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PROPERTY FILE

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# **PARALLAX**

## **DEVELOPMENT CORPORATION**

**PROSPECTUS**

THIS PROSPECTUS CONSTITUTES A PUBLIC OFFERING OF THESE SECURITIES ONLY IN THOSE JURISDICTIONS IN WHICH THIS PROSPECTUS HAS BEEN ACCEPTED FOR FILING AND THEREIN ONLY BY PERSONS PERMITTED TO SELL SUCH SECURITIES.

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

NEW ISSUE  
PROSPECTUS

DATED: JUNE 30, 1987

PARALLAX DEVELOPMENT CORPORATION  
(the "Company")  
764 Shaw Avenue  
Coquitlam, B.C. V3K 2R8

PUBLIC OFFERING

350,000 Shares Without Par Value

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	Price to Public	Commission	Net Proceeds to be Received by Company (1)
Per Share	\$1.00	\$0.10	\$0.90
Total	\$350,000.00	\$35,000.00	\$315,000.00

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(1) Before deduction of the costs of the Issue, estimated at \$15,000.

A PURCHASE OF THE SECURITIES OFFERED BY THIS PROSPECTUS MUST BE CONSIDERED AS SPECULATION. ALL OF THE PROPERTIES IN WHICH THE COMPANY HAS AN INTEREST ARE IN THE EXPLORATION AND DEVELOPMENT STAGE ONLY AND ARE WITHOUT A KNOWN BODY OF COMMERCIAL ORE. SEE ALSO "RISK FACTORS" ON PAGE 10.

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

THE VANCOUVER STOCK EXCHANGE HAS CONDITIONALLY LISTED THE SECURITIES BEING OFFERED PURSUANT TO THIS PROSPECTUS. LISTING IS SUBJECT TO THE COMPANY FULFILLING ALL THE LISTING REQUIREMENTS OF THE VANCOUVER STOCK EXCHANGE ON OR BEFORE FEBRUARY 16TH, 1988, INCLUDING PRESCRIBED DISTRIBUTION AND FINANCIAL REQUIREMENTS.

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

UPON COMPLETION OF THIS OFFERING, THIS ISSUE WILL REPRESENT

23.29% OF THE SHARES THEN OUTSTANDING AS COMPARED TO 67.62% THAT WILL THEN BE OWNED BY THE CONTROLLING PERSONS, DIRECTORS, PROMOTERS AND SENIOR OFFICERS OF THE COMPANY AND ASSOCIATES OF THE AGENTS. REFER TO THE HEADING "PRINCIPAL HOLDERS OF SECURITIES" ON PAGE 18 HEREIN FOR DETAILS OF SHARES HELD BY DIRECTORS, PROMOTERS AND CONTROLLING PERSONS AND ASSOCIATES OF THE AGENTS.

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 "RISK FACTORS" ON PAGE 10 FOR A COMMENT AS TO THE RESOLUTION OF POSSIBLE CONFLICTS OF INTEREST.

THE AGENT HAS BEEN GRANTED A GREENSHOE OPTION. THE AGENT WILL RECEIVE AGENTS' WARRANTS ENTITLING IT TO PURCHASE A TOTAL OF 87,500 SHARES IN RETURN FOR GUARANTEEING THE SALE OF SHARES OFFERED HEREBY. THESE SHARES ARE HEREBY QUALIFIED FOR SALE TOGETHER WITH ANY SHARES PURCHASED BY THE AGENT UNDER THIS PROSPECTUS. REFERENCE SHOULD BE MADE TO THE ITEM "PLAN OF DISTRIBUTION" ON PAGE 8 OF THIS PROSPECTUS.

WE, AS AGENT, CONDITIONALLY OFFER THESE SECURITIES SUBJECT TO PRIOR SALE, IF, AS AND WHEN ISSUED BY THE COMPANY AND ACCEPTED BY US IN ACCORDANCE WITH THE CONDITIONS CONTAINED IN THE AGENCY AGREEMENT REFERRED TO UNDER "PLAN OF DISTRIBUTION" ON PAGE 8 OF THIS PROSPECTUS.

Name and Address of Agent

**YORKTON SECURITIES INC.**  
14th Floor 609 Granville Street  
Vancouver, B.C.  
V7Y 1G5

EFFECTIVE DATE: August 20th, 1987

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## SUMMARY

### THE OFFERING

Issue: 350,000 Common Shares (as well as up to 87,500 common shares pursuant to Agents Warrants and 52,500 Common Shares issued pursuant to the Greenshoe Option if both are exercised).

Price: \$1.00 Per Share

The Company was incorporated under the Company Act of B.C. on September 4th, 1986 with an authorized capital of 10,000,000 shares without par value.

Use of Proceeds: The estimated net proceeds of \$315,000 to be received by the Company from the Issue, together with cash on hand of \$4,232 will be used as follows: \$15,000 for cost of this Issue; \$150,000 to carry out an exploration program on the Company's mineral property; \$105,700 to purchase shares of PUTCO HOLDINGS II LTD. (see reference to Agreement with "First Exploration Fund 1987 Company, Limited Partnership on page 5); and the remaining balance will be used for working capital.

The Company intends to carry out a program of geological and geophysical field work and diamond drilling on its twenty-five contiguous mineral claim units, on Flores Island, Alberni Mining Division, Province of British Columbia. The previous development and the future development plans in respect to these mineral claims are set out herein under the heading "Business and Property" beginning on page 2.

There is no known body of ore on the Company's property. In the event that the Company's exploration program as described in this Prospectus is successful, the Company will require additional financing in order to further develop the Company's property. These funds may not be available. There is no existing market for the shares of the Company. Exploration for minerals is a speculative venture necessarily involving substantial risks in respect to discovering commercial quantities of ore, or if they are discovered, to funding exploration and development costs, or if put into production, to successfully marketing the materials produced.

The Company's property includes mineral claims which have not been surveyed and therefore, the precise location of these properties may be in doubt.

In addition, other "Risk Factors" are set out on pages 9 and 10 of this Prospectus under that heading including methods to resolve possible conflicts of interest.

Upon completion of this Offering this issue will represent 23.29% of the share then outstanding as compared to 67.62% that will then be owned by the controlling persons, promoters, directors and senior officers of the Company.

NAME AND INCORPORATION

Parallax Development Corporation (the "Company") was incorporated on September 4th, 1986 under the Company Act of the Province of British Columbia by the registration of its Memorandum and Articles under the name. By the provisions of the Company Act, R.S.B.C. 1979 as amended, the Company will be deemed to be a reporting company upon the issue of a receipt for this Prospectus.

The head office of the Company is 764 Shaw Avenue, Coquitlam, B.C. V3K 2R8. The registered and records office of the Company is 101 - 744 West Hastings Street, Vancouver, B.C. V6C 1A5.

DESCRIPTION OF BUSINESS AND PROPERTY

Business

The Company is a natural resource company engaged in the acquisition, exploration and development of mining properties. The Company has interests in the properties described below and intends to seek and acquire additional properties worthy of exploration and development.

Property

The Company has a 100% interest in 25 mineral claim units. The said mineral claims which are set out below are located in the Alberni Mining Division, Province of British Columbia.

<u>Claim Name</u>	<u>No. of Units</u>	<u>Record No.</u>	<u>Expiry Date</u>
Contact 1	18	2428	October 17, 1992
Contact 2	4	3005	September 12 1991
Contact 3	3	3006	September 12 1991

As a result of overlapping in the staking of these mineral claims, the property is approximately 1300 acres in area. Pursuant to the Mineral Act of B.C. under which the claims were created by staking and filing, the

Company must carry out and file additional assessment work or pay cash in lieu in order to retain the property.

The property was assigned to the Company by directors Robert E. Tsuida, Walter B. Carlson and Robert H. Day who staked the claims at a cost of \$1,000.00.

The claims are located approximately 20 km northwest of Tofino on the SE of Flores Island, in the Alberni Mining Division of B.C. at approximately 49°17.6'N latitude, 126°04.4'W longitude on NTS mapsheet 92E/8E.

Access to Flores Island is gained by float plane, helicopter or boat from Tofino. The property is located adjacent to I.R. 15, near the native village of Marktosis, as well as the village of Ahousesat. A small boat is necessary to gain access to the claims, which are separated by Matilda Inlet and extend onto the McNeil Peninsula.

### History

The following information is extracted from the summary report of T. Gregory Hawkins, P.Geol. dated January 30th, 1987.

"Government geological work in this area includes mapping by Hayrock and Webster of the Geological Survey of Canada beginning in 1902. Later work includes surveying in 1920 by Dolmage, and geological reconnaissance by M.F. Bancroft (1937). Jeletzky (1950, 1954) carried out detailed examinations by Mesozoic and Tertiary sediments to establish the stratigraphy of the area. Published annual reports from the British Columbia Department of Mines show records of investigation of mineral deposits in the region. The Ormond Showing (Cu, Ag, Au) was examined in 1928 and 1930, and followed up during the 1930's by trenching across the strike of the mineralized zone and driving an inclined shaft to intersect this zone at depth. A report on the geology and mineral deposits of the Nootka Sound map area by Muller, Cameron and Northcote for the Geological Survey of Canada, was published in 1981.

An I.P. Survey conducted by Van West Minerals (Sutherland and Bell, 1962) resulted in the delineation of a good conductor associated with pyrrhotite mineralization, located in the most southeast portion of the Silver claim (presently Contact 1 claim).

Soil and silt sample surveys were carried out by Falconbridge Nickel Mine Ltd. in 1969 in the central and western portions of the Moly and Gold claims just to the north and northwest of the Contact 1, 2, 3 Group, resulting in some anomalous copper concentrations.



A soil geochemical survey conducted by Western Mines Ltd. in 1972 on the May 1 and May 2 claims to the west of the Contact 1, 2,3 Group did not uncover significant base metal anomalies, and therefore, did not warrant further work.

In 1974 Wesfrob Mines Ltd. mapped a small portion of the Moly claim (just north of Contact 2) to assess the potential for copper mineralization; however only minor amounts of chalcopyrite were found.

The Gold and Copper claims to the northwest of the Contact 1, 2, 3 Group, were staked by Clear Mines Ltd. in early 1979. Airborne geophysical work including magnetometer, VLF-EM and radiometric surveys were conducted by D.G. Mark and Associates in July 1979 (Mark, 1980).

Grab samples taken from the Ormond Showing returned concentrations of up to 6.07% copper and up to 139.9 g/t (4.08 oz/ton) silver. A gold concentration of 1300 ppb from a soil sample confirmed the presence of an Au anomaly.

During the summer of 1985, Parallax Development Corporation collected rock samples from a trench on the central Contact 1 claim, two of which returned 205.0 g/t (5.98 oz/ton), and 3.29 g/t (0.096 oz/ton) Au. Another sample taken during the summer of 1986 from this trench returned values of 54.5 g/t Au (1.59 oz/ton), 180.7 g/t Ag (5.27 oz/ton), and 4.80% Cu. The most significant results however are from a showing on McNeil Peninsula, from which concentrations of 334.3 g/t Au (9.75 oz/ton), 297.4 g/t Ag (11.59 oz/ton), 5.17% Pb, and 2.92% Zn were returned, from one sample."

The Company has carried out a program of trenching, geochemical and geophysical surveys on the property at a cost of \$66,894 including staking cost.

The Company intends to carry out the program recommended in the report of T. Gregory Hawkins, P.Geol. dated January 30th, 1987 (a summary of this report forms part of this Prospectus). The proposed program consists of two stages. Phase I consists of geological and geophysical field work followed by diamond drilling at an estimated cost of \$150,000. Contingent upon the results of Phase I, Phase II will consist mainly of diamond drilling at an estimated cost of \$350,000. The full report of T. Gregory Hawkins, P.Geol. dated January 30th, 1987 may be inspected at 101 - 744 West Hastings Street, Vancouver, B.C. between the hours of 9:00 a.m. and 12:00 noon during the 210 day period after the effective date of this Prospectus.

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

THERE IS NO KNOWN BODY OF COMMERCIAL ORE ON THIS PROPERTY.

The proposed program is an exploratory search for ore.

First Exploration Fund 1987 and Company Limited Partnership

The Company has entered into an agreement with First Exploration Fund 1987 & Company Limited Partnership (the "Partnership") dated April 20th, 1987.

First Exploration Fund 1987 and Company, Limited Partnership (the "Partnership") has committed \$350,000 (the "Subscription Amount") to purchase 350,000 flow through shares of the Company for an issue price of \$1.00 per share.

SUMMARY

The arrangement with the Partnership consists of the following steps:

1. The offering described in this Prospectus is completed.
2. The Company purchases preference shares of Putco Holdings II Ltd.
3. The Company carries out certain expenditures which are eligible as renounceable Canadian Exploration Expense prior to February 29th, 1988.
4. The Company files reports and issues shares of its common stock to the Partnership and receives funds (the "Subscription Amount") from an escrow agent who holds Partnership funds.
5. The Company renounces to the Partnership, qualified expenditures incurred by the Company equal to the Subscription amounts.
6. After the expiry of certain Put Options on January 13, 1993, the Company will receive monies or shares in Equity Preservation Corp. for the redemption of the preference shares of Putco Holdings II Ltd.

A more detailed explanation of these steps follows.

In order to receive the Subscription Amount, the Company will be required to purchase 1,015 Preference Shares of Putco Holdings II Ltd. at \$100 per share for an aggregate price of \$101,500 which represents approximately 29% of the Qualified Expenditures. Putco Holdings II Ltd. ("Putco") is a Cayman Islands non-reporting company with offices at 3rd Floor, West Wind Building, George Town, Grand Cayman. The proceeds of the purchase of shares from Putco Holdings II Ltd. provide funds to carry out certain possible requirements which form part of the plan pursuant to which units of the Limited Partnership were sold. All funds received by Putco will be deposited with an Escrow Agent, to be invested in High-Quality Money Market Instruments. The Put Fund will be used by Putco to fulfill its obligations under the Put Options. To the extent that all or a part of the monies in the Put Fund have not been required to be paid to unit holders in the limited partnership on the expiry of the Put Options which shall occur on January 13th, 1993, such monies will be fully applied to the redemption of Putco's Preference shares in accordance with its Articles. The Articles of Putco will provide that no Preference shares may be redeemed, purchased or otherwise acquired by Putco prior to the expiry of the Put Options. At the discretion of Putco, the Company may receive shares of Equity Preservation Corp. in lieu of monies upon redemption of the Preference shares.

The Company will incur as the Partnership's Agent, between the date of the Subscription Agreement, April 20th, 1987 and February 29th, 1988, certain expenditures which are eligible as renounceable "Canadian exploration expense", which will qualify for the "mining exploration depletion allowance", and will not constitute "prescribed Canadian exploration and development overhead expenses", as those terms are defined in the Income Tax Act (Canada), and herein collectively referred to as the "Qualified Expenditures". The Company will conduct the program of mineral exploration, subject to the monitoring of the program by the General Partner and by CSA Management Limited on behalf of the Partnership.

The Company will renounce to the Partnership, qualified expenditures incurred by it equal to the Subscription Amount.

The Partnership has deposited with Guaranty Trust Company of Canada as escrow agent the net proceeds of the offering of Partnership units under its prospectus. Such money will be released from escrow to the Company upon

delivery by the Company to the said escrow agent of (a) the certificate and request for payment of its management, (b) reporting letters of its auditors and engineers relating thereto, and (c) certificates representing the Shares to be issued to the Partnership in consideration for incurring the Qualified Expenditures, all as set forth in the Exploration Agreement. Requests for payment must be made by March 30th, 1988 for Qualified Expenditures incurred on or before February 29th, 1988.

The Subscription Agreement contains representations, warranties and covenants of the Issuer with respect to (a) the completion of the Program, (b) the Qualified Expenditures, (c) validity of issuance of the Shares, (d) listing of the shares, (e) the Shares not constituting "prescribed shares" as defined in the Regulations to the Income Tax Act, (f) resale restrictions affecting the Shares, (g) the Shares at the time of issuance representing not more than 20% of the issued and outstanding Shares of any class of the Company, (h) protection against dilution of the Shares by other acts of corporate reorganization done by the Issuer, (i) indemnification of the Partnership and the General Partner, (j) other matters as set out in the Exploration Agreement.

The Company will pay the Exploration manager's fee out of the amount committed to the Company by the Partnership. The basic fee is 1.2% of the committed amount.

#### FURTHER COMMITMENTS

In addition to the arrangements described above, the Company has two further commitments in respect to subscriptions for additional flow through financings on a similar basis as described above. These are:

(a) A commitment from First Exploration Fund 1987 and Company, Limited Partnership for a purchase of shares at a total purchase price of \$650,000 at a subscription price of 20% above the weighted average trading price of common shares for a 30 day period prior to execution of a Subscription Agreement (the exercise of this commitment will require the purchase of 1,885 preferred shares of Putco Holdings II Ltd.);

(b) A commitment from First Exploration Fund 1988 and Company, Limited Partnership for a purchase of shares at a total purchase price of \$1,000,000 at a subscription price of 20% above the weighted average trading price of common shares for a 30 day period prior to execution of a Subscription Agreement (the exercise of

this commitment will require the purchase of 2,900 preferred shares of Putco Holdings III Ltd.);

At present time no decision has been made by the Company to proceed with these transactions.

#### PLAN OF DISTRIBUTION

The Company, by an agreement (the "Agency Agreement") dated April 21st, 1987 appointed Yorkton Securities Inc. as its Agent ("Agent") to offer the Shares through the facilities of the Vancouver Stock Exchange (the "Exchange").

The Company by its Agent hereby offers (the "Offering") to the public through the facilities of the Exchange 350,000 shares (the "Shares") of the Company at a price of \$1.00 per share (the "Offering Price"). The Offering will be made in accordance with the rules and policies of the Exchange and on a day (the "Offering Day") determined by the Agent and the Issuer, with the consent of the Exchange, within a period of 180 days from the date (the "Effective Date") upon which the Shares of the Company are conditionally listed on the Exchange.

The Agent has agreed to purchase any Shares not sold at the conclusion of the Offering. The Agent must pay the Company the proceeds from the sale of shares less its commissions and expenses provided for in the Agency Agreement within five (5) business days following the Offering Day. In consideration therefor, the Agent has been granted non-transferable share purchase warrants ("Agents' Warrants") entitling it to purchase up to 87,500 shares of the Company at any time up to the close of business 180 days from listing of the Company's shares on the Vancouver Stock Exchange (the "Exchange") or 12 months from the date of this Prospectus, whichever is earlier, at a price of \$1.15 per share.

The Agent is entitled to over allot the shares of the Company in connection with this Offering and the Company has granted to the Agent an option (the "Greenshoe Option") to purchase at \$0.90 per share such number of shares of the Company being the lesser of 15% of the Offering or the actual number of shares subscribed for by way of an oversubscription during primary distribution of the securities offered hereunder. The Greenshoe Option shall be exercisable for a period of thirty (30) trading days from the Offering Day. Alternatively, the Agent is entitled to cover each over allotment by making purchases of the Company's shares in the open market through the facilities of the Exchange at the market price from time to time during the exercise period of the Greenshoe Option.

The Agent will receive a commission of \$0.10 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 or investment dealers, who may or may not be offered part of the commissions or bonuses derived from this Offering.

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

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

The following beneficially own, directly or indirectly, in excess of 5% of each class of the issued shares of Yorkton Securities Inc. Allen Barry Van Stone, Stewart David Vorberg, Frank Guistra, Donald Risling and Murray Black.

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 Company may purchase shares from this Offering at the same price at which the Public may purchase shares.

#### Additional Offering

The 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 hereunder and any of the common shares which may be acquired on the exercise of the Agent's Warrants at any time up to 180 days from the listing of the Company's shares on the Exchange but not more than one year from the date of this Prospectus. The Company will not receive any proceeds from the sale of any such shares by this Agent, all of which proceeds will in such event accrue to the Agent.

#### CONDITIONAL LISTING ON THE VANCOUVER STOCK EXCHANGE

The Exchange has conditionally listed the

securities being offered pursuant to this Prospectus. Listing is subject to the Company fulfilling all the listing requirements of the Exchange on or before February 16th, 1988, including prescribed distribution and financial requirements.

### MARKET FOR SECURITIES

The price to be paid to the Company for the shares offered for sale by the Prospectus was set by negotiations between the Company and the Agent.

### RISK FACTORS

The shares offered by this Prospectus must be considered speculative, generally because of the nature of the Company's business. In particular:

1. There is no known body of ore on the Company's property. The purpose of the present offering is to raise funds to carry out further exploration with the objective of establishing ore of commercial tonnage and grade. If the Company's exploration programs are successful, additional funds will be required for the development of an economic ore body and to place it in commercial production. The only source of future funds presently available to the Company is through the sale of equity capital. In the event that the Company decides not to proceed with any of the private placements described above under the heading "Further Commitments" on page 7, and it wishes to fund additional exploration programs by equity financing, it must proceed by means of making such private or public offerings as it may be able to do under the rules of the Vancouver Stock Exchange and the provision of the Securities Act, S.B.C. 1985 as amended. Any such offerings are subject to various factors, most especially, the market price for shares of the Company, if any. The only alternative for the equity financing of further exploration would be the offering by the Company of an interest in its properties to be earned by another party or parties carrying out further exploration or development thereof, which is not presently contemplated.

2. There is no established market for the shares of the Company.

3. Exploration for minerals is a speculative venture necessarily involving some substantial risk. There is no certainty that the expenditure to be made by the Company in the acquisition and exploration of the interests described herein will result in discoveries of commercial quantities of ore.

4. The mining industry in general is intensely competitive and there is no assurance that even if commercial quantities of ore are discovered, a ready market will exist for the sale of same. Factors beyond the control of the Company may affect the marketability of any substances discovered.

5. The existence of title opinions should not be construed to suggest that the Company has good and marketable title to all of the properties described in this Prospectus. The Company follows usual industry practice in obtaining title opinions with respect to its properties. The Company must expend monies to carry out further work on the properties described in this Prospectus in order to keep in good standing the interests as described under the heading "Business and Property" on page 2 of this Prospectus.

6. The Company's properties include mineral claims which have not been surveyed, and therefore, the precise location of these properties may be in doubt.

Certain of the Directors may serve as director of other reporting companies or have significant shareholdings in other reporting companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the Directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a Board of Directors meeting, a Director who has such a conflict will abstain from voting for or against the approval of such a participation or such terms. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programmes, permitting involvement in a greater number of programmes and reducing financial exposure in respect of any one programme. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the Company making the assignment.

In accordance with the laws of the Province of British Columbia, the Directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular programme and the interest therein to be acquired by it, the Directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.



The value of the net tangible assets of the company other than the value of its mineral properties based on the Company's financial statements is \$24,235 as at February 28th, 1986. The proposed expenditures from the Use of Proceeds raised by the Offering described in this Prospectus will not increase net tangible assets owned by the Company other than the value of its mineral properties.

### DILUTION

Subscribers for the Common Shares offered by this Prospectus will suffer immediate dilution. The following table sets forth the dilution per Common Share as at February 28th, 1987 based on the balance sheet of the Company as at that date. The following calculation does not include shares issued pursuant to the Agents' Warrants or the Greenshoe Option nor does it include those private placements described under the heading "Further Commitments" on page 7. The calculation does include the impact of the sale of \$350,000 shares at \$1.00 per share by the private placement described under the heading "First Exploration Fund 1897 and Company Limited Partnership" on pages 5, 6 and 7.

Offering price.....		\$1.00
Net tangible book value before this offering.....	\$0.08	
Increase in net tangible book value attributable to this offering.....	<u>\$0.33</u>	
Net tangible book value after this offering.....		<u>\$0.41</u>
Dilution to subscribers.....		<u>\$0.59</u>
Percentage of dilution in relation to the offering price..		<u>59%</u>

In the event that the Company decides not to proceed with any of the private placements described above and it wishes to fund additional exploration programs by equity financing, it must proceed by means of making such private or public offerings as it may be able to do under the rules of the Vancouver Stock Exchange and the provision of the Securities Act, S.B.C. 1985 as amended. Any such offerings are subject to various factors, most especially, the market price for shares of the Company, if any.

Upon completion of this Offering this issue will represent 23.29% of the shares then outstanding as compared to 67.62% that will then be owned by the controlling persons, promoters, directors and senior officers of the Company.

USE OF PROCEEDS

The net proceeds to be derived by the Company from the Offering will be the sum of \$315,000 which together with working capital on hand of \$4,232 (as at June 30th, 1987) shall be spent as follows:

1. To pay the costs of Issue, estimated at	15,000
2. To carry out the program recommended by T. Gregory Hawkins, PGeol. as set out in his report dated January 30th, 1987 on the Company's property;	150,000
3. To make a purchase of 1,015 Preferred shares of Putco Holdings II Ltd. as part of the Company's Agreement with First Exploration Fund 1987 and Company, Limited Partnership (\$101,500) managers fee (\$4200) as described on pages 5, 6 and 7 of this Prospectus	105,700
4. To reserve for working capital;	<u>48,532</u>
	\$319,232

Any funds received from the taking down of the Agents' Warrants or from the exercise of the Greenshoe Option will be added to working capital.

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

The proceeds from the sale of shares offered by this Prospectus are intended to be used for the purposes set forth above, and in carrying out the above program of work 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 given to all shareholders.

In the event of any material change in the affairs of the Company during the primary distribution of the shares offered by this Prospectus, an amendment to this Prospectus will be filed.

Following completion of the primary distribution of the shares offered by this Prospectus, shareholders will be notified of changes in the affairs of the Company in accordance with the requirements of the appropriate regulatory authorities.

#### DESCRIPTION OF SHARES AND SHARE CAPITAL STRUCTURE

The authorized capital of the Company consists of 10,000,000 common shares without par value. As of the date of this Prospectus, 1,152,700 common shares were issued and outstanding.

All common shares of the Company, 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.

As at February 28th, 1987, the Company had no contributed surplus or retained earnings. As at that date, the Company's Balance Sheet recorded a deficit of \$33,021.

There are 150,270 shares of the Company which are subject to directors and employees stock options. For particulars of these options, reference should be made to the term "Options to Purchase Securities" on page 17 of this Prospectus.

Designation of Security	Amount Authorized	Amount Issued & Outstanding as of February 28, 1987	Amount Outstanding as of June 30, 1987	Amount Outstanding if all Securities are Sold
Common	10,000,000	1,152,700	1,152,700	1,502,700

**PRIOR SALES**

During the period from incorporation of the Company on September 4th, 1986 to the date of this Prospectus, the Company sold the following shares for cash:

<u>Number of Shares</u>	<u>Price per Share</u>	<u>Commissions Paid</u>	<u>Net Cash Received</u>
750,000 *	\$0.01	Nil	\$ 7,500
296,200	\$0.25	Nil	74,050
<u>106,500</u>	<u>\$0.40</u>	<u>Nil</u>	<u>42,600</u>
1,152,700			\$124,150

\* These shares are held in escrow. Reference should be made to the item "Escrowed Shares" on page 18 of this Prospectus.

Since incorporation, no shares have been issued for a consideration other than cash.

**PRELIMINARY EXPENSES**

Since incorporation, the Company has expended \$33,522 on administrative expenses and \$66,894 for exploration and development expenses. The Company expects to expend \$30,000 for administrative expenses and \$150,000 on exploration and development expenses during 1987.

**DIRECTORS AND OFFICERS**

The names, addresses and principal business or occupations of which each of the Directors and Officers of the Company have been engaged during the immediately preceding five years are as follows:

<u>Name and Address</u>	<u>Office Held</u>	<u>Principal Occupation For Past Five Years</u>
ROBERT EDWIN TSUIDA * 764 Shaw Avenue Coquitlam, B.C. V3K 2R8	President and Director	Secretary and Director of Au Resources Ltd. (natural resource development) 1981 to 1985; President & Director Parallax Development Corporation (natural resource development) 1986 to Present; President and Director of Marob Enterprises Ltd. (management services, exploration, log & lumber export) 1972 to Present
MAYE TSUIDA 764 Shaw Avenue Coquitlam, B.C. V3K 2R8	Secretary and Director	Insurance Agent B.C. Automobile Association (Insurance and Auto Club) 1979 to 1986; Secretary & Director Parallax Development Corporation (natural resource development) 1986 to Present
WALTER BORGE CARLSON * 12278 Greenwell Street Maple Ridge, B.C. V2X 7H8	Director	Self-Employed W.B. Forest Products Ltd. (Lumber Sales) 1976 to Present; W.B. Landscaping (Landscaping and construction) 1982 to Present
ROBERT HARVEY DAY* 207-290 Mills Rd. Kelowna, B.C. V1Y 4G8	Director	Real Estate Salesman of Points West Realty (Real Estate Sales and development) 1981 to Present

\* member of the Audit Committee.

#### EXECUTIVE COMPENSATION

There are two executive officers of the Company (employed on a fulltime basis). The aggregate cash consideration paid to these executive officers is \$41,700 for exploration survey cost, management fees and office rent and equipment. One of the executive officers has an option to purchase securities. The guidelines for determining the number of shares of the Company reserved

for options as set out in Local Policy #3-31 of the B.C. Securities Commission. One of the executive officers has an employees stock option to purchase 75,135 shares of the Company's common stock at a price of \$1.00 per share for a period of two years from the effective date of this Prospectus. This number of shares is equal to 5% of the shares to be issued after the completion of the offering set out in this Prospectus. Two other persons who are directors but not executive officers of the Company have directors stock options to purchase shares totalling 75,135 shares on the same terms and calculated in a similar manner. The executive officers and directors may receive payments from time to time for services rendered to the Company. Reference is made to the item "Promoters" on page 20 for additional details.

#### OPTIONS TO PURCHASE SECURITIES

Pursuant to a Directors Stock Option agreement and an Employees Stock Option agreement dated April 7th, 1987 (the "Option Agreements"), the Company has granted options to the following directors and employees in such numbers of common shares as is set opposite the name of each director or employee:

##### Directors:

Walter Borge Carlson	-	60,110 Shares
Robert Harvey Day	-	15,025 Shares

##### Employee:

Robert Edwin Tsuida	-	75,135 Shares
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The Option Agreements provide that the option price is \$1.00 per share and that the options are exercisable during that period of time commencing on the Effective Date of this Prospectus ending two years thereafter. There are no other options to purchase securities under this Prospectus.

#### ACQUISITIONS

During the past two years, the Company acquired the Contact 1, 2 and 3 mineral claims for the cost of staking. Reference should be made to the item "Description of Business and Property" on page 2 of this Prospectus.

**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 who owns more than 10% of the Company's shares.

<u>Name and Address</u>	<u>Type of Ownership</u>	<u>Designation of Class</u>	<u>Number of Shares</u>	<u>Percentage of Shares Outstanding</u>
ROBERT E. TSUIDA** 764 Shaw Avenue Coquitlam, B.C.	Direct, Beneficial Indirect Beneficial	Common  Common	155,000 ) ) 41,200* ) )	17.12%
MAYE TSUIDA** 764 Shaw Avenue Coquitlam, B.C.	Direct, Beneficial	Common	500,000	43.4%
WALTER CARLSON 12278 Greenwell Maple Ridge, B.C.	Direct, Beneficial	Common	220,000	19.1%

\* Includes shares held by wholly owned company, Marob Enterprises Ltd.

\*\* Robert E. Tsuida and Maye Tsuida are husband and wife.

The percentage of common shares held by all directors, promoters, senior officers beneficially owned, directly or indirectly, of the Company are as follows:

<u>Designation of Class</u>	<u>Percentage of Class</u>
Common	88.07%

**ESCROWED SHARES**

As of the date of this Prospectus, 750,000 common shares are held in escrow by Yorkshire Trust Company, of 1100 Melville Street, Vancouver, B.C. subject to the direction or determination of the Office of Superintendent of Brokers ("Superintendent"). The escrow restrictions provide that the shares may not be traded in, dealt with in any manner whatsoever or released, nor may the Company,

its Transfer Agent or Escrow holder make any transfer or record any trading of shares without the consent of the Superintendent.

The complete text of the escrow agreement is available for inspection at the registered office of the Company at 101 - 744 West Hastings Street, Vancouver, B.C.

<u>Designation of Class</u>	<u>Number of Shares Held in Escrow</u>	<u>Percentage of Class</u>
Common	750,000	65.1%

#### POOLED SHARES

328,200 shares issued at \$0.25 and \$0.40 per share are held in pool by Yorkshire Trust Company by agreements dated April 1st, 1987. The agreements provide that the shares will be released from pool as follows:

(a) 25% upon the Company's shares being listed for trading on the Vancouver Stock Exchange;

(b) A further 25% at the expiration of each three month period from the date of the Company's shares being listed for trading on the Vancouver Stock Exchange.

In the event that a receipt for this Prospectus is not issued within 18 months from the date of the pooling agreement, or if the Company's shares have not been listed for trading on the Vancouver Stock Exchange within 12 months from the Prospectus Date and provided the primary distribution of shares pursuant to the Prospectus has been completed, then all pooled shares shall be released by Yorkshire Trust Company.

#### DIVIDEND RECORD

The Company has not since the incorporation of the Company on September 4th, 1986 paid any dividends on any of its shares. The Company has no present intention to pay dividends, but, the future dividend policy will be determined by the Board of Directors on the basis of earnings, financial requirements and other relevant factors.



**PROMOTERS**

By virtue of the definition as set out in Section 1(1) of the Securities Act (British Columbia) the Directors of the Company are the Promoters of the Company.

The Promoters have acquired the following common shares in the capital of the Company:

<u>Name</u>	<u>No. of Shares</u>	<u>Price per Share</u>
Marob Enterprises Ltd. (wholly owned by Mr. Robert Tsuida)	41,200	\$0.25 (cash paid)
Robert E. Tsuida	25,000 130,000	\$0.01 (cash paid) \$0.25 (cash paid)
Walter B. Carlson	150,000 70,000	\$0.01 (cash paid) \$0.25 (cash paid)
Maye Tsuida	500,000	\$0.01 (cash paid)
Robert H. Day	75,000	\$0.01 (cash paid)

Marob Enterprises Ltd., a company wholly owned by Robert E. Tsuida has received \$24,900 for exploration work and costs on the property and \$2,800 for office and equipment rental.

Under the headings "Options to Purchase Securities" and "Executive Compensation" there are set out further details in respect to the Promoters. Messrs. Tsuida, Carlson and Day have received \$1,000.00, the costs of staking, for assigning a property interest to the Company as described under the heading "Business and Property" on page 2.

**PENDING LEGAL PROCEEDINGS**

The Company is not a party with respect to any legal proceedings.

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

The Directors and Senior Officers of the Company have no interest in any material transactions in which the Company has participated or intends to participate at this

time, save and except as disclosed in this Prospectus and, in particular, those matters disclosed under the heading "Description of Business and Property" describing the purchase of the Company's mineral properties and disclosed under the headings "Options to Purchase Securities" and "Executive Compensation".

#### MATERIAL CONTRACTS

There are no material contracts entered into by the Company other than as disclosed in this Prospectus.

The material contracts of the Company include the following:

1. The Agency Agreement dated April 21st, 1987 discussed on Page 8.
2. The Subscription Agreement with First Exploration Fund 1987 & Company Limited Partnership dated April 20th, 1987 discussed on pages 5 and 6.
3. The Directors and Employees Stock Option Agreements discussed on page 17.
4. An Escrow Agreement in respect to 750,000 shares.
5. The Pooling Agreement dated April 1st, 1987.

Material contracts may be inspected at the offices of Hemsworth, Schmidt, of 101 - 744 West Hastings Street, Vancouver, B.C. during normal business hours during the period of primary distribution of the securities being offered under this Prospectus.

#### OTHER MATERIAL FACTS

There are no other material facts relating to the offering of securities under this Prospectus other than as disclosed herein.

#### TRANSFER AGENTS AND REGISTRARS AND AUDITORS

The Registrar and Transfer Agent for the Company is Yorkshire Trust Company, of 1100 Melville Street, Vancouver, B.C. The Auditor for the Company is Ellis, Foster, Chartered Accountants, of 304 - 1867 West Broadway, Vancouver, B.C.

**PURCHASER'S STATUTORY RIGHT OF WITHDRAWAL AND RESCISSION**

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



**SUMMARY REPORT ON  
GEOLOGY, LITHOGEOCHEMISTRY,  
SOIL GEOCHEMISTRY, AND MAGNETOMETER SURVEY  
CONTACT 1, 2, 3 GROUP  
Flores Island, B.C.  
Alberni Mining Division  
NTS 92E/8E 49°17.6'N Lat., 126°04.4'W Long.  
for  
PARALLAX DEVELOPMENT CORPORATION  
January 30, 1987  
T. Gregory Hawkins, P.Geol.**



## SUMMARY

Geological exploration including regional mapping, prospecting, rock sampling, soil sampling and a magnetometer survey on the Contact 1 2, 3 Group in the Alberni Mining Division, was carried out by MPH Consulting Limited during November 1986.

The Contact 1, 2, 3 claims are underlain predominantly by Paleozoic to Mesozoic(?) Westcoast Complex metasediments and metavolcanics derived from Sicker Group rocks, which have been intruded by granodiorite and quartz diorite to diorite and gabbro of Jurassic Island Intrusions and Tertiary Catface Intrusions.

Copper, lead, zinc and arsenic associated with anomalous gold and silver concentrations occur with contact metasomatic massive sulphides, in quartz veins and in areas of epidote, chlorite and siliceous alteration. Commonly observed in showings on the property are chalcopyrite, bornite, chalcocite, azurite, malachite, galena, sphalerite, arsenopyrite, and pyrrhotite, as well as abundant pyrite and magnetite.

Extremely anomalous values of gold, silver, copper, lead and zinc with arsenic have been returned from five separate quartz veins which outcrop along the western coastline of McNeil Peninsula. The highest results are from a grab sample of a 15 cm vein: 600.0 g/t Au (17.500 oz/ton), 332.6 g/t Ag (9.70 oz/ton), 2274 ppm Cu, 6.28% Pb, 4.82% Zn, and 6.90% As (sample 14569); a sample from nearby yielded values of 60.0 g/t Au (1.750 oz/ton), 83.7 g/t Ag (2.44 oz/ton), 2.34% Pb, 3.06% Zn, and 8.02% As (sample 14568).

Anomalous lithogeochemical results returned from rock samples collected in the grid area on central Contact 1 claim include values of up to 23.7 g/t Au (0.692 oz/ton), 240.7 g/t Ag (7.02 oz/ton), 8.48% Cu, 12.90% Zn and 0.05% Cd.

Soil sampling in the central Contact 1 claim grid has returned high to anomalous values in gold, silver, lead and zinc in the central portion, with arsenic, silver, copper anomalies in the southwestern portion. A silt sample collected from the northern portion of the grid returned 40.0 ppm Ag and 266 ppm Pb.

The magnetometer survey has outlined specific 'highs' and 'lows' indicating the presence of abundant magnetite and/or pyrrhotite and a possible siliceous zone in the grid area. One localized continuous 'low' zone may represent a fault or shear zone.

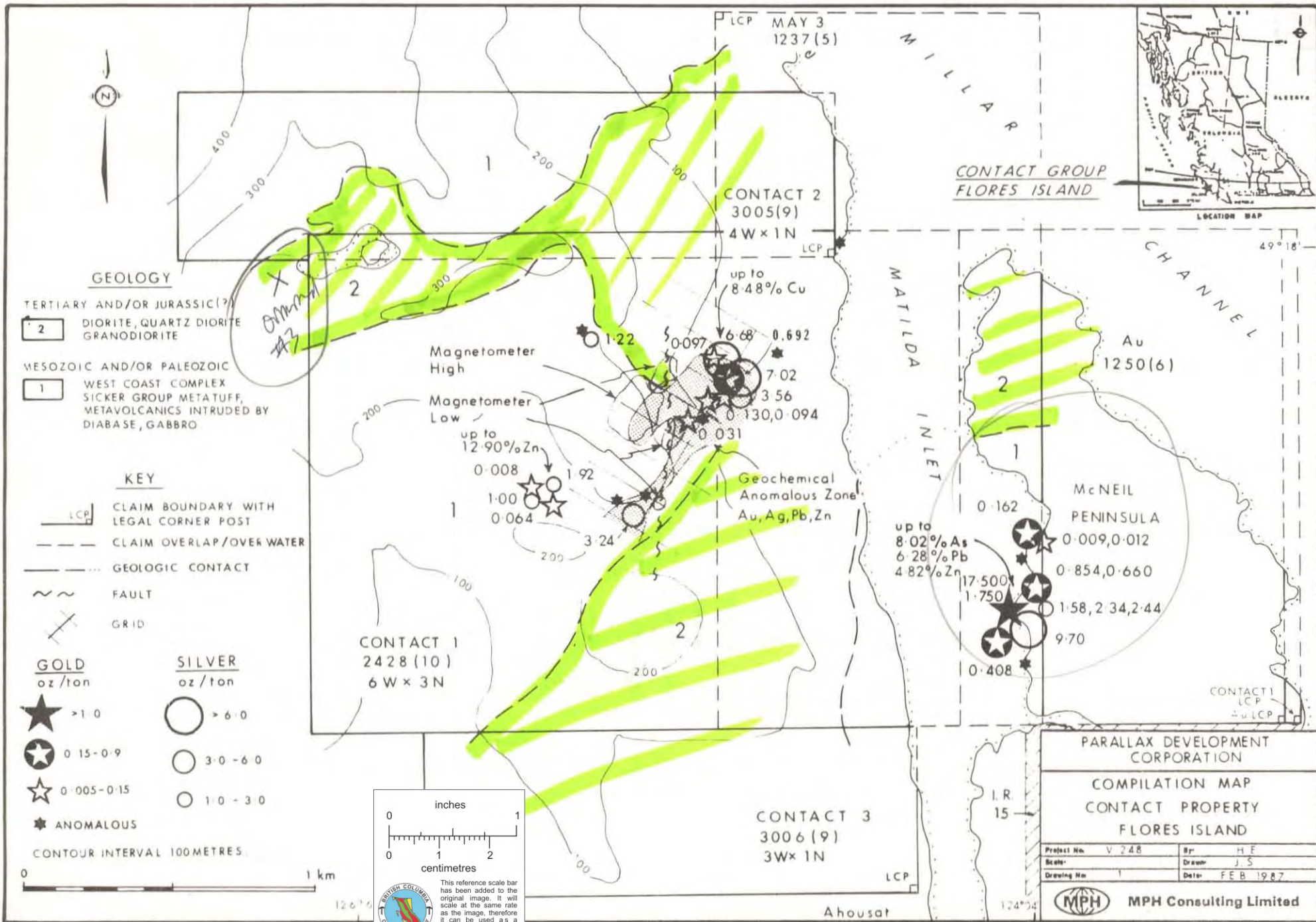
Results from 1986 work are very encouraging and confirm this area as being a geologically favourable environment for mineralization. The presence of gold and silver in very significant quantities associated with sulphides and the abundance of contact zones between intrusives and Westcoast Complex increases the targets for exploration. Further exploration work is strongly recommended. Phases I and II geological, geophysical and diamond drill programs are proposed at an estimated combined cost of \$500,000.



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58.5 mm = 1000m  
 1:17090  
 1cm = 170.9m



PARALLAX DEVELOPMENT CORPORATION

COMPILATION MAP  
 CONTACT PROPERTY  
 FLORES ISLAND

Project No. V 248	By: H E
Scale:	Drawn: J S
Drawing No. 1	Date: FEB 1987

MPH Consulting Limited



## 1.0 INTRODUCTION

This report represents a comprehensive study and evaluation of results obtained from field work carried out during November of 1986 by MPH Consulting Limited, at the request of Mr. R. Tsuida of Parallax Development Corporation.

Field work included geological mapping, prospecting, rock and soil sampling for geochemical analysis, and a magnetometer survey which covers the central Contact 1 claim.

Previous work was integrated with this work wherever possible and a considerable amount of research into mineral occurrences, regional geology and history gives a complete account of the mineral potential of the area (Hawkins 1987).

## 2.0 LOCATION, ACCESS, TITLE

The Contact 1, 2, and 3 group of claims is located approximately 20 km northwest of Tofino on the SE of Flores Island, in the Alberni Mining Division of B.C., at approximately 49°17.6'N latitude, 126°04.4'W longitude on NTS mapsheet 92E/8E (Figure 1).

Access to Flores Island is gained by float plane, helicopter or boat from Tofino. The property is located adjacent to I.R. 15, near the native village of Marktosis, as well as the village of Ahousat. A small boat is necessary to gain access to the claims, which are separated by Matilda Inlet and extend onto the McNeil Peninsula.

Flores Island terrain is very rugged, with elevations ranging from 0 to 850 m (Mt. Flores). The island is covered in forest of Douglas fir and western red cedar, as well as dense undergrowth (salal) and windfalls. A network of trails leads to various old workings on the claims, but roads are nonexistent on the property.

Claim information is summarized below:

<u>Claim</u>	<u>Record No.</u>	<u>Units</u>	<u>Owner</u>	<u>Anniversary Date</u>	<u>Year Recorded</u>
Contact 1	2428(10)	18	Parallax	Oct. 17, 1992	1984
Contact 2	3005( 9)	4	Development	Sept. 12, 1991	1986
Contact 3	3006( 9)	3	Corporation	Sept. 12, 1991	1986

A Notice to Group was recorded September 25, 1986 as the Contact 1, 2, 3 Group.

A Bill of Sale dated December 3, 1986 transferred 100% ownership from Robert Tsuida, Walter Carlson and Robert Harvey Day to Parallax Development Corporation, which is the owner/operator of the claims.

## 3.0 PREVIOUS WORK

Government geological work in the area includes mapping by Hayrock and Webster of the Geological Survey of Canada beginning in 1902. Later work includes surveying in 1920 by Dolmage, and geological reconnaissance by M.F. Bancroft (1937). Jeletzky (1950, 1954) carried out detailed examinations of Mesozoic and Tertiary sediments to establish the stratigraphy of the area. Published annual reports from the British





Columbia Department of Mines show records of investigations of mineral deposits in the region. The Ormond Showing (Cu, Ag, Au) was examined in 1928 and 1930, and followed up during the 1930's by trenching across the strike of the mineralized zone and driving an inclined shaft to intersect this zone at depth. A report on the geology and mineral deposits of the Nootka Sound map area by Muller, Cameron, and Northcote, for the Geological Survey of Canada, was published in 1981.

An I.P. Survey conducted by Van West Minerals (Sutherland and Bell, 1962) resulted in the delineation of a good conductor associated with pyrrhotite mineralization, located in the most southeast portion of the Silver claim (presently Contact 1 claim).

Soil and silt sample surveys were carried out by Falconbridge Nickel Mine Ltd. in 1969 in the central and western portions of the Moly and Gold claims just to the north and northwest of the Contact 1, 2, 3 Group, resulting in some anomalous copper concentrations.

A soil geochemical survey conducted by Western Mines Ltd. in 1972 on the May 1 and May 2 claims to the west of the Contact 1, 2, 3 Group did not uncover significant base metal anomalies, and therefore did not warrant further work.

In 1974 Wesfrob Mines Ltd. mapped a small portion of the Moly claim (just north of Contact 2) to assess the potential for copper mineralization; however only minor amounts of chalcopyrite were found.

The Gold and Copper claims, to the northwest of the Contact 1, 2, 3 Group, were staked by Clear Mines Ltd. in early 1979. Airborne geophysical work including magnetometer, VLF-EM and radiometric surveys were conducted by D.G. Mark and Associates in July 1979 (Mark, 1980).

Grab samples taken from the Ormond Showing returned concentrations of up to 6.07% copper and up to 139.9 g/t (4.08 oz/ton) silver. A gold concentration of 1300 ppb from a soil sample confirmed the presence of a Au anomaly.

During the summer of 1985, Parallax Development Corporation collected rock samples from a trench on the central Contact 1 claim, two of which returned 205.0 g/t (5.98 oz/ton), and 3.29 g/t (0.096 oz/ton) Au. Another sample taken during the summer of 1986 from this trench returned values of 54.5 g/t Au (1.59 oz/ton), 180.7 g/t Ag (5.27 oz/ton), and 4.80% Cu. The most significant results however are from a showing on McNeil Peninsula, from which concentrations of 334.3 g/t Au (9.75 oz/ton), 397.4 g/t Ag (11.59 oz/ton), 5.17% Pb, and 2.92% Zn were returned, from one sample.

#### 4.0 REGIONAL GEOLOGY AND ECONOMIC SETTING

The west coast of Vancouver Island in the vicinity of Flores Island is underlain primarily by metavolcanic and lesser metasedimentary rocks of the Westcoast Complex (derived from Paleozoic Sicker Group rocks intruded by Jurassic Island Intrusions), and a variety of volcanics of the Bonanza Formation. These rocks are intruded by Tertiary Catface Intrusions on Flores Island.

Contact metasomatic (skarn) deposits, veins and shear zones, and porphyry deposits constitute the major metalliferous deposits in the vicinity of Flores Island. High to moderate mineral potential approximately coincides with areas where Quatsino Formation, Bonanza Formation and Sicker Group rocks are cut by Island Intrusions.



Moderate potential for mineralization corresponds to areas underlain by Bonanza Formation volcanics and Catface Tertiary Intrusions.

Iron and copper skarns are promising targets where Island Intrusions intrude Vancouver Group rocks or in the roof pendants of Sicker Group metasediments surrounded by Island Intrusions and Westcoast Complex rocks. Two nearby properties have reported limited production. The Glengarry, located at the head of Head Bay, milled 56,700 tonnes of ore which produced 22,680 tonnes of magnetite concentrate. The Indian Chief on Stewartson Inlet shipped 73,600 tonnes yielding 1,102,360 kg of Cu, 22,456 g of Au, and 1,707,400 g of Ag.

Tertiary pluton-associated copper and molybdenum occurrences found on Flores Island have only had low copper and molybdenum assays but otherwise have many similarities to the Catface porphyry copper (molybdenum) deposit a few kilometres to the east. A thorough description of mineral occurrences in the vicinity of Flores Island is provided in the main report (Hawkins, 1987).

## 5.0 PROPERTY GEOLOGY AND MINERALIZATION

Geological mapping at a scale of 1:10,000 (shown at 1:5000 in Hawkins, 1987) prospecting and rock sampling were carried out over the Contact 1, 2, 3 Group from November 5 to November 16, 1986. Grab samples (total of 130) were collected mainly from outcrops including old trenches, adits and showings which contained sulphides, interesting alteration and/or silicification. Five silt samples were collected from various parts of the property. Figure 1 is a compilation of the property geology with location of the grid, rock samples highly anomalous in gold and silver, areas of anomalous soil geochemistry, and magnetometer results.

In the area of central Contact 1 claim, McNeil Peninsula and northwest Contact 2 claim, metamorphosed, locally foliated Mesozoic and Upper Paleozoic volcanic and volcanoclastic rocks of the Westcoast Complex occur. Intermediate Intrusives of probable Tertiary age truncate rocks of the Westcoast Complex on the southeast, on Contact 3 claim and on the northeast on Contact 2 claim.

Contact metasomatic (skarn) and lesser but significant vein type mineralization occur on the property. A general inspection of the location of showings, old workings, and trenches clearly shows the association of mineralization with contact zones between the Tertiary and/or Jurassic dioritic intrusions and metamorphosed Sicker Group(?) rocks of the Westcoast Complex. Detailed rock sample descriptions and certificates of analyses are included in Hawkins, 1987.

Quartz veins/veinlets outcropping at the west coastline of the McNeil Peninsula on the Contact 1 claim were sampled as 14566-14570, occurring over a 35 m interval of Westcoast Complex rocks which are epidote altered. Gold concentrations from these veins are extremely anomalous with values ranging from 14.0 g/t (0.408 oz/ton) to 600.0 g/t (17.500 oz/ton). Extremely anomalous silver values for the veins range from 8.2 ppm to 332.6 g/t (9.70 oz/ton). Anomalous copper concentrations range from 227 ppm to 2274 ppm, and extremely anomalous lead and zinc concentrations range from 1562 ppm to 6.28% Pb and 4746 ppm to 4.82% Zn. Five of these veins returned more than 9999 ppm arsenic; assay results ranged from 2.32 to 8.02% As.

The best overall results were returned from a quartz vein sampled as 14569 (15 cm wide) which contained visible pyrite, galena, sphalerite and arsenopyrite. Results



include 600.0 g/t Au (17.500 oz/ton), 332.6 g/t Ag (9.70 oz/ton), 2274 ppm Cu, 6.28% Pb and 4.82% Zn as well as 175 ppm Sb. Nearby, sample 14568 yielded values of 60.0 g/t Au (1.750 oz/ton), 83.7 g/t Ag (2.44 oz/ton), 2.34% Pb, 3.06% Zn, and 8.02% As.

Results from the grid area on the central Contact 1 claim are also extremely encouraging.

Massive magnetite grab samples (14555, 14556) from Trenches F and G near the baseline of the soil grid and L5+00N intersection, containing up to 30% chalcopyrite, have returned the following concentrations: 14555 - 3.33 g/t Au (0.097 oz/ton), 2.30 g/t Ag (6.68 oz/ton), 8.48% Cu, 2308 ppm Zn, 108 ppm Ni; 14556 - 23.7 g/t Au (0.692 oz/ton), 240.7 g/t Ag (7.02 oz/ton), 8.0% Cu, 3104 ppm Zn, 497 ppm Co. The occurrences are exposed over 3 m and 1 m widths in Trenches F and G respectively.

Grab samples (14559 and 14560) were taken from a 'skarn' unit near line 1N of the grid, from Adit B. Visible mineralization included chalcopyrite, pyrite and malachite. The sampled interval is approximately 3.5 m wide. Sample 14559 returned concentrations of 40 ppb Au, 111.1 g/t Ag (3.24 oz/ton), 2.14% Cu and 296 ppm Zn and sample 14560 returned 20.6 g/t Ag (0.60 oz/ton), 6670 ppm Cu, 336 ppm Zn and only background gold (5 ppb).

A massive magnetite and sulphide zone within mafic volcanics trenched over a 2 m wide zone (Trench E samples 14571 and 14572) returned 3.22 g/t Au (0.094 oz/ton), 122.0 g/t Ag (3.56 oz/ton), 2.74% Cu, 124 ppm Pb and 1106 ppm Zn for sample 14571 of massive magnetite and 4.46 g/t Au (0.130 oz/ton), 21.25 g/t Ag (0.62 oz/ton), 1674 ppm Cu, 94 ppm Pb and 1980 ppm Pb as well as 1534 ppm Co.

A sample taken from near Trench E, consisting of a mafic volcanic with a 1 m zone of visible chalcopyrite, pyrrhotite, bornite and pyrite returned 140 ppb Au, 51.4 g/t Ag (1.50 oz/ton), and 1.52% Cu.

Sample 14573 was taken near the contact of Westcoast Complex and Tertiary Intrusions northwest of the grid on the Contact 1 claim. A 4 m wide zone of massive magnetite, grab sampled, returned concentrations of 280 ppb Au, 41.8 g/t Ag (1.22 oz/ton), and 1.04% Cu.

Samples 14597 to 14600 were taken in the central Contact 1 area near a gossanous zone which had been trenched. The rocks consist of copper mineral bearing mafic volcanics. Concentrations of up to 17.8 g/t Ag (0.52 oz/ton), and 3001 ppm Cu, 112 ppm Pb and 2.16% Zn as well as 0.01% Cd were returned from these four samples.

A calcite vein (sample 14164) from Trench A on the central Contact 1 claim returned an anomalous Ag concentration of 42.5 g/t Ag (1.24 oz/ton), and anomalous Cu (7157 ppm) as well as high background lead and zinc (52 ppm, 542 ppm respectively). A gossanous chloritic schist (sample 14170), located on the Contact 1 claim returned 34.3 g/t Ag (1.00 oz/ton), 5791 ppm Cu, and 4694 ppm Zn. A sample (14171) of massive sulphide vein (15 cm width) near a trench on Contact 1 returned 65.8 g/t Ag (1.92 oz/ton), 1.18% Cu, 204 ppm Pb and 8946 ppm Zn.

Results from two samples collected from a showing of iron-rich massive sulphides on the Contact 1 claim near the SW corner of the grid are: sample 14104 - 38.8 g/t Au (0.98 oz/ton), 4652 ppm Cu, 300 ppm Pb, 0.05% Cd, and 12.90% Zn; and sample 14105 - 0.27 g/t Au (0.008 oz/ton), 50.7 g/t Ag (1.48 oz/ton), 2115 ppm As, 7642 ppm Cu, 282 ppm Pb, 0.03% Cd, and 6.84% Zn.



These and other anomalous lithogeochemical results indicate good potential for polymetallic skarn and vein-type mineralization on the Contact property.

A silver concentration of 40.0 ppm and lead concentration of 266 ppm were returned from one silt sample. Gold values for silts are only background values.

### **Soil Geochemistry**

Soil sampling at 25 metre intervals along 3.025 line kilometres of a flagged grid with baseline oriented northeast, resulted in the collection of 129 samples from the B-horizon at an average depth of 20 cm. These samples were analyzed for Au and 30 element ICP at Rossbacher and Chemex Laboratories.

Anomalous concentrations of gold (up to 200 ppb) delineate an approximately north-northeast trending zone over a few hundred metres in length and up to 100 m wide, near the central portion of the grid.

Arsenic concentrations range from 5 to 795 ppm. Anomalous values (greater than 254 ppm As) are partly associated with high gold values in the central portion of the grid. The highest concentrations of arsenic (795 ppm), silver (2.2 ppm), lead (38 ppm), and copper (208 ppm) are localized at L0+00-0+75W. Lead and zinc concentrations are generally low with scattered anomalies; ranges are from less than 2 to 38 ppm for Pb and 4 to 184 ppm for Zn. The highest Zn value (184 ppm) occurs with high Ag values in the central portion of the grid.

In general, geochemical results have clearly defined several multi-element anomalous zones some of which are associated with high background and anomalous gold. The most significant anomalous zones appear to be in the central and in the south central portion of the grid. The fact that a large number of soil samples contain anomalous and high background concentrations of gold certainly warrants further exploration for the source.

### **Magnetometer Survey**

A magnetometer survey using a McPhar 700 vertical field fluxgate instrument was conducted over the flagged grid at 25 m intervals. Readings were taken relative to a base level, which for Flores Island is approximately 55,600 gammas (background of 1000 gammas + total field of 54,600 gammas) which was obtained from an airborne magnetic map for this area (Mark, 1980). Values plotted are thus negative and positive in the order of hundreds of gammas, relative to 55,600 gammas.

The most significant feature of this survey is a definite 'magnetic high' over at least 200 m located near the northwest extent of Line 3N, which may be attributed to various factors including magnetite or pyrrhotite mineralization, an increase in magnetic content within mafic volcanics or intrusions or less likely topographic effects. A strong 'magnetic low' occurs to the northeast and to the southeast of the magnetic high.

An interesting low trend, which may correspond to a fault zone, runs approximately due north-south for about 350 m from near the baseline at Line 1N to the lowest reading of -645 gammas on Line 4N.

The magnetometer survey has outlined an area of interest in the form of a high in the vicinity of the soil geochemistry multi-element anomalous zone in the central portion of the grid.



## 6.0 RECOMMENDED WORK PROGRAM

### 6.1 Plan

Geological mapping and rock sampling over the entire Contact 1, 2, 3 property, and soil sampling and magnetometer survey on a grid located in central Contact 1 claim have been completed with extremely encouraging results.

Further exploration work is highly recommended particularly on the Contact 1 claim, both in the area of the present grid and on the McNeil Peninsula.

Detailed mapping, on a photogrammetric topographic map at a scale of 1:5000, is recommended in order to locate claims, old workings, samples, and geological features more accurately.

The legal claim post of the (now lapsed) May 3 claim must be located accurately in order to determine the actual present claim boundary between the Au and Contact 1 claims on McNeil Peninsula.

Extensions of the soil sampling and magnetometer grid are recommended. Linecutting followed by geophysical surveys including IP and additional magnetometer are necessary in order to choose targets for diamond drilling.

Phase I exploration program consisting of geological mapping, sampling, and geophysical surveys (including IP) designed to define diamond drill targets followed by diamond drilling, is recommended at a total estimated cost of \$150,000. Contingent on encouraging Phase I results, Phase II exploration is to consist mainly of diamond drilling at an estimated cost of \$350,000.

### 6.2 Budget

Phase I exploration is to consist of geological and geophysical field work, followed by diamond drilling at an estimated total cost of \$150,000.

Phase II exploration is to consist mainly of diamond drilling at an estimated cost of \$350,000.

#### Phase I

Mob/demob		\$ 5,000
Personnel	\$31,850	
Support Costs	12,550	
Equipment Rental	7,005	
Contract Services	50,000	
Analyses	<u>6,970</u>	
		108,375
Report Writing		13,825
Administration @ 15%		3,235
Contingency @ 15%		<u>19,565</u>
Phase I Total Cost, say		<u>\$150,000</u>



## Phase II

Mob/demob		\$ 3,000
Personnel	\$ 55,400	
Support Costs	16,000	
Equipment Rental	1,200	
Contract Services	200,000	
Analyses	<u>14,000</u>	
		286,600
Report Writing		10,300
Administration @ 15%		4,448
Contingency @ 15%		<u>45,652</u>
Phase II Total Cost, say		<u>\$350,000</u>

### 6.3 Schedule

Phase I geology and geophysics are expected to take about two weeks, with two weeks of drilling following interpretation, for a total of approximately 6 weeks.

Phase II diamond drilling is expected to take approximately 6-8 weeks to complete.

### 7.0 CONCLUSIONS

1. The Contact 1, 2, 3 Group is underlain by a central core of Upper Paleozoic Sicker Group rocks which have been partially metamorphosed during the Mesozoic to become the Westcoast Complex metavolcanics and metavolcaniclastics. This sequence is truncated by granodiorite, diorite and quartz diorite of the Tertiary Catface Intrusions and probably also Jurassic Island Intrusions.
2. Copper, lead, zinc and arsenic mineralization with high silver and gold values is found within massive sulphides in contact metasomatic (skarn) zones, in association with massive magnetite, siliceous and epidote alteration zones and in quartz veins.
3. Copper minerals seen in hand specimen include chalcopyrite, bornite, chalcocite, and azurite and malachite. Lead and zinc minerals include galena and sphalerite. Arsenopyrite is present, and pyrite, magnetite and pyrrhotite are common.
4. Extremely anomalous gold, silver, copper, lead and zinc results have been returned from quartz veins along the western coastline of McNeil Peninsula. A grab sample taken from one 15 cm vein returned concentrations of 600.0 g/t Au (17.500 oz/ton), 332.6 g/t Ag (9.70 oz/ton), 2274 ppm Cu, 6.28% Pb and 4.82% Zn. Assay results for up to 8.02% As were returned from these veins.
5. Anomalous lithogeochemical results returned from rock samples collected in the grid area on central Contact 1 claim include values of up to 23.7 g/t Au (0.692 oz/ton), 240.7 g/t Ag (7.02 oz/ton), 8.48% Cu, 12.90% Zn and 0.05% Cd.
6. Soil sampling in the central Contact 1 claim area has returned multi-element anomalous zones including gold, silver, lead and zinc in the central grid area with an arsenic, silver, copper anomaly in the southwestern portion.



7. Silt sampling has returned favourable results for silver and lead in the northern portion of the grid from one sample (40.0 ppm Ag, 266 ppm Pb).
8. The magnetometer survey conducted over the grid has outlined a significant 'high' adjacent to a significant 'low' in the northwestern portion of the grid attributable to magnetite and/or pyrrhotite mineralization and a siliceous interval. A continuous localized 'low' running approximately north-south may represent a fault or shear zone.
9. The 1986 field work confirms the extensive history of this area as having excellent potential for mineralization, especially skarn and vein type with associated gold and silver. Further exploration for gold mineralization is warranted and strongly recommended.
10. Phase I and II geological, geophysical and diamond drilling programs are recommended at a combined estimated cost of \$500,000.

#### 8.0 RECOMMENDATIONS

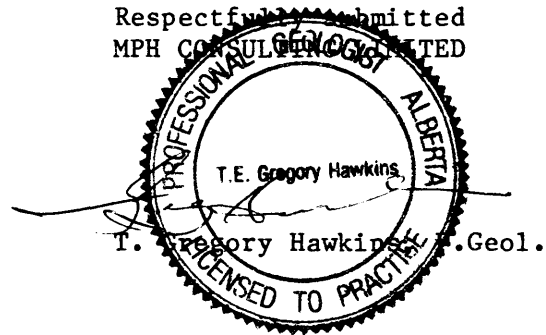
The following recommendations are designed to follow up and confirm results of 1986 field work, as well as to establish additional targets of exploration:

1. Geological mapping at a 1:5000 scale using topographic base maps produced by photogrammetry to locate the various sample localities, showings, drill holes, trenches, and adits as well as the trail and claim boundaries with greater accuracy.
2. The legal claim post of the (now lapsed) May 3 claim must be located accurately in order to determine the actual present claim boundary between the Au and Contact 1 claims on McNeil Peninsula.
3. Extensive prospecting of old showings and investigation of the contact zones between Tertiary and/or Jurassic Intrusions, and rocks of the Westcoast Complex for skarn type mineralization.
4. Detailed geologic mapping, in particular the area on the west coast of McNeil Peninsula, to determine the extent of the quartz veins which yield highly anomalous gold values. Where exposure is limited, trenching and sampling these veins is recommended.
5. The existing flagged grid should be extended and resampled for geochemical analysis in areas of multi-element and gold anomalies, to confirm these results. Soil sampling over part of the McNeil Peninsula should be carried out if possible.
6. The extended grid should be geophysically surveyed by magnetometer (in areas not already covered) and IP methods.
7. Lastly, but very importantly, to carry out Phase I exploration in the summer months as this would enable most of the recommended work to proceed with maximum efficiency.



A Phase I exploration program consisting of geological mapping, sampling, and geophysical surveys (including IP) designed to define diamond drill targets, followed by diamond drilling, is recommended at a total estimated cost of \$150,000. Contingent on encouraging Phase I results, Phase II exploration is to consist mainly of diamond drilling at an estimated cost of \$350,000.

Respectfully submitted  
MPH CONSULTANTS LIMITED



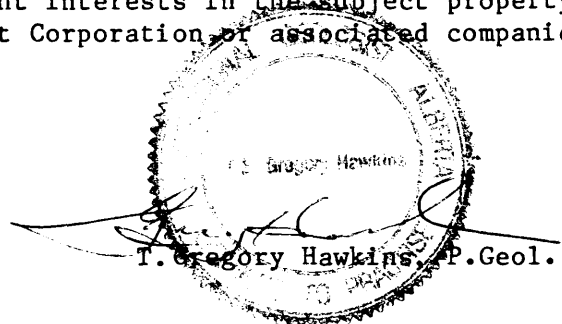
T. Gregory Hawkins, P. Geol.

January 30, 1987

**CERTIFICATE**

I, T.E. Gregory Hawkins, do hereby certify:

1. That I am a Consulting Geologist with business offices at 301 - 409 Granville St., Vancouver, B.C. V6C 1T2.
2. That I am a graduate in geology of The University of Alberta, Edmonton (B.Sc. 1973), and of McGill University, Montreal (M.Sc. 1979).
3. That I have practised within the geological profession for the past sixteen years.
4. That I am a Fellow of the Geological Association of Canada and a Professional Geologist registered in the Province of Alberta.
5. That the opinions, conclusions and recommendations contained herein are based on field work carried out on the property in November 1986 and supervised by me.
6. That I own no direct, indirect, or contingent interests in the subject property or shares or securities of Parallax Development Corporation or associated companies.



T. Gregory Hawkins, P. Geol.

January 30, 1987



**REFERENCES**

- Bancroft, M.F. 1937: Gold-Bearing Deposits on the West Coast of Vancouver Island Between Esperanza Inlet and Alberni Canal; Geological Survey, Memoir 204, p. 18-21.
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- Sutherland, D.B., Bell, R.A. 1962: Report on Geophysical Survey, Matilda Inlet Group, Alberni Mining Division, B.C., for Vanwest Minerals Limited. McPhar Geophysics Ltd.

ROSSBACHER LABORATORY LTD.

2225 S. SPRINGER AVENUE  
BURNABY, B.C. V5B 3N1  
TEL : (604) 299 - 6910

CERTIFICATE OF ANALYSIS

TO : MPH CONSULTING LTD.,  
301-409 GRANVILLE ST.,  
VANCOUVER, B.C.  
PROJECT: V24B  
TYPE OF ANALYSIS: ASSAY

CERTIFICATE#: 86681.A  
INVOICE#: 7265  
DATE ENTERED: 86-12-08  
FILE NAME: MPH86681.A  
PAGE # : 1

PRE FIX	SAMPLE NAME	oz/t Au
A	882	0.009
A	883	0.012
A	884	0.162
A	885	0.003
A	14105	0.008
A	14154	0.002
A	14171	0.064
A	14555	0.097
A	14556	0.692
A	14566	0.660
A	14567	0.854
A	14568	1.750
A	14569	17.500
A	14570	0.408
A	14571	0.094
A	14572	0.130
A	14573	0.008
A	14583	0.004
A	14585	0.031
A	14586	0.004

TO : MPH CONSULTING LTD.,  
301-409 GRANVILLE STREET  
VANCOUVER B.C.  
PROJECT: V24B  
TYPE OF ANALYSIS: ASSAY

CERTIFICATE#: 86681.B  
INVOICE#: 7383  
DATE ENTERED: 87-01-14  
FILE NAME: MPH86681.B  
PAGE # : 1

PRE FIX	SAMPLE NAME	% As
A	14566	3.20
A	14567	4.34
A	14568	8.02
A	14569	6.90
A	14570	2.32

CERTIFIED BY :

*J. Rossbach*

ROSSBACHER LABORATORY LTD.

2225 S. SPRINGER AVENUE  
BURNABY, B.C. V5B 3N1  
TEL : (604) 299 - 6910

CERTIFICATE OF ANALYSIS

TO : MPH CONSULTING LTD.,  
301-409 GRANVILLE STREET  
VANCOUVER B.C.  
PROJECT: V 24B  
TYPE OF ANALYSIS: ASSAY

CERTIFICATE#: 86681.A  
INVOICE#: 7357  
DATE ENTERED: 87-01-02  
FILE NAME: MPH86681.A  
PAGE # : 1

PRE FIX	SAMPLE NAME	oz/t Ag	% Cu	% Pb	% Zn	% Cd
A	885	0.50				
A	14104	0.98			12.90	0.05
A	14105	1.48			6.84	0.03
A	14164	1.24				
A	14169	0.30			2.86	0.01
A	14170	1.00				
A	14171	1.92	1.18			
A	14555	6.68	8.48			
A	14556	7.02	8.00			
A	14559	3.24	2.14			
A	14560	0.60				
A	14566	1.58		1.16		
A	14567	2.34		2.86	1.18	
A	14568	2.44		2.34	3.06	
A	14569	9.70		6.28	4.82	0.01
A	14571	3.56	2.74			
A	14572	0.62				
A	14573	1.22	1.04			
A	14583	1.50	1.52			
A	14594	0.46				
A	14595	0.56				
A	14599	0.52			2.16	0.01
A	14600	0.44			1.14	

RECEIVED JAN 5 1987

CERTIFIED BY :

*J. Rossbach*

APPENDIX I :  
SELECTED ASSAY RESULTS



PARALLAX DEVELOPMENT CORPORATION  
(Incorporated September 4, 1986)  
FINANCIAL STATEMENTS  
FEBRUARY 28, 1987

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INDEX

	Auditors' Report
EXHIBIT A	Balance Sheet
EXHIBIT B	Statement of Loss
EXHIBIT C	Statement of Changes in Financial Position
	Notes to Financial Statements
SCHEDULE 1	Schedule of Deferred Exploration Costs

# ELLIS, FOSTER

Chartered Accountants

#304 - 1867 WEST BROADWAY  
VANCOUVER, B. C. CANADA V6J 4W1  
Telephone (604) 734-1112

## AUDITORS' REPORT

TO THE DIRECTORS  
PARALLAX DEVELOPMENT CORPORATION

We have examined the balance sheet of Parallax Development Corporation as at February 28, 1987 and the statements of loss and changes in financial position for the period then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at February 28, 1987 and the results of its operations and the changes in its financial position for the period then ended in accordance with generally accepted accounting principles.

Vancouver, B.C.  
March 16, 1987

*Ellis, Foster*  
CHARTERED ACCOUNTANTS

PARALLAX DEVELOPMENT CORPORATION

BALANCE SHEET

EXHIBIT A

FEBRUARY 28, 1987

ASSETS

CURRENT

Cash	\$ 18,235
Prepaid expenses	<u>6,000</u>
	24,235

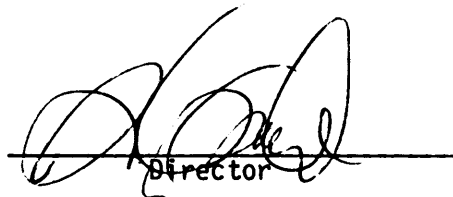
MINERAL CLAIMS

Deferred exploration costs - Schedule 1 (Note 2)	<u>66,894</u>
	<u>\$ 91,129</u>

SHAREHOLDERS' EQUITY

SHARE CAPITAL (note 3)	\$124,150
DEFICIT - Exhibit B	<u>(33,021)</u>
	<u>\$ 91,129</u>

APPROVED BY THE DIRECTORS

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

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

## PARALLAX DEVELOPMENT CORPORATION

## STATEMENT OF LOSS

EXHIBIT B

SEPTEMBER 4, 1986 TO FEBRUARY 28, 1987

## REVENUE

Interest income	<u>\$ 501</u>
-----------------	---------------

## EXPENSES

Audit	2,000
Bank charges and interest	32
Legal fees	10,000
Management fees (Note 4)	14,000
Office and rent	3,753
Printing	426
Promotion	1,656
Telephone	674
Travel and automobile	<u>981</u>
	<u>33,522</u>

NET LOSS FOR THE PERIOD - Exhibit A	<u><u>\$33,021</u></u>
-------------------------------------	------------------------

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

PARALLAX DEVELOPMENT CORPORATION  
 STATEMENT OF CHANGES IN FINANCIAL POSITION      EXHIBIT C  
 SEPTEMBER 4, 1986 TO FEBRUARY 28, 1987

CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES

Operations	
Net loss for the period - Exhibit B	\$(33,021)
Cash provided by (invested in) non-cash working capital	<u>(6,000)</u>
	(39,021)

CASH PROVIDED BY FINANCING ACTIVITIES

Issuance of share capital	124,150
---------------------------	---------

CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES

Mineral properties exploration costs	<u>(66,894)</u>
--------------------------------------	-----------------

CASH POSITION, end of period	<u><u>\$18,235</u></u>
------------------------------	------------------------

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

PARALLAX DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 1987

NOTE 1: Significant Accounting Policies

Mineral Claims

The company follows the policy of deferring all acquisition, exploration and development costs relating to the mineral claims. These costs are either amortized against revenue from future production or written off if the property is abandoned or sold. At the present time management has determined each project to be a cost centre.

Depletion of costs capitalized on projects put into commercial production will be recorded using the unit of production method when estimated proven reserves are determined.

The amounts shown for mineral claims represent acquisition and exploration costs incurred to date and do not necessarily reflect present or future values.

The company does not accrue the estimated costs of maintaining its mineral claims in good standing.

NOTE 2: Mineral Claims

The company is the beneficial owner of certain claims located in the Alberni Mining Division, British Columbia.

NOTE 3: Share Capital

- a) Authorized: 10,000,000 common shares with no par value.
- b) Issued or subscribed:

<u>Shares</u>	<u>Amount</u>
750,000 at \$0.01 per share	\$ 7,500
296,200 at \$0.25 per share	74,050
<u>106,500 at \$0.40 per share</u>	<u>42,600</u>
<u>1,152,700</u>	<u>\$124,150</u>



PARALLAX DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 1987

.....2

NOTE 3: Share Capital - continued

- c) 750,000 of the shares subscribed for at \$0.01 per share are to be held in escrow; the release of the shares is subject to the direction of the regulatory authorities.

NOTE 4: Remuneration of Directors and Senior Officers

Management fees as shown on the financial statements were paid to a corporation controlled by one of the directors of the company.

NOTE 5: Related Party Transactions

During the period the following amounts were paid to related parties:

- i) \$2,800 for office and equipment rent; and
- ii) \$24,900 for exploration costs.

NOTE 6: Commitments

Pursuant to an agreement with a limited partnership dated February 17, 1987, the company agreed to issue common shares in return for the limited partnership incurring up to \$2,000,000 in Canadian Exploration Expenditures on the company's properties. In conjunction with this agreement, the company agreed to invest up to \$580,000 in preferred shares in a corporation participating in this financing arrangement. This agreement is subject to approval by the regulatory authorities.

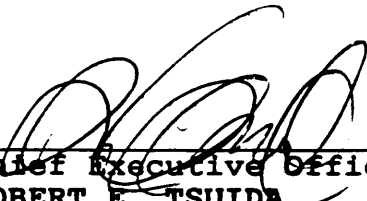
PARALLAX DEVELOPMENT CORPORATION  
SCHEDULE OF DEFERRED EXPLORATION COSTS                      SCHEDULE 1  
SEPTEMBER 4, 1986 TO FEBRUARY 28, 1987

Assaying	\$ 3,657
Assessment	500
Engineering	4,012
Equipment rental	1,540
Geochemical surveys	10,340
Geophysical survey	6,893
Mapping	6,070
Recording fees	2,140
Staking	1,000
Supplies	3,277
Transportation and accommodation	6,865
Trenching and trailing	<u>20,600</u>
TOTAL DEFERRED EXPLORATION COSTS - Exhibit A	<u><u>\$66,894</u></u>

CERTIFICATE

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

DATED: JUNE 30, 1987

  
\_\_\_\_\_  
Chief Executive Officer  
ROBERT E. TSUIDA

  
\_\_\_\_\_  
Chief Financial Officer  
MAYE TSUIDA

On behalf of the Directors of the Company:

  
\_\_\_\_\_  
WALTER BORGE CARLSON -  
Director

  
\_\_\_\_\_  
ROBERT HARVEY DAY -  
Director

  
\_\_\_\_\_  
WALTER B. CARLSON - Promoter

  
\_\_\_\_\_  
ROBERT H. DAY - Promoter

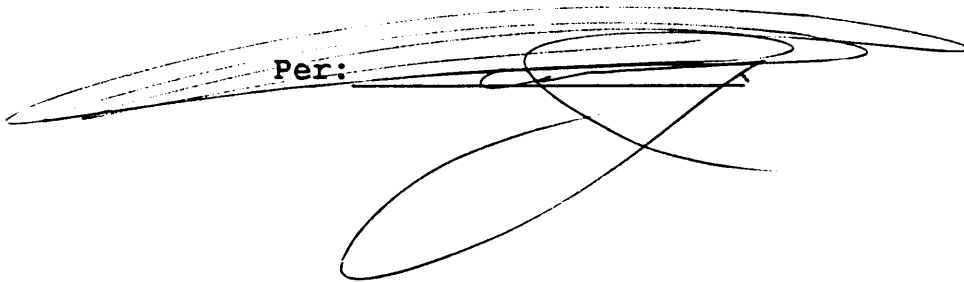
  
\_\_\_\_\_  
MAYE TSUIDA - Promoter

  
\_\_\_\_\_  
ROBERT E. TSUIDA - Promoter

CERTIFICATE

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the Securities Act and its regulations.

**YORKTON SECURITIES INC.**

Per: 

DATED this 30 day of June, A.D. 1987.