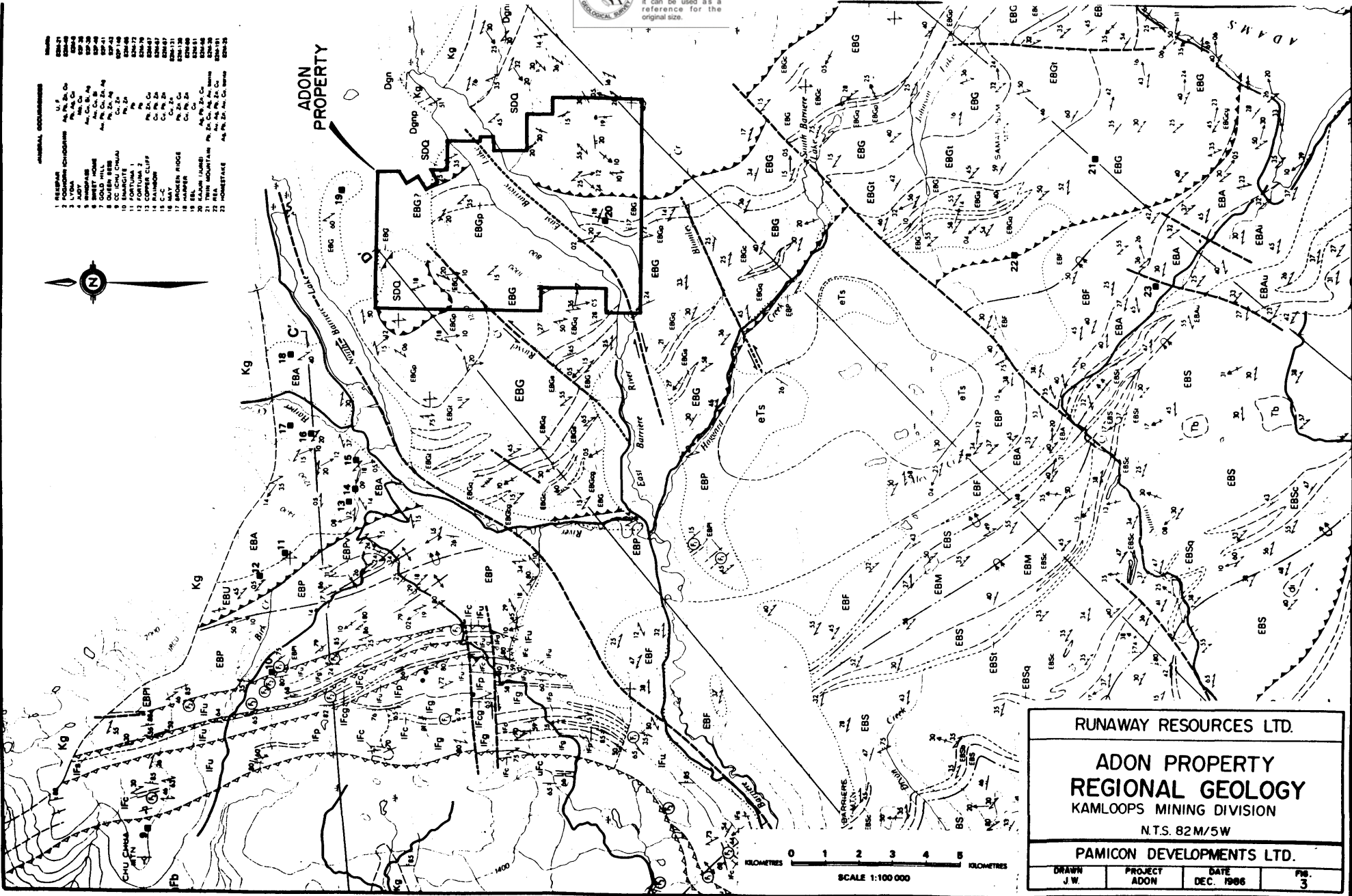
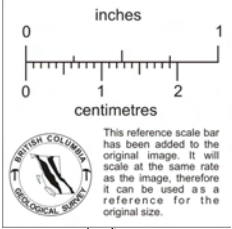
Various early unrecorded efforts were undoubtedly carried out in the area, however, no data is available to the writer.

By the 1960's following the discovery of the Chu Chua deposit, activity in the Barriere Lakes area increased, however, the first work program on the property for which the writer has seen data was carried out by Western Mines Ltd. in 1973. Western flew an airborne Magnetometer-E.M. Survey over most of the area covered by the SOBS-ADON claims and took soil geochemical samples over most of the SOBS grid. Their geochemical results have been intergrated into the more recent data and are presented herein. Trenches (presumably Western's) were put down on some of the results but bedrock was not reached.

Also in the SOBS grid area the Kayjun (June) showing has been extensively exposed by bulldozing in years past, perhaps by Western Mines. In addition, two drill sites of unknown vintage suggest that the showing was tested by at least two drill holes. For these holes, the age, operator and results are all unknown. The fact that the drill results were not preserved as part of the record suggests that not much worthy of note was cored.

Further drilling was carried out by Runaway on the Kayjun showing in 1986. This consisted of three holes from two set-ups. This drilling suggests

- GENERAL CORRELATIONS**
- 1. KAMLOOPS SCHISTOSITY
  - 2. LYONS
  - 3. LUTY
  - 4. WEST
  - 5. WEST
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  - 93. WEST
  - 94. WEST
  - 95. WEST
  - 96. WEST
  - 97. WEST
  - 98. WEST
  - 99. WEST
  - 100. WEST



**RUNAWAY RESOURCES LTD.**

**ADON PROPERTY**  
**REGIONAL GEOLOGY**  
KAMLOOPS MINING DIVISION  
N.T.S. 82M/5W

**PAMICON DEVELOPMENTS LTD.**

DRAWN J.W.	PROJECT ADON	DATE DEC. 1986	PAGE 3
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that the zone has some continuity, however, no economic mineralization was cut. (See Figures 4, 5 & 6).

Recent programs in 1985 and 1986 under the direction of Pamicon Developments Ltd. have expanded the geochemical coverage of the SOBS grid and established and sampled the ADON grid on the north side of the lake. Magnetometer and VLF-EM surveys were also carried out over both grids.

In addition to this work, prospecting by Pamicon personnel have located interesting float clusters carrying base metal sulphides and, on the north side of the lake, the very interesting NSM rubble showing.

#### 6:0 REGIONAL GEOLOGY AND MINERALIZATION

The regional geology of the district has been mapped in past years by the officers of the Geological Survey of Canada and the results published as Open File 637 at a scale of 1:250,000 (Okulitch et al).

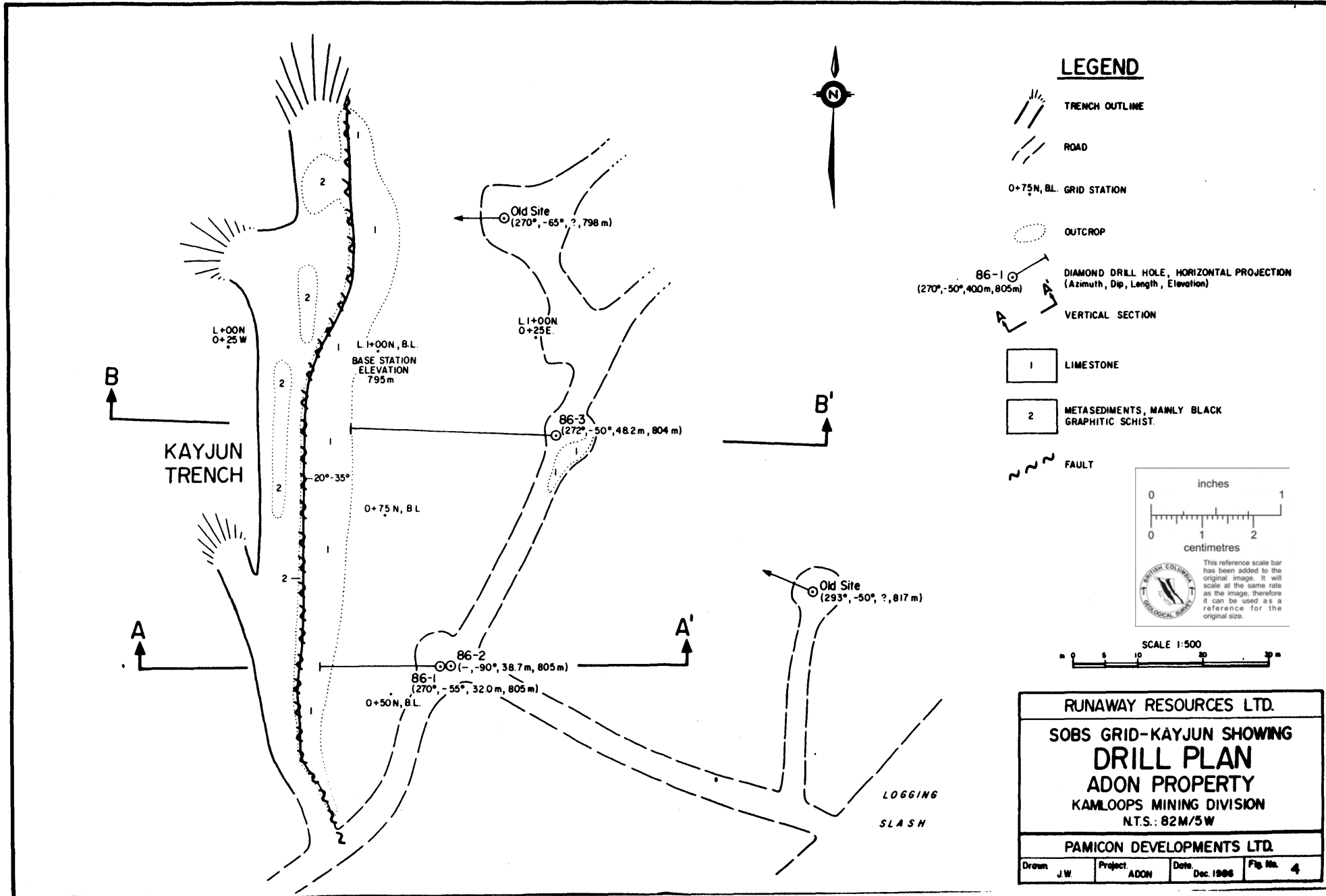
In recent years the Adams Plateau-Chu Chua area has been remapped in greater detail by B.C. Department of Mines geologists and the results published in various publications, in particular, Prelim Map 56 (1984).

The results of this work in the SOBS-ADOM area are shown in Fig. 3.

The general Adams Plateau-Chu Chua belt is underlain by various units of the Eagle Bay Formation which in turn is believed to mainly overlie rocks of the Shuswap Metamorphic Complex.

The Eagle Bay Formation is of Pre-Cretaceous to Pre-Late Devonian Age. It is composed of a heterogenous assemblage of units of mainly volcanic origin ranging from flows and pyroclastics through volcanic sediments to argillites and carbonates.





A

A'

270°/090°

86-1  
(-55°)

86-2  
(-90°)

800 m

0.08, 1.51, 6.99, 4.61, 0.13 (5.15)  
weighted average

0.25, 4.68, 17.90, 107.0, 2.88 (grab)

32.0 m

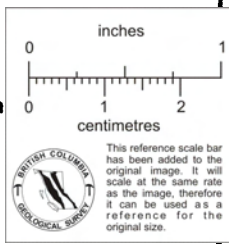
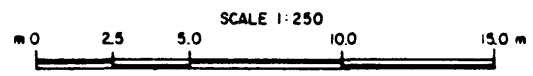
38.7 m

775 m

**LEGEND**

- 1 Limestone
- 2 Metasediments, black graphitic schist.  
2a - sericite /chloritic phyllite, 5% pyrite
- 3 Quartzite, 5% pyrite
- Silicification ± sulphide mineralization
- Fault

**ASSAY SEQUENCE**  
% Cu, % Pb, % Zn, g/tonne Ag, g/tonne Au (length metres)



**RUNAWAY RESOURCES LTD.**  
**SOBS GRID-KAYJUN SHOWING**  
**SECTION A-A'**  
**ADON PROPERTY**  
**KAMLOOPS MINING DIVISION**  
**N.T.S. 82M/5W**

**PAMICON DEVELOPMENTS LTD.**

Drawn. J.W.	Project. ADON	Date. Dec. 1986	Fig. No. 5
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These units have undergone varying degrees of metamorphism depending on location.

The Eagle Bay has undergone complex folding with several phases reported by previous workers. This structural complexity has inhibited the sorting out of the stratigraphy within the formation.

Stratabound sulphide deposits occur through the formation from the Adams Plateau north and west to Chu Chua Mountain. (See Figure 3) The size of deposits explored in the past has generally been small.

Recent work by Rae Gold and Falconbridge have outlined a volcanogenic massive sulphide deposit in two lenses that appears to have mine-making potential. The RAE area lies about 13 kilometers to the south of the SOBS-ADON ground. (See Figure 3). Work in the RAE area continues.

#### 7:0 PROPERTY GEOLOGY AND MINERALIZATION

As noted above, the most recent regional mapping covering the ADON area is work done by B.C. Department of Mines geologists and published as Preliminary Map No. 56 (Schiarizza and Preto, 1984). They show the bulk of the property to be underlain by Devonian and/or older units of the Eagle Bay Formation, specifically their unit EBG. This unit is described as:

"Medium dark green calcareous chlorite schist and fragmental schist derived largely from mafic to intermediate volcanic and volcanoclastic rocks; lesser amounts of limestone and dolstone; minor amounts of quartzite, grey phyllite and sericite-quartz phyllite."

This unit is shown as underlying all but the south-eastern portion of the property. The south-eastern area is overthrust by a map unit they refer to as the Spapilem Creek-Deadfall Creek succession

(Map Unit SDQ) of Lower Cambrian and or Hadrynian (?) Age.

Detailed reconnaissance by Dawson and Leishman and by Pamicon staff has not delineated the thrust in place on the property. If it is assumed to exist as regionally mapped, the favourability of this portion of the property for the occurrence of economic mineralization is lowered since this unit is not known as favourable stratigraphy elsewhere.

Within the area underlain by unit EBG, two showings, the Kayjun and NSM, and several areas of closely spaced, apparently local float are known. Although the Kayjun showing appears to be structurally controlled, the NSM is apparently strata bound.

The NSM as presently exposed consists of gossanous rubble in the cut of a logging road with similar material exposed from place to place in a northwesterly direction for about 100 meters. Beyond this, scattered float suggests that the zone may continue. Residual knots of pyrrhotite and occasional traces of chalcopyrite can be found in the gossan but nowhere does material suitable for sampling occur in the present exposures.

In the NSM rubble exposures, the material lying to the SSW of the gossan consists of thinly lamellar quartz-sericite schist. Although this material is not in place, there is a suggestion that it dips to the north. With the ADON grid now established over much of the northern portion of the property, detailed mapping may allow this favourable horizon to be traced out.

#### 8:0 GEOPHYSICS

Geophysical coverage of the property includes airborne Magnetometer-EM carried out for Western Mines during 1973 and also ground VLF-EM and magnetometer surveys done by Pamicon Developments personnel over parts of the ground during 1985 and 1986.

The airborne magnetics appear to reflect lithologies and do not appear to give useful clues to possibly economic mineralization.

The airborne EM work defined several conductors that parallel the regional pattern sufficiently closely to be of interest. The airborne work has however been followed by detailed ground EM surveys over the grids giving better location and definition of conductive areas. Only the ground surveys are presented in the report.

Ground magnetometer and EM coverage was extended over both grids. To reduce the volume of data for purposes of this report, only conductive zones and magnetic anomalies are plotted. (See Figures 10 and 17).

#### 8:1 THE SOBS GRID

The SOBS Grid has not had ground magnetometer coverage however it has been run with both VLF-EM and Max-Min systems. (See Figure 10). Conductors delineated by the two systems show a general correspondence. Conductors of both types trend from the Kayjun showing of both types trend from the Kayjun showing north toward float clusters on L48 + 00N and on the lake shore north of L56 + 00N. However the conductor (Max-Min at this point) swings to the west and does not pass through the float areas. In any event, if the conductor represents a Kayjun-type system it is probably not a first order target since the Kayjun appears to be a structurally controlled rather than a stratiform deposit.

One other area of geophysical response may be worthy of note on this grid. Max-Min and VLF conductors cross lines 32 + 00N and 36 + 00N at about 20 + 00E. This is in an area of scattered polymetallic geochemical highs and may merit further work.

### 8:2 The ADON Grid

The ADON Grid has had full ground magnetometer coverage and has also been run with VLF-EM. (See Figure 17). The EM responses on this grid fall into two sets according to orientation. The most numerous set trends about 310°. This attitude does not parallel the regional stratigraphy and it is presumed that the conductors reflect shearing or other tectonic structures with this attitude.

A second set of conductors trending about 340° is of greater interest. This set roughly parallels what is known of the regional bedding trend in this area and could reflect stratabound sulphide mineralization. These 340° conductors fall in three areas on the grid. The most interesting of these falls between 2 + 00N and 3 + 00N from about L 0 + 00W to L 4 + 00W. This trend is supported by magnetometer highs and passes close to the NSM sulphide exposures. It will require detailed follow-up.

Other conductors with this favourable attitude lie from about 2 + 00S to 3 + 00S from L 0 + 00 to L 10 + 00N.

A third group lies in the northwestern corner of the grid north of 3 + 00N from about L 11 + 00W to L 24 + 00W. This third group has modest magnetometer confirmation and is also supported by persistent if irregular polymetallic geochemistry.

### 9:0 GEOCHEMISTRY--GENERAL

Geochemical coverage of parts of the area has been undertaken in the past at various times with the result that the geochemical data base is somewhat of a patchwork of blocks of information that is not always easily integrated.

In 1973, Western Mines carried out a soil geochemical survey over the Kayjun (June) showing and adjacent areas. This work now forms part of the SOBS grid.

In 1984 Dawson and Leishman covered part of the southern portion of the property with a reconnaissance soil survey run on contours with altimeter control. This work cannot now be located in the field and, in any case, has been largely duplicated by the expanded SOBS grid. It is not presented here.

During 1985 and 1986 the SOBS grid was expanded to its present size and the expanded sections soil sampled. Over the same period the ADON grid was established and sampled.

The SOBS grid (513 soil samples) was only analyzed for zinc, lead and silver by Western Mines and this was continued for the recent extensions of the grid.

The ADON grid (658 soil samples) was analyzed for gold, copper, lead, zinc, silver and arsenic.

The resulting data were analyzed geostatistically by G.H. Giroux of Montgomery Consultants Ltd. and suitable levels for threshold and anomalous values established. His work is partially presented in Appendix I.

The values were then plotted and contoured and the results are shown on Figures 7-9 for the SOBS grid and 11-16 for the ADON grid.

## 9:1 GEOCHEMISTRY

### DISCUSSION--SOBS GRID

In the central part of the grid some anomalous geochemistry centers on the Kayjun showing (30 + 00N, 11 + 00E) and presumably relates to it.

To the north, centered at about 49 + 00N, 12 + 00E, there is a scatter of better geochemistry with some EM support. As discussed under geophysics, this area also contains two clusters of lead-zinc float in coarsely crystallized, mainly carbonate material. Overburden is shallow in much of this area and detailed prospecting may prove effective.

A third anomalous area centers about 36 + 00N, 21 + 00E. Two possible trends may be read into the geochemistry in this area; one at about 040° and a second at about 345°. From other evidence the second trend appears more likely to be real. This trend has EM support and is close to both the regional stratigraphic trend and to the strike of the nearby Kayjun zone. Overburden may be deep in this area. Shallow bulldozer trenches were put down in years past (Western Mines?) without finding bedrock. This area is a probable target for Stage II backhoe testing.

## 9:2 GEOCHEMISTRY

### DISCUSSION--ADON GRID

On the ADON grid, Pamicon personnel have noted a conspicuous feature of the geochemical pattern in that no elements returned anomalous areas in the west-central part of the grid. Field observations suggest that this is an area of deeper than average overburden which may explain the pattern.

In the south-eastern portion of the grid in the general area of the NSM showing a series of copper and lead highs (with gold support) trends at about 040° from about 3 + 00W, 2 + 00S until it leaves the grid centered about 5 + 00W, 6 + 00N. The trend does not parallel the regional stratigraphy and so is not the picture one would expect to associate with stratiform mineralization such as the NSM showing appears to be. Perhaps glacial smearing has distorted the picture or perhaps detailed geological mapping may show that our assumptions concerning the regional strike are in error.



Elsewhere on the ADON grid on the northwestern and north of a line from 20+ 00W, 6+00S to 15 +00W, 6+ 00N there is a series of polymetallic anomalies in various combinations of silver, lead, zinc and arsenic. Copper is conspicuously absent from these zones and gold is weak, The trend of the zones is very close to due north although this has been somewhat obscured by the line bias in the contouring. This general northerly trend to anomalies throughout the ADON grid may follow the regional stratigraphic orientation but more likely it reflects glacial smearing. In this latter case the source of the metals should be looked for at or beyond the northern ends of the anomalous zones.

#### 10:0 RECOMMENDATIONS

The results of work done to date on the property clearly justify further exploration. To undertake this, a staged program of work is recommended.

##### Stage I

Initially, a contoured orthophotographic map of the claims should be prepared to serve as a base for further work.

Stage I field work should begin with geological mapping and prospecting covering both grids and other areas of interest. Particular emphasis should be placed on the ADON grid area to determine which of the various geochemical and, particularly, geophysical trends observed in the work to date reflect tectonic structures and which follow the stratigraphy. Those following stratigraphy would of course have a greater potential to host volcanogenic massive sulphide zones.

Stage I should also include a program of backhoe trenching to firstly, open up the NSM showing for mapping and sampling and secondly, to trench the best of the geochemical-geophysical indications once they have been further defined by geological mapping.

Stage II

Following a favourable engineering evaluation of the results of Stage I, Stage II should consist of further backhoe work on targets defined in Stage I.

In addition, provision should be made for limited diamond drilling of targets defined at that point.

Stage III

Following a favourable engineering evaluation of the results of Stage II, Stage III should consist primarily of diamond drilling of targets defined at that point.

11:0 COST ESTIMATES

Stage I

Base map preparation	\$ 10,000
Geological mapping and Prospecting	7,000
Backhoe trenching and sampling	25,000
Assaying	3,000
Travel, food and lodging	5,000
Administration and Engineering	6,000
Contingencies	<u>8,000</u>
TOTAL--Stage I	\$ 64,000

Stage II

Backhoe trenching and sampling	10,000
Diamond drilling (including assaying)	
500 meters @\$90/meter	45,000
Travel, food and lodging	3,000
Administration and Engineering	5,000
Contingencies	<u>7,000</u>
TOTAL--Stage II	\$70,000

Totals carried from page 13

\$ 64,000

\$ 70,000

Stage III

In view of the uncertainty as to the size and scale of Stage III, no cost estimates can be made at this time however a provision of \$100,000 for diamond drilling would be reasonable.

	\$100,000	\$100,000
TOTAL--Stages I-III	<u>234,000</u>	<u>\$234,000</u>

PROFESSIONAL  
APPROVING  
Respectfully submitted,  
GERALD H. RAYNER  
ENGINEER  
Gerard H. Rayner, P. Eng.

12:0 REFERENCES

Dawson, J.M. and Leishman, D.A.; Nov. 17, 1984, Geochemical and Geological Report on the ADON Property. Private Report for Titan Resources Ltd.

Misener, D.J. and Mullan, A.W.; 1973, Report on the Combined Airborne Magnetic and Electromagnetic Survey on the EBL and Kayjun Claim Groups. M<sup>C</sup>Phar Geophysics Report for Western Mines Ltd. B.C. Dept. of Mines Assessment Report #4685.

Spencer, B.C. and Scott, G.H.; Report on the Geochemical Survey of the Kayjun Claim Group. Private Company Report for Western Mines Ltd. B.C. Department of Mines Assessment Report #4579.


Yeager, D., Darney, R. and Ikona, C.K.; Geochemical and Geophysical Report on the SOBS/ADON Property. B.C. Department of Mines Assessment Report dated January, 1986.

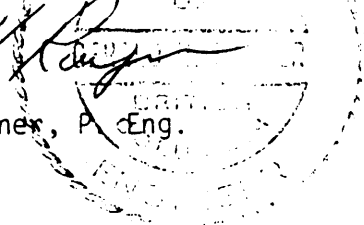
13:0 CERTIFICATE

I, Gerald H. Rayner do hereby certify that:

1. I am a consulting geological engineer with offices at 626 Duchess Avenue, West Vancouver, B.C.
2. I am a graduate of the University of British Columbia (B.Sc. Geology).
3. I am a member in good standing of the Association of Professional Engineers of the Province of British Columbia.
4. I have practised my profession since 1958 primarily in Western North America and the South Pacific.
5. This report is based on the references cited, on various company data, on discussions with officers of Pamicon Developments Ltd. and on an examination of the property on October 23, 1986.
6. I hold no interest in the properties or shares of Runaway Resources Ltd. nor do I expect to receive any.
7. I hold no interest in any property within 10 kilometers of the subject property.

Dated at West Vancouver this 19th day of December, 1986.

  
Gerald H. Rayner, P. Eng.



B

B'

272°/088°

86-3  
(-50°)

800 m

B.L.

<0.01, 0.35, 0.33, 25.0, 2.40 (0.69)  
0.02, 0.85, 2.22, 41.0, 1.03 (1.77)

2a

2b

2a

2a

775 m

2

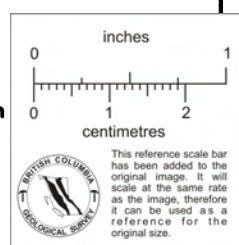
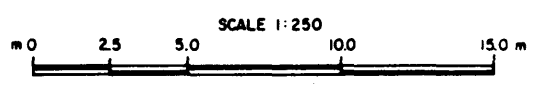
<0.01, <0.01, <0.01, <0.03, <0.03 (1.2)  
0.16, 0.39, 4.11, 19.9, 0.75 (0.7)  
0.08, 6.20, 3.91, 101.2, 0.86 (1.6)  
0.10, 3.53, 197, 78.9, 1.95 (2.4)  
<0.01, 0.32, 0.40, 4.8, <0.03 (3.0)  
0.01, 3.97, 2.95, 77.7, 1.40 (4.7)

48.2 m

<0.01, 0.03, 0.02, 0.3, 0.45 (3.3)

**LEGEND**

- 1 Limestone
- 2 Metasediments, black graphitic schist.  
2a - sericite /chloritic phyllite, 5% pyrite
- 3 Quartzite, 5% pyrite
- Silicification ± sulphide mineralization
- Fault



RUNAWAY RESOURCES LTD.  
SOBS GRID-KAYJUN SHOWING  
**SECTION B-B'**  
ADON PROPERTY  
KAMLOOPS MINING DIVISION  
N.T.S. 82M/5W

PAMICON DEVELOPMENTS LTD.

**ASSAY SEQUENCE**  
% Cu, % Pb, % Zn, g/tonne Ag, g/tonne Au (length metres)

Drawn	J.W.	Project	ADON	Date	Dec. 1986	Fig. No.	6
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APPENDIX I

Geochemical Statistical Data  
(Montgomery Consultants Ltd.)

## SOBS GRID

A total of 513 samples were analyzed for PB, ZN and AG. All three elements can be considered lognormal distributions. Significant correlation coefficients are listed below:

Lead - Zinc	.541
Lead - Silver	.467

### ZINC

- positively skewed
- two overlapping lognormal populations
- A population 7% or 36 samples with mean 315 ppm
- B population 93% or 477 samples with mean 73 ppm
- thresholds of 220 and 170 separate anomalous from background

### SILVER

- positively skewed
- 2 lognormal populations
- A population 4% or 21 samples with mean 1.8 ppm
- B population 96% or 492 samples with mean .6 ppm
- a threshold of 1.2 ppm would separate the anomalous values from background

### LEAD

- positively skewed
- three overlapping lognormal populations
- A population 8% or 41 samples with mean 102 ppm
- B population 77% or 395 samples with mean 25 ppm
- C population 15% or 77 samples with mean 8 ppm
- thresholds of 60, 35, 30 and 10 would separate



**these 3 populations**

PAMACON RESOURCES LTD.

SOBS GRID

### SIMPLE STATISTICS

Element	Unit	n	Mean	Median	Standard Deviation	Lowest Value	Highest Value	Coef. of Var.
ZN	ppm	513	122.7	90.0	212.8	.1	4500.0	1.73
AG	ppm	513	.6	.5	.7	.1	12.0	1.19
PB	ppm	513	45.3	27.0	157.9	.1	3500.0	3.49

NOTE - Coefficient of Variation = Standard Deviation / Mean

PAMACON RESOURCES LTD.

SOBS GRID

### SIMPLE STATISTICS

#### LOG (Base 10) Transformed

Element	Unit	n	Mean	Median	Standard Deviation	Lowest Value	Highest Value	Coef. of Var.
ZN	ppm	513	1.9539	1.9542	.3454	-1.0000	3.6532	.18
AG	ppm	513	-.4707	-.3010	.5290	-1.3010	1.0792	-1.12
PB	ppm	513	1.4370	1.4314	.4005	-1.0000	3.5441	.28

NOTE - Coefficient of Variation = Standard Deviation / Mean

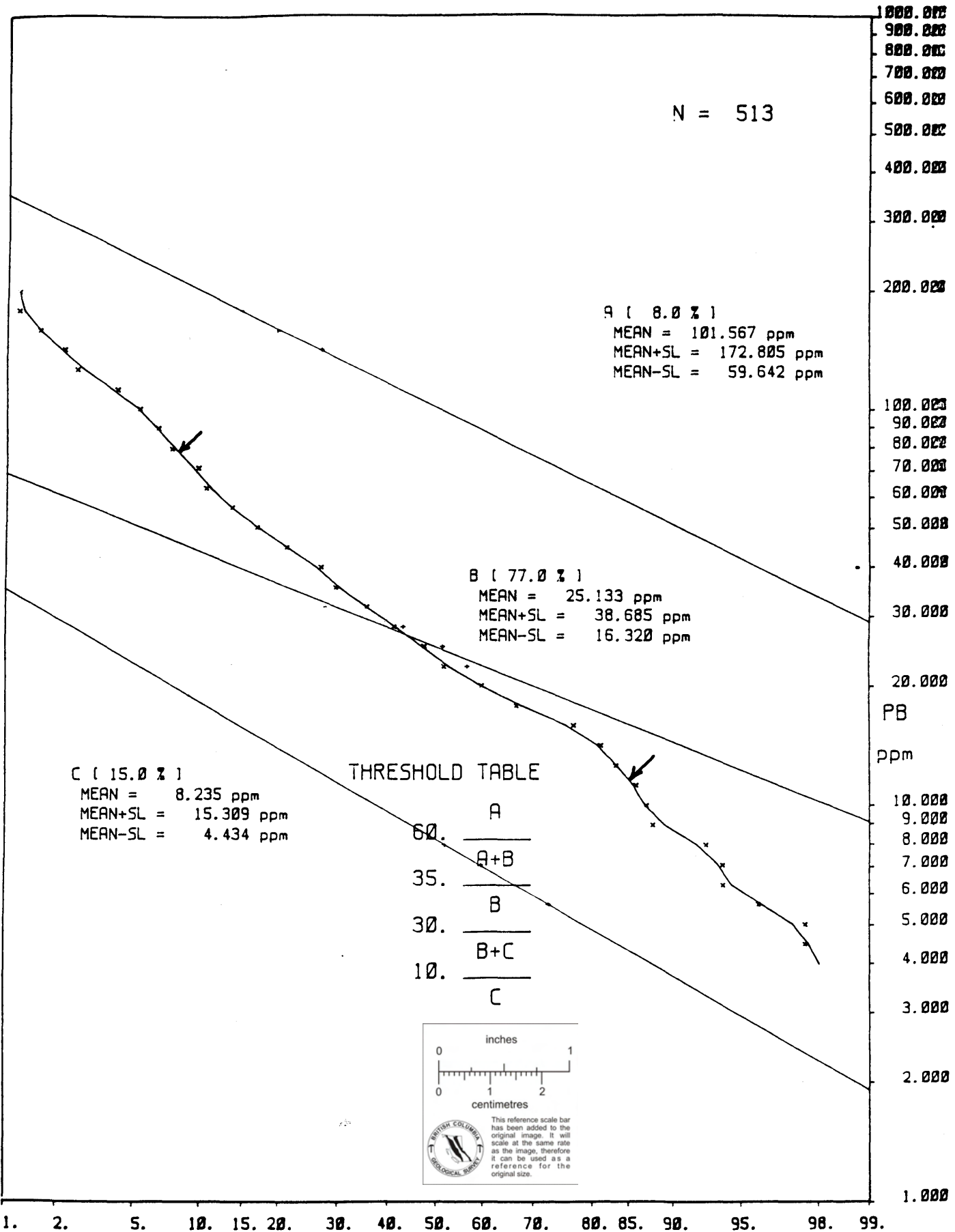
PAMACON RESOURCES LTD.

SOBS GRID

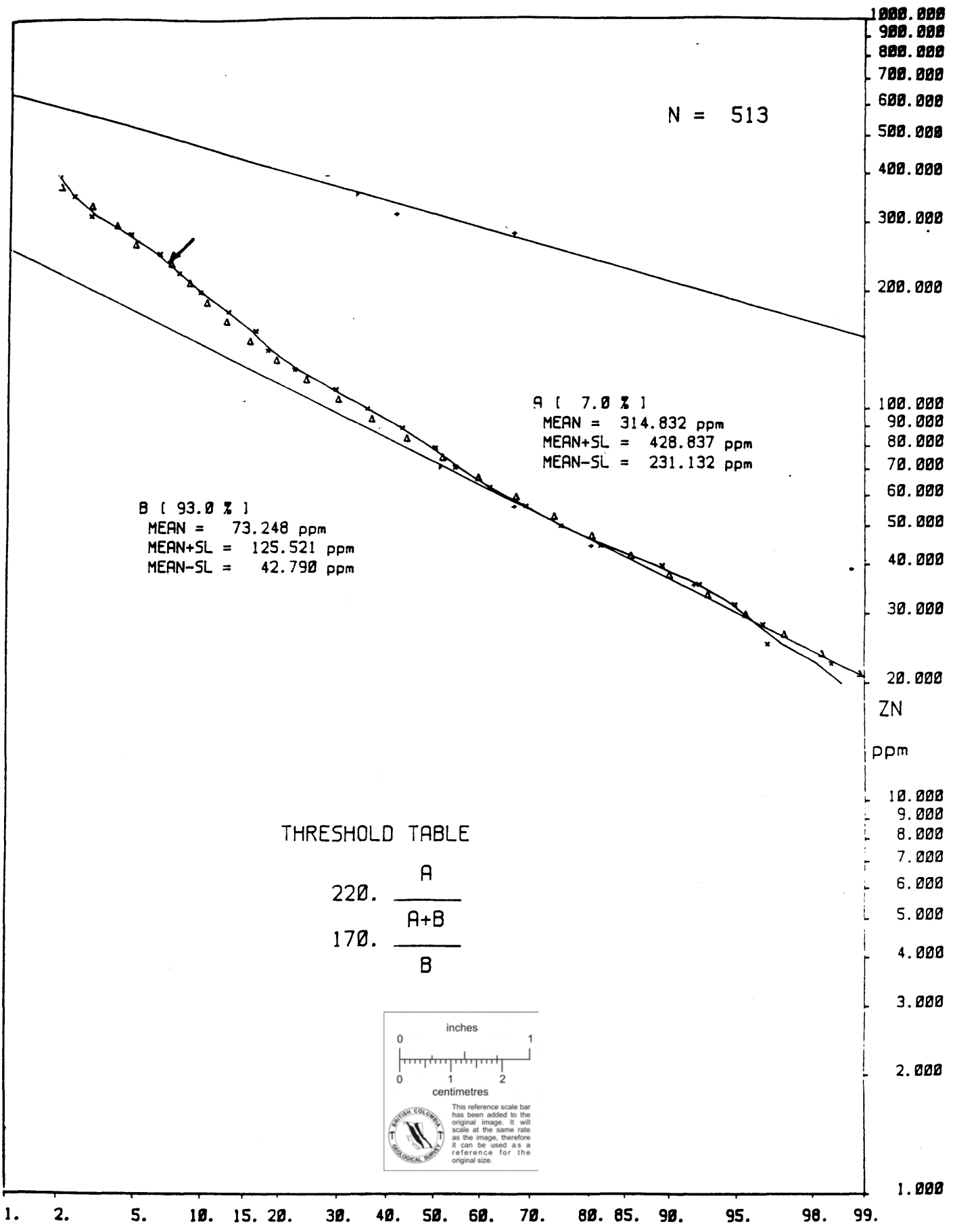
CORRELATION MATRIX

	ZN	AG	PB
ZN	1.0000		
AG	.1496	1.0000	
PB	.5410	.4668	1.0000

513 SAMPLE PAIRS ARE COMPLETE



SOBS GRID



SOBS GRID

N = 513

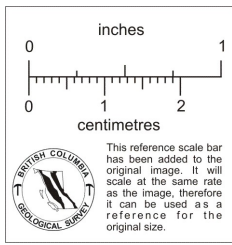
10.000  
9.000  
8.000  
7.000  
6.000  
5.000  
4.000  
3.000  
2.000  
AG  
- ppm  
1.000  
.900  
.800  
.700  
.600  
.500  
.400  
.300  
.200  
.100

A [ 4.0 % ]  
MEAN = 1.860 ppm  
MEAN+SL = 2.221 ppm  
MEAN-SL = 1.558 ppm

B [ 96.0 % ]  
MEAN = .564 ppm  
MEAN+SL = .757 ppm  
MEAN-SL = .420 ppm

THRESHOLD TABLE

$$1.200 \frac{A}{B}$$



1. 2. 5. 10. 15. 20. 30. 40. 50. 60. 70. 80. 85. 90. 95. 98. 99.

SOBS GRID

**PAMACON RESOURCES LIMITED**  
**DISCUSSION ON GEOCHEMICAL STATISTICS**

**ADON GRID**

A total of 658 samples were analyzed for AU, CU, PB, ZN, AG and AS. All five elements are positively skewed and closer approximate lognormal distributions. Significant correlation coefficients are listed below :

|                |      |
|----------------|------|
| Lead - Zinc    | .672 |
| Lead - Silver  | .434 |
| Lead - Copper  | .424 |
| Lead - Arsenic | .415 |

Arithmetic histograms, lognormal histograms and lognormal cumulative probability plots were produced for most elements.

**GOLD**

- positively skewed with over 95 % of values at or below the detection limit
- values greater than 25 ppb are considered anomalous

**COPPER**

- positively skewed
- almost a perfect single lognormal population
- consider 2 standard deviations past mean as anomalous ie. > 270 ppm.

**LEAD**

- positively skewed
- 2 overlapping lognormal populations

- A population 56% or 368 samples with mean of 22 ppm
- B population 44% or 290 samples with mean of 12 ppm
- thresholds of 33 and 7 ppm will separate these two populations
- consider anomalous values as  $> 70$  ppm. for upper population

## ZINC

- positively skewed
- several overlapping lognormal populations
- A population 1.3% or 9 samples with mean of 365 ppm
- B population 1.5% or 10 samples with mean of 250 ppm
- C population 89.2% or 587 samples with mean of 92 ppm
- D population 8% or 52 samples with mean of 37 ppm
- a possible explanation is two different rock types with background represented by C and D populations and anomalous values represented by A and B respectively
- thresholds to separate these populations are 295, 210, 80 and 45 ppm.

## SILVER

- positively skewed with 44% of values at or below the detection limit
- lognormal conversion also positively skewed
- can be represented as a single lognormal population if the detection limit values ignored.
- consider values  $> .8$  ppm as anomalous

## ARSENIC

- positively skewed with 75% of values at or below detection limit



- lognormal conversion also positively skewed
- consider values > 7 ppm as anomalous

PAMACON RESOURCES LTD.

ADON GRID

### SIMPLE STATISTICS

| Element | Unit | n   | Mean  | Median | Standard Deviation | Lowest Value | Highest Value | Coef. of Var. |
|---------|------|-----|-------|--------|--------------------|--------------|---------------|---------------|
| AU      | ppb  | 658 | 4.2   | 3.0    | 11.2               | 3.0          | 240.0         | 2.69          |
| CU      | ppm  | 658 | 98.1  | 72.0   | 85.5               | 5.0          | 685.0         | .87           |
| PB      | ppm  | 658 | 22.3  | 19.0   | 16.0               | 3.0          | 176.0         | .72           |
| ZN      | ppm  | 658 | 107.5 | 96.0   | 88.4               | 16.0         | 1290.0        | .82           |
| AG      | ppm  | 658 | .29   | .20    | .25                | .10          | 2.20          | .88           |
| AS      | ppm  | 658 | 1.8   | 1.0    | 2.5                | 1.0          | 43.0          | 1.37          |

NOTE - Coefficient of Variation = Standard Deviation / Mean

PAMACON RESOURCES LTD.

ADON GRID

### SIMPLE STATISTICS

LOG (Base 10) Transformed

| Element | Unit | n   | Mean   | Median | Standard Deviation | Lowest Value | Highest Value | Coef. of Var. |
|---------|------|-----|--------|--------|--------------------|--------------|---------------|---------------|
| AU      | ppb  | 658 | .5084  | .4771  | .1744              | .4771        | 2.3802        | .34           |
| CU      | ppm  | 658 | 1.8618 | 1.8573 | .3425              | .6990        | 2.8357        | .18           |
| PB      | ppm  | 658 | 1.2668 | 1.2788 | .2635              | .4771        | 2.2455        | .21           |
| ZN      | ppm  | 658 | 1.9707 | 1.9823 | .2127              | 1.2041       | 3.1106        | .11           |
| AG      | ppm  | 658 | -.6801 | -.6990 | .3344              | -1.0000      | .3424         | -.49          |
| AS      | ppm  | 658 | .1356  | .0000  | .2648              | .0000        | 1.6335        | 1.95          |

NOTE - Coefficient of Variation = Standard Deviation / Mean

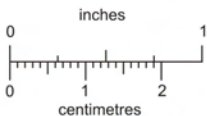
PAMACON RESOURCES LTD.

ADON GRID

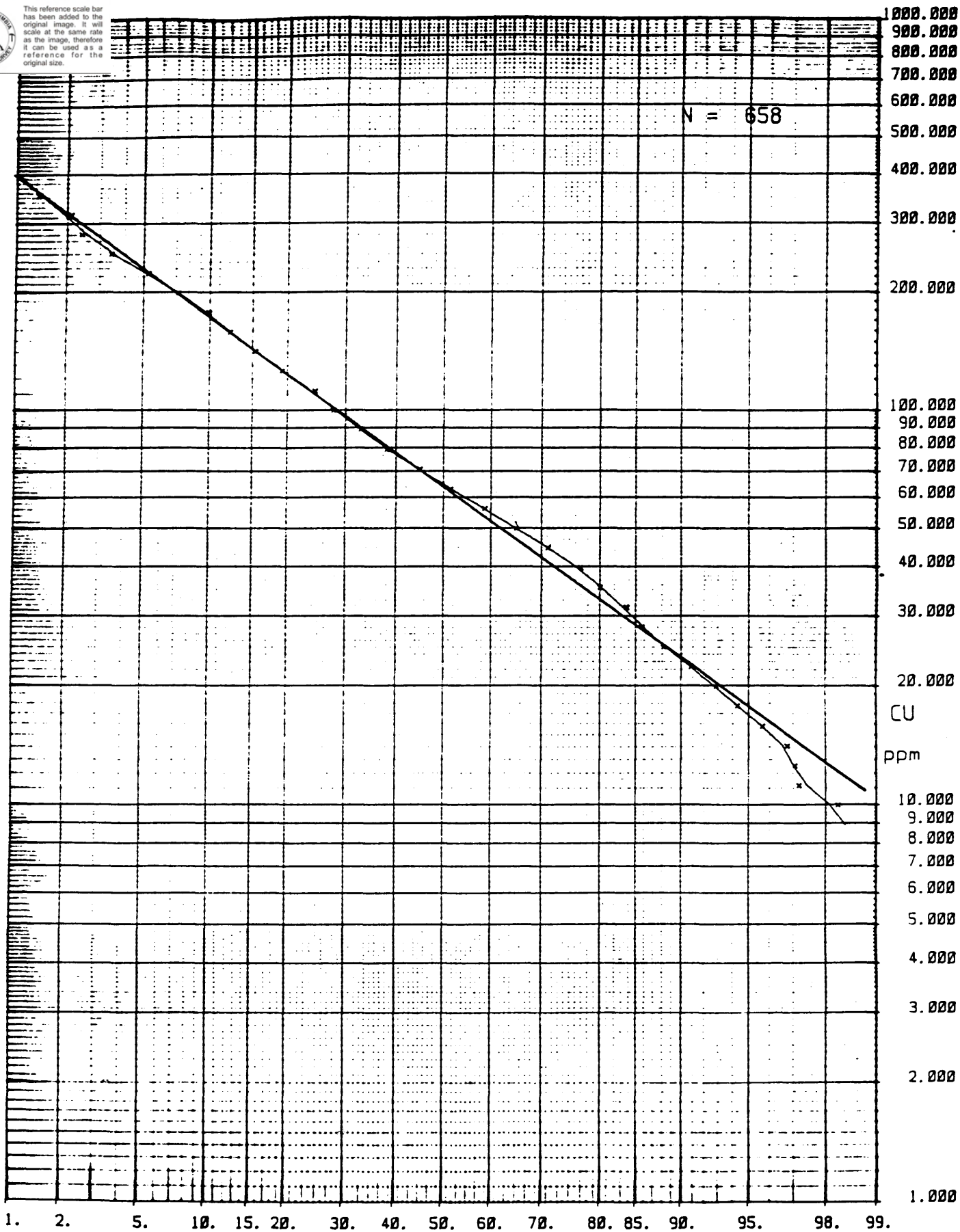
CORRELATION MATRIX

|    | AU     | CU     | PB     | ZN     | AG     | AS     |
|----|--------|--------|--------|--------|--------|--------|
| AU | 1.0000 |        |        | -.0083 | -.0298 | -.0458 |
| CU | .0202  | 1.0000 |        |        |        |        |
| PB | .0238  | .4244  | 1.0000 |        |        |        |
| ZN |        | .2029  | .6723  | 1.0000 |        |        |
| AG |        | .2677  | .4339  | .4265  | 1.0000 |        |
| AS |        | .0229  | .4148  | .3029  | .3213  | 1.0000 |

658 SAMPLE PAIRS ARE COMPLETE



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ADON GRID

## Geology

The Property is underlain by interlayered and complexly folded volcanic and metasedimentary rocks assigned to the Eagle Bay Formation of Mississippian age. This formation has been the target of continued exploration due to its potential for hosting volcanogenic massive sulfide deposits and, most recently, because of gold mineralization discovered on the Rea Gold property located eight kilometers to the south.

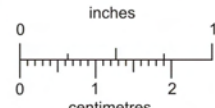
## History

According to the report dated December 19, 1986 (the "Report") of the Issuer's consulting engineer, Gerald H. Rayner the area was initially explored in the 1960's. A copy of the Report is attached hereto excluding Appendix II thereto which consists of geological grid line maps of the property. The Report in its entirety is available for inspection by those readers wishing greater clarification at the registered and records office of the Issuer, 1600 - 609 Granville Street, Vancouver, British Columbia, V7Y 1C3 during normal business hours for the period of primary distribution hereunder and for a period of thirty (30) days thereafter. The earliest data included in the Report was a result of work conducted by Western Mines Ltd. in 1973 consisting of a magnetometer survey and some soil geochemical sampling. The ADON claims were located in late 1983 and the Property optioned to Titan. Some trenching was conducted on the Property but bedrock was not reached. In the SOBS grid area a kayjun showing has been extensively exposed by bulldozing in recent years, which work is believed to have been conducted by Western Mines Ltd. Also noted by Mr. Rayner in the Report are two drill sites of unknown vintage with little or no record of the results.

The Issuer conducted a limited amount of drilling on the kayjun showing in 1986 consisting of 3 holes which did not show economic mineralization. More recent programs in 1985 and 1986 under the direction of Pamicon Developments Ltd. ("Pamicon") expanded the geochemical coverage of the SOBS grid and established and sampled the ADON grid on the north side of the lake. Magnetometer and VLS-EM surveys were also carried out over both grids. In addition Pamicon personnel located float clusters containing base metal sulfides and on the north side of the lake, a showing consisting of sulfide rubble which the Issuer intends to investigate with the proceeds of this prospectus.

## Recommendations

In the Report Mr. Rayner states that the results of the work done to date on the Property clearly justifies further exploration. A stage program of work is recommended as follows. A contoured orthotopographic map of the claims should be prepared to serve as a base for further work.



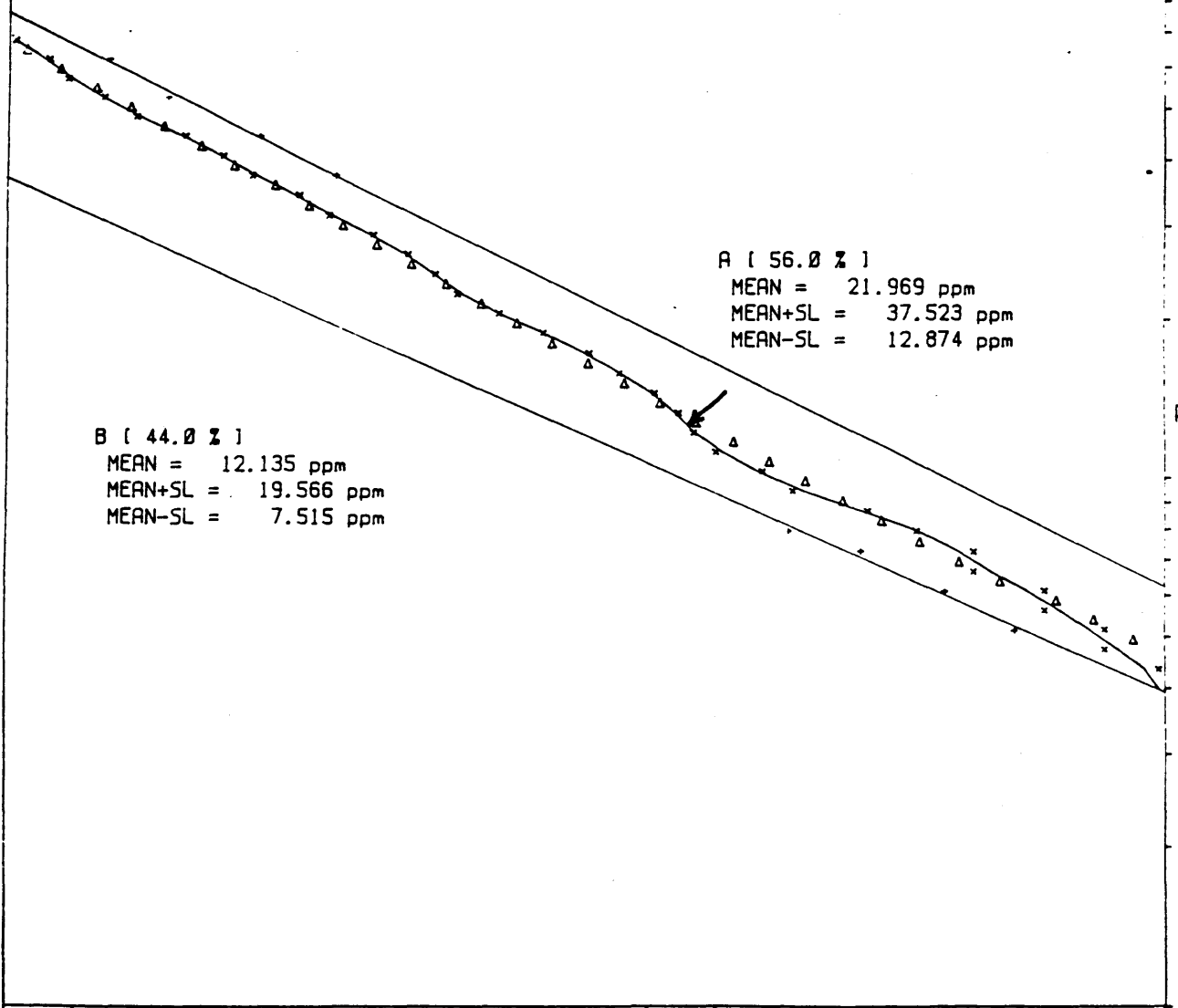
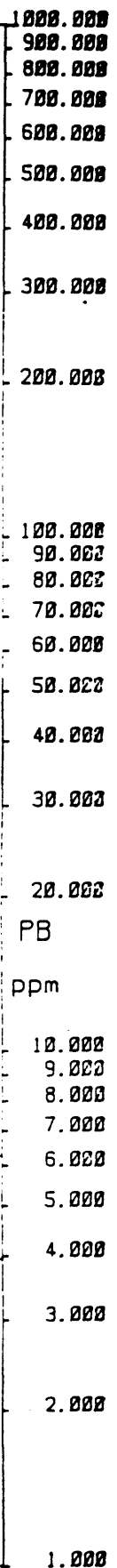
BRITISH COLUMBIA  
GEOLOGICAL SURVEY

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.

N = 658

THRESHOLD TABLE

|       |       |
|-------|-------|
|       | A     |
| 33.   | <hr/> |
|       | A+B   |
| 7.000 | <hr/> |
|       | B     |



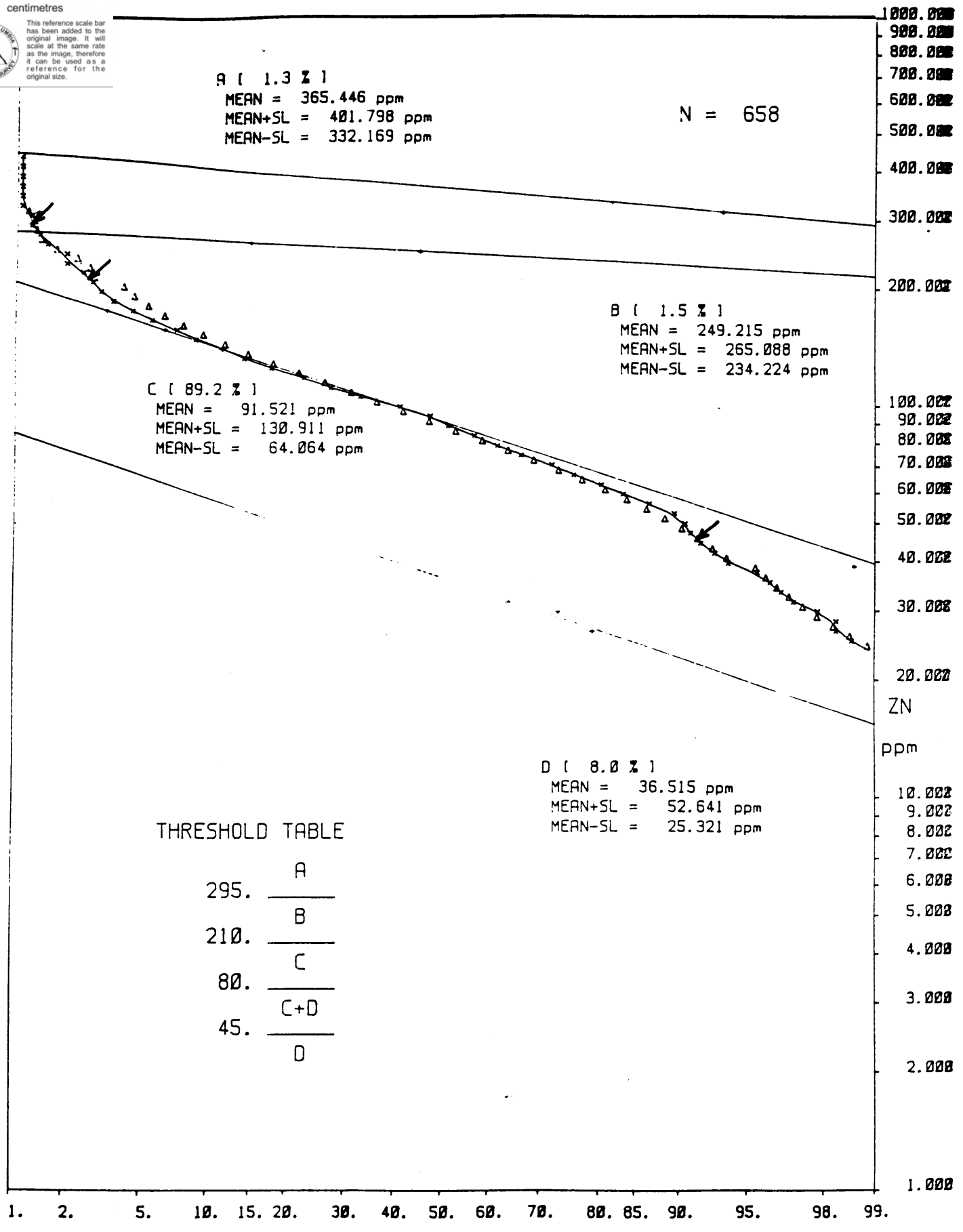
A [ 56.0 % ]  
 MEAN = 21.969 ppm  
 MEAN+SL = 37.523 ppm  
 MEAN-SL = 12.874 ppm

B [ 44.0 % ]  
 MEAN = 12.135 ppm  
 MEAN+SL = 19.566 ppm  
 MEAN-SL = 7.515 ppm

ADON GRID



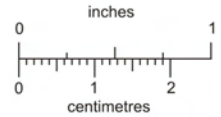
BRITISH COLUMBIA  
 GEOLOGICAL SURVEY  
 This reference scale bar has been added to the original image. It will scale at the same rate as the image, therefore it can be used as a reference for the original size.



THRESHOLD TABLE

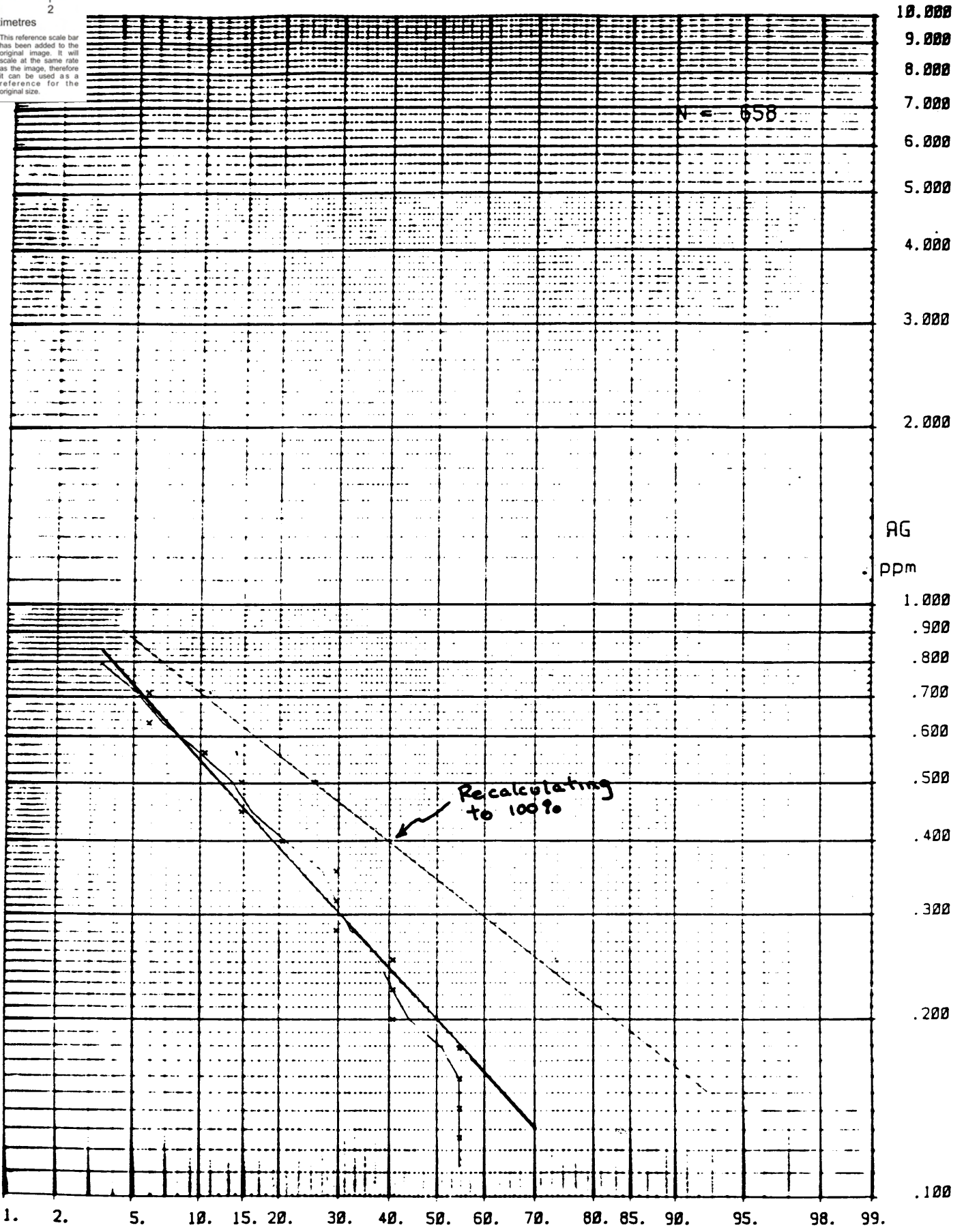
|      |     |
|------|-----|
| 295. | A   |
| 210. | B   |
| 80.  | C   |
| 45.  | C+D |
|      | D   |

ADON GRID



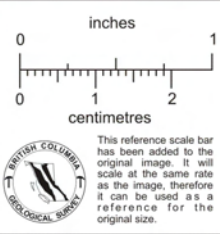
BRITISH COLUMBIA  
GEOLOGICAL SURVEY

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ADON GRID



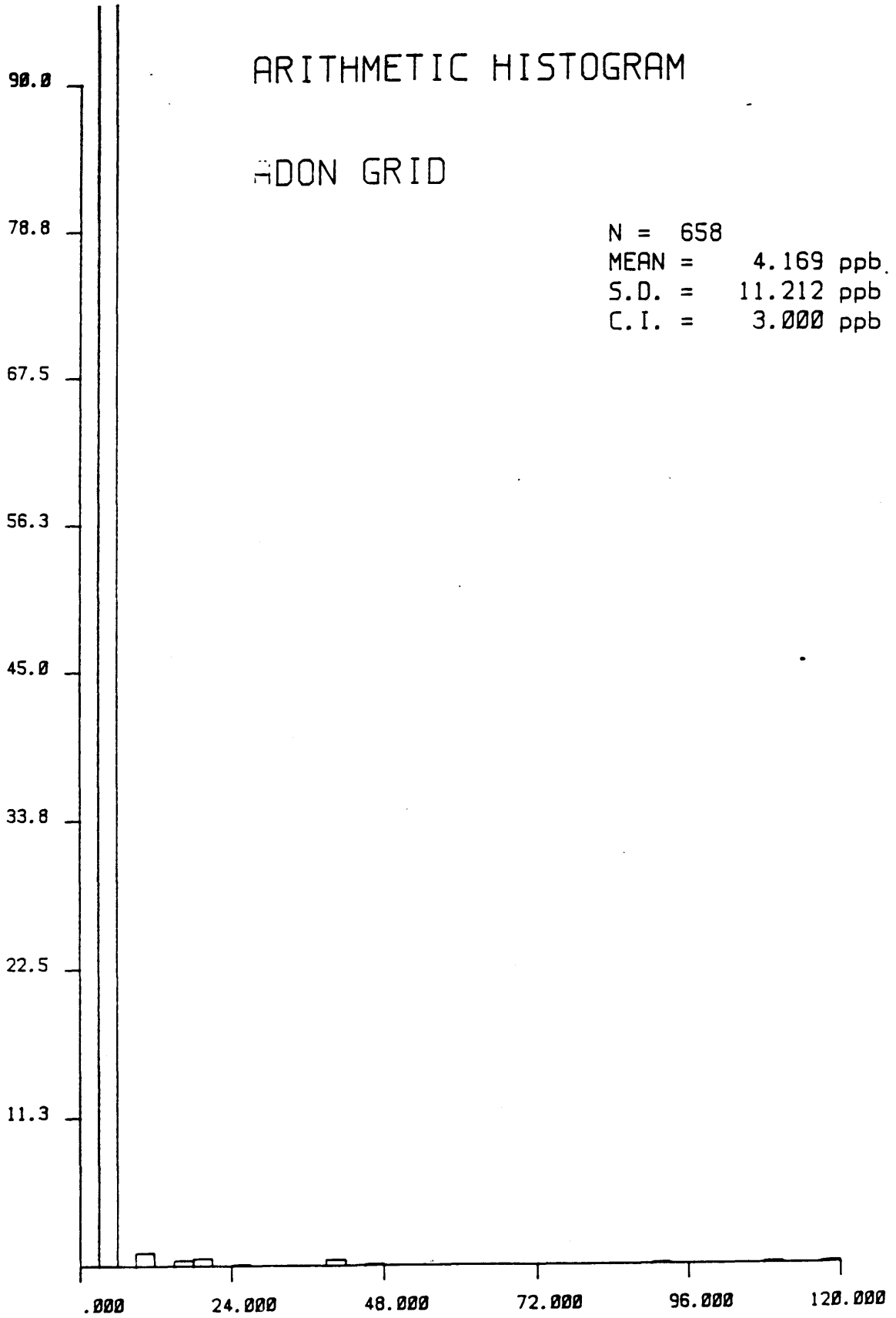


# ARITHMETIC HISTOGRAM

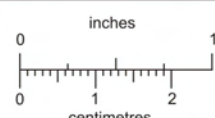
ADON GRID

N = 658  
MEAN = 4.169 ppb  
S.D. = 11.212 ppb  
C.I. = 3.000 ppb

FREQUENCY (%)



AU



BRITISH COLUMBIA  
GEOLOGICAL SURVEY

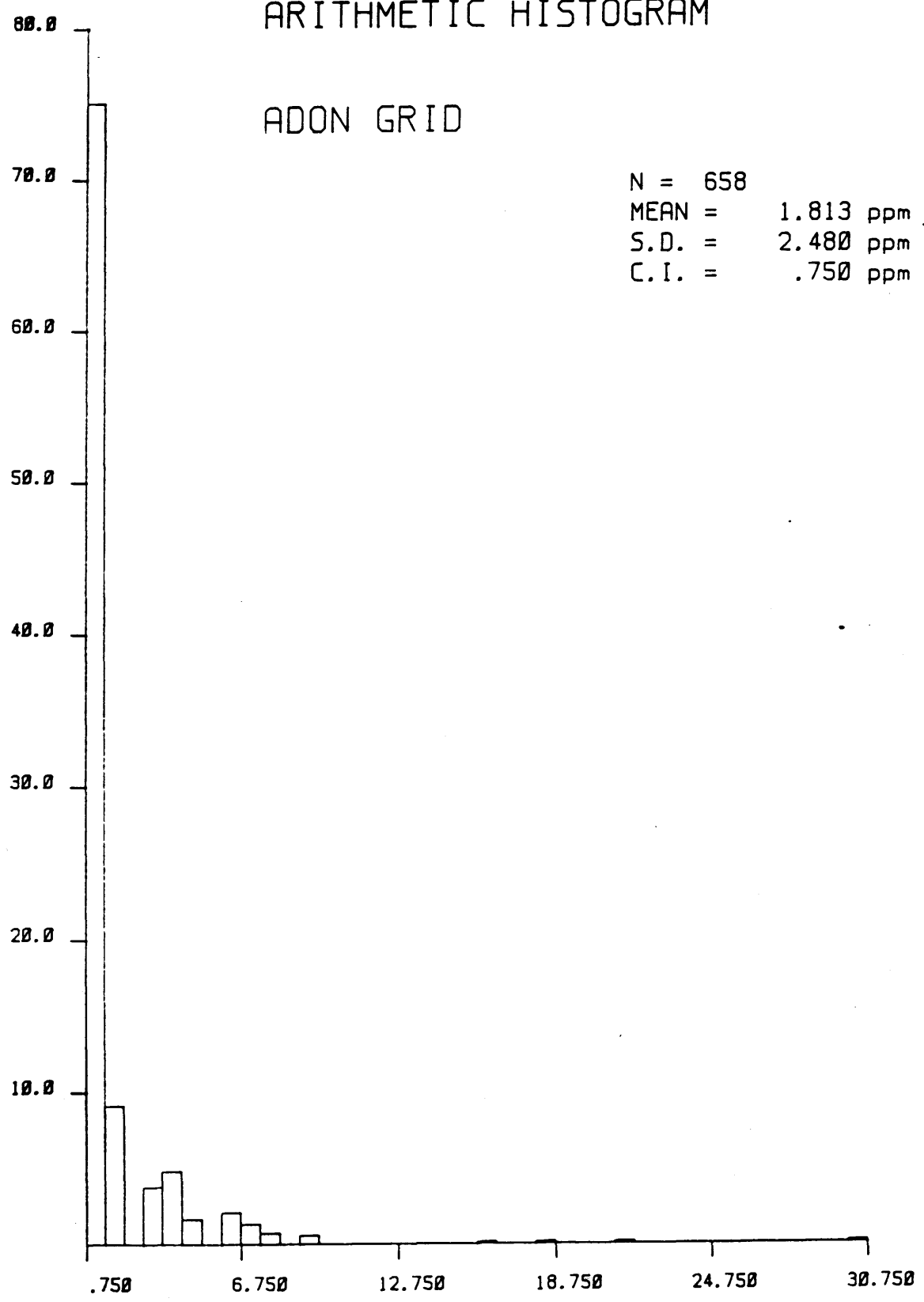
This reference scale bar has been added to the original image. It will scale at the same rate as the image, therefore it can be used as a reference for the original size.

# ARITHMETIC HISTOGRAM

ADON GRID

N = 658  
MEAN = 1.813 ppm  
S.D. = 2.480 ppm  
C.I. = .750 ppm

FREQUENCY (%)




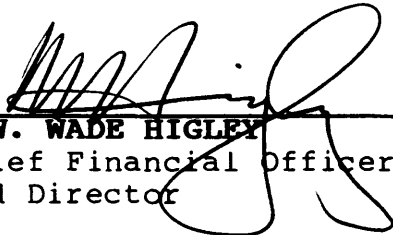
AS


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 this 31st day of May, 1987.

  
\_\_\_\_\_  
**GEORGE EDWARD MALBY,**  
Chief Executive Officer,  
President, Director and  
Promoter

  
\_\_\_\_\_  
**E.W. WADE HIGLEY**  
Chief Financial Officer  
and Director

  
\_\_\_\_\_  
**DAVID ANDERSON,**  
Director

  
\_\_\_\_\_  
**ROSS GLANVILLE,**  
Director

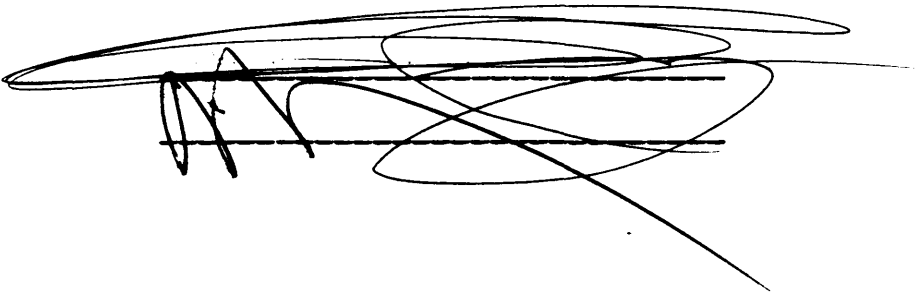
**CERTIFICATE OF THE AGENTS**

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 Part VII of the Securities Act and the regulations under it.

DATED this 31st day of May , 1987.

**YORKTON SECURITIES INC.**

Per :

A large, illegible handwritten signature scribble, consisting of multiple overlapping loops and lines, is written over a horizontal line. The signature is positioned below the "Per:" label.