

PW

006366

Extra 1-4 claims ✓  
92E/15E ✓  
New

PROSPECTUS DATED MARCH 28, 1991

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.

NEW ISSUE

EFFECTIVE DATE April 3, 1991

LONDON RESOURCES LTD.  
(hereinafter called the "Company")  
of 2910 - 700 West Georgia Street  
Vancouver, British Columbia, V7Y 1B6  
600,000 COMMON SHARES  
at a price of \$0.40 per share

	<u>Price to Public</u>	<u>Commission</u>	<u>Net Proceeds to be received by the Company* **</u>
Per Share	\$0.40	\$0.04	\$0.36
Total	\$240,000	\$24,000	\$216,000

\* The Offering may be increased by up to 15% (or 90,000 shares) to meet oversubscriptions. See "Plan of Distribution" under Item 1 herein.

\*\* Before deduction of the costs of the issue estimated to be \$20,000.

THERE IS NO MARKET THROUGH WHICH THESE SECURITIES MAY BE SOLD. THE PRICE OF THE SHARES OFFERED HEREBY WAS DETERMINED BY NEGOTIATION BETWEEN THE COMPANY AND THE AGENT.

A PURCHASE OF THE SECURITIES OFFERED BY THIS PROSPECTUS MUST BE CONSIDERED AS A SPECULATIVE INVESTMENT. THE MINING PROPERTY IN WHICH THE COMPANY HAS AN INTEREST IS IN THE EXPLORATION STAGE ONLY AND IS WITHOUT A KNOWN BODY OF COMMERCIAL ORE. NO SURVEY OF THE COMPANY'S MINING PROPERTY HAS BEEN MADE AND THEREFORE IN ACCORDANCE WITH THE LAWS OF THE JURISDICTION IN WHICH THE PROPERTY IS SITUATED, ITS EXISTENCE AND AREA COULD BE IN DOUBT. SEE ALSO "RISK FACTORS" UNDER ITEM 8 HEREIN. PURCHASERS OF THE SECURITIES OFFERED HEREUNDER WILL SUFFER AN IMMEDIATE DILUTION OF 56.25% OF THEIR INVESTMENT OR \$0.225 PER SHARE. REFERENCE SHOULD BE MADE TO THE HEADING "DILUTION" UNDER ITEM 9 HEREIN.

THE VANCOUVER STOCK EXCHANGE HAS CONDITIONALLY LISTED THE SECURITIES BEING OFFERED PURSUANT TO THIS PROSPECTUS. LISTING IS SUBJECT TO THE COMPANY FULFILLING ALL OF THE LISTING REQUIREMENTS OF THE VANCOUVER STOCK EXCHANGE ON OR BEFORE MAY 31, 1991, 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 30.02% OF THE SHARES THEN OUTSTANDING AS COMPARED TO 66.97% THAT WILL THEN BE OWNED BY THE CONTROLLING PERSONS, PROMOTERS, DIRECTORS, SENIOR OFFICERS OF THE COMPANY, UNDERWRITERS AND ASSOCIATES OF UNDERWRITERS. REFER TO THE HEADING "PRINCIPAL HOLDERS OF SECURITIES" AND "INTEREST OF MANAGEMENT IN MATERIAL TRANSACTIONS" UNDER ITEMS 10 AND 16 RESPECTIVELY FOR DETAILS OF SHARES HELD BY DIRECTORS, PROMOTERS, CONTROLLING PERSONS, UNDERWRITERS AND ASSOCIATES OF UNDERWRITERS.

DIRECTORS AND OFFICERS OF THE COMPANY ARE OR MAY BE DIRECTORS AND OFFICERS OF OTHER COMPANIES, WHICH MAY OR DO CARRY ON SIMILAR TYPES OF BUSINESSES AS THAT OF THE COMPANY AND CONFLICTS OF INTEREST MAY THEREFORE RESULT. REFERENCE SHOULD BE MADE TO THE ITEM "CONFLICTS OF INTEREST" UNDER ITEM 14 HEREIN FOR A COMMENT AS TO THE RESOLUTION OF POSSIBLE CONFLICTS OF INTEREST.

May 9/91

THIS PROSPECTUS ALSO QUALIFIES THE ISSUANCE OF THE AGENT'S WARRANTS AND THE SALE TO THE PUBLIC AT THE MARKET PRICE FOR THE SHARES AT THE TIME OF SALE OF ANY SHARES OF THE COMPANY WHICH THE AGENT MAY ACQUIRE PURSUANT TO ITS GUARANTEE. THE AGENT IS ENTITLED PURSUANT TO THE SECURITIES ACT (BRITISH COLUMBIA) AND ITS REGULATIONS TO SELL ANY SHARES ACQUIRED PURSUANT TO THE EXERCISE OF THE AGENT'S WARRANTS WITHOUT FURTHER QUALIFICATION. REFERENCE SHOULD BE MADE TO THE ITEM "PLAN OF DISTRIBUTION" UNDER ITEM 2 OF THIS PROSPECTUS FOR PARTICULARS OF THE AGENT'S WARRANTS.

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" UNDER ITEM 2 OF THIS PROSPECTUS.

NAME AND ADDRESS OF AGENT

WOLVERTON SECURITIES LTD.  
1750 - 701 West Georgia Street  
Vancouver, British Columbia

REGISTRAR AND TRANSFER AGENT

PACIFIC CORPORATE TRUST COMPANY  
#830 - 625 Howe Street  
Vancouver, British Columbia  
V6C 3B8

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1.

## THE COMPANY

Landon Resources Ltd. (herein "Landon" or the "Company") was incorporated in the Province of British Columbia, Canada by registration of its Memorandum and Articles pursuant to the provisions of the Company Act of British Columbia on the 7th day of April, 1981 under the name Powder River Resources Ltd. The Company changed its name to Stateside Mines Ltd. February 19, 1982 and changed its name to Landon Resources Ltd. effective October 3, 1990.

The address of the head office of the Company is 2910 - 700 West Georgia Street, Vancouver, British Columbia, Canada, V7Y 1B6.

The address of the registered and records office of the Company is #1710 - 1177 West Hastings Street, Vancouver, B.C., Canada, V6E 2L3.

2.

## PLAN OF DISTRIBUTION

### Offering

The Company by its Agent hereby offers (the "Offering") to the public through the facilities of the Vancouver Stock Exchange (the "Exchange") 600,000 shares (the "Shares") of the Company, at the price of \$0.40 per Share (the "Offering Price"). The Offering will be made in accordance with the rules and policies of the Exchange on a day (the "Offering Day") determined by the Agent and the Company, with the consent of the Exchange, on or before May 31, 1991.

### Appointment of Agent

The Company, by an agreement (the "Agency Agreement") dated November 6, 1990, as amended March 15, 1991, appointed Wolverton Securities Ltd. of 1750 - 701 West Georgia Street, Vancouver, British Columbia, (the "Agent") to offer the Shares through the facilities of the Exchange.

The Agent has agreed to purchase any Shares for which subscriptions have not been received at the conclusion of the Offering (the "Guarantee"). In consideration therefor, the Agent has been granted non-transferrable share purchase warrants ("Agent's Warrants") entitling the Agent to purchase up to

150,000 shares of the Company at any time up to the close of business twelve (12) months from the date of listing of the Company's shares on the Exchange at a price of \$0.45 per share.

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

The Agent is entitled to over-allot the Shares of the Company in connection with this Offering and in such case, the Company has granted to the Agent an option (the "Greenshoe Option") to sell, at the Offering Price, 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 sixty (60) calendar days from the Offering Day. The number of Shares subject to the Greenshoe Option shall be determined at the conclusion of the Offering Day. Alternatively, the Agent is entitled to cover such 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 on sales of \$0.04 per share including shares sold from the Company's treasury pursuant to the Greenshoe Option. The proceeds from the sale of the Shares, less the Agent's Commission and expenses will be paid to the Company within ten (10) business days following the Offering Day.

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 discounts or bonuses derived from this offering.

The obligations of the Agent under the Agency Agreement may be terminated prior to the day that the shares of the Company are listed for trading on the Exchange

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 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.

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.

The Vancouver Stock Exchange has conditionally listed the Shares being offered pursuant to this Prospectus. Listing is subject to the Company fulfilling all of the listing requirements of the Vancouver Stock Exchange on or before May 31, 1991, including prescribed distribution and financial requirements.

Additional Offering

This Prospectus also qualifies the issuance of the Agent's Warrants and the sale to the public at the market price for shares at the time of sale of any shares of the Company which the Agent may acquire pursuant to their Guarantee. The Agent is entitled pursuant to the Securities Act (British Columbia) and its regulations to sell any shares acquired pursuant to the exercise of the Agent's Warrants without further qualification. The Company will receive the proceeds of the exercise of the Agent's Warrants, but will not receive any proceeds from the sale of any such shares acquired by the Agent, all of which proceeds will, in such event, accrue to the Agent.

3.

### USE OF PROCEEDS

As at March 28, 1991 the Company had no cash on hand and payables of approximately \$17,500.00. The Company will receive net proceeds of \$216,000 from the sale of the Shares pursuant to this Prospectus which will be expended as follows:

(a) Expenses of the Offering including legal, audit, engineering and printing charges	\$ 20,000
(b) To pay current accounts payable	\$ 17,500
(c) To undertake the Phase 1 Work Program on the Company's Extra Property as recommended in the Engineering Report of F. Marshall Smith, P. Eng., a copy of which is printed in this Prospectus (herein the Smith Report)	\$ 75,000
(d) Reserve for the option payment due on the Extra Property due by June 1, 1991	\$ 20,000
(e) Reserve for working capital	<u>\$ 83,500*</u>
Total:	<u>\$216,000</u>

\* Any funds received by the Company upon the exercise of the Agent's Warrants or Greenshoe Option shall be added to working capital.

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

The Company may, pursuant to the recommendations of a qualified independent engineer or geologist, abandon in whole or in part any of its present properties, or alter, as work progresses, the work programs recommended on its properties, or make arrangements for the performance of all or a portion of such work by other persons or companies. The Company may use any monies so diverted for the purpose of conducting work on or examining other properties acquired by the Company after the date of this Prospectus, but diverted funds may not be so used without an engineering or geological report being first accepted for filing

by the appropriate regulatory authorities. If any such event shall occur the shareholders will be notified. If the event occurs during the distribution of the securities referred to in this Prospectus an amendment to the Prospectus will be filed.

No part of the proceeds of this Offering will be used to invest in, underwrite or trade in securities other than those which qualify as investments in which trust funds may be invested under the laws of the Jurisdiction in which the securities herein may be lawfully sold. Should the Company intend to use the proceeds to acquire other than "Trustee Type" securities after the distribution of the securities offered by this Prospectus, approval by the shareholders of the Company must first be obtained and notice of such intention filed with the Regulatory Securities body having jurisdiction over the sale of the securities offered by this Prospectus.

#### Management Discussion of Interim Operating Results

As at March 28, 1991 the Company had no cash on hand and accounts payable of approximately \$17,500.00. For the period from October 15, 1990 through March 28, 1991 the Company expended \$6,871.50 on Regulatory filing fees, \$2,500.00 for due diligence fees to the Agent, \$750.00 (approx) for sundry expenses relating to the Offering, \$1,200.00 for Engineering and Assessment reports and \$16,500.00 for management fees, office rent and related administrative expenses.

#### 4. DESCRIPTION OF BUSINESS & PROPERTY OF THE COMPANY

##### Introduction

The Company is a natural resource company principally engaged in the acquisition, exploration and development of natural resource properties. The Company has acquired an interest in the Extra mining claims located in the Alberni Mining Division in the Province of British Columbia. Particulars of the Extra property are as follows:

##### A. Claim Description

The Extra property consists of two metric claims, the Extra 1 and 2, each consisting of 20 metric units, and two 2 Post claims, the Extra 3 and 4



located in the Alberni Mining Division. The following table details information on these claims:

<u>Claim Name</u>	<u>Record No.</u>	<u>Record Date</u>	Claim
			<u>Expiry Date</u>
Extra 1	3989	February 1, 1990	February 1, 1992
Extra 2	3992	February 16, 1990	February 16, 1992
Extra 3	4120	June 3, 1990	June 3, 1992
Extra 4	4119	June 3, 1990	June 3, 1992

(herein the "Claims")

B. Terms of Acquisition

The Company acquired its option to purchase the Extra 1 and 2 claims pursuant to an Option Agreement dated the 5th day of April, 1990, and amended February 15, 1991, with David M. Nelles of #4 - 8540 Blundell Road, in the Municipality of Richmond, in the Province of British Columbia (the "Option Agreement"). The Extra 3 and 4 claims were acquired by staking, subsequent to the date of the Option Agreement, but, under an area of interest clause, are deemed to form part of the claims described in the Option Agreement and are therefore subject to the terms thereof. To keep the Option Agreement in good standing and to earn a 100% interest in and to the Claims (subject to the royalty interest later described) the Company must incur exploration expenditures of a minimum of \$300,000 on the Claims, pay to the Optionor the sum of \$60,000 and issue to the Optionor 100,000 shares as follows:

- (i) Pay to the Optionor on execution of the Option Agreement \$10,000 (paid) and issue to the Optionor 25,000 shares on the commencement of trading of the shares of the Company on the Exchange;
- (ii) Incur exploration expenditures of a minimum of \$100,000 on the Claims, pay to the Optionor an additional \$20,000 and issue to the Optionor an

additional 25,000 shares within the earlier of five (5) days of the listing of the Company's shares on the Exchange, or June 1, 1991. (The Company incurred the required exploration expenditures prior to August 31, 1990 and has allocated the payment of \$20,000 due the Optionor from the proceeds of this Offering);

- (iii) Incur exploration expenditures of a further \$100,000, pay to the Optionor an additional \$30,000 and issue to the Optionor an additional 25,000 shares on or before April 1, 1992;
- (iv) Incur exploration expenditures of a further \$100,000 on the Claims and issue to the Optionor an additional 25,000 shares on or before April 1, 1993.

The Option Agreement provides that the issuance of shares shall, if the Company's shares are listed for trading on the Exchange, be subject to filing by the Company with the Exchange of Engineering or Geological Reports acceptable to the Exchange indicating satisfactory progress in development of the Claims. The Option Agreement also provides that the Optionor is entitled to receive a royalty from production equal to 2% of net smelter returns, which are defined as the amount received from a mint, smelter or other purchaser upon the sale of all metals, volume concentrates or ores removed from the Claims after deducting the costs of smelting and refining and actual freight or haulage charges. The Company may purchase the royalty interest at any time for \$750,000. The Company is required to pay minimum advance royalty payments of \$10,000 per annum commencing April 1, 1994. All advance royalty payments made by the Company are deducted from any amounts the Company may be required to pay to the Optionor by way of net smelter return.

The Option Agreement further provides an area of interest clause, which requires that if either party to the Option Agreement acquires any additional interest in any mining claim, license, lease or other form of mineral claim or claims in an area within 5 kilometres of the outside boundaries of the Extra 1 and 2 claims, that such additional interest forms part of the Claims and becomes subject to the terms of the Option Agreement.

C. Property Location and Access

The Claims are located on the West Coast of Vancouver Island, immediately west of the town of Tahsis, British Columbia. The Claims are centered near the head of Tahsis Inlet, a fjord separating Nootka and Vancouver Islands.

Year round access to Tahsis is by the loose surface, Head Bay Forest Road west from the town of Gold River. Road access to and throughout the property has been established over the past decade by Canadian Pacific Forest Products. Driving time from Tahsis to the main showings on the Claims is approximately 15 minutes and may be accomplished by a two wheel drive vehicle.

D. Report

An Engineering Report on the Claims has been prepared for the Company by F. Marshall Smith, P.Eng. and is dated September 28, 1990, as revised January 11, and February 14, 1991, (the "Smith Report"). A copy of the Smith Report is printed with and forms a part of this Preliminary Prospectus. Information concerning the Claims contained in this Preliminary Prospectus has been obtained from the Smith Report.

E. History

The Claims are situated approximately 12 kilometres southeast of the well known Zeballos Mining Camp. Exploration in the area began with a discovery of placer gold on the Zeballos River in 1907. The first lode discovery was made in 1924 and production from the Zeballos Camp began in 1934. Gold and silver mineralization was recovered from thin quartz veins associated with a large quartz diorite stock of Eocene age. Recorded production from the Camp to date totals nearly 9.5 million grams of gold and over 4 million grams of silver from approximately 650,000 tons of ore. Two deposits, the Privateer and the Spud account for over 70% of this production.

The contact metasomatic showings within the area covered by the Claims were originally discovered in 1922 and were evaluated over the next 6 years. Assay values as high as 0.7 ounces per ton gold, 2.6 ounces per ton silver, 9% copper and 6% zinc were reported from samples of sulphide bearing skarn taken by government engineers. Additional exploration was carried out between 1955 and 1970 by various resource companies. A 4.57 metre (15 foot) interval graded 3.52% copper and this included a 1.52 metre (5 foot) interval grading 5.52% copper and 5.49 grams/tonne (0.16 ounces/ton) gold. A 682 kilogram (1500 lb) bulk sample was also shipped to the Tacoma smelter as part of a work programme undertaken in 1962. This sample is reported to have graded 6.17 grams/tonne (0.18 ounces/ton) gold, 13.72 grams/tonne (0.40 ounces/ton) silver and 5.2% copper. No assessment work was filed on the ground comprising the Claims from 1970 to the time of their location as the Extra Claims in early 1990.

A programme of magnetic and induced polarization - resistivity (IP) geophysics, geological mapping, geochemical sampling and limited diamond drilling was carried out on the Claims by the Company under the direction of Marshall Smith P.Eng. in the months April through June of 1990. Cost of this work programme on the Claims was approximately \$100,000.

#### F. Geology and Mineralization

The northern portion of the Claims is underlain by a variably deformed, north-northwest striking sequence of volcanic and sedimentary rocks assigned to the Upper Triassic Vancouver Group. Extending northwestward from the head of Tahsis Inlet, an elongate, diorite stock varying from 200 to 400 metres wide has intruded the upper, sedimentary formations of this group.

Economically significant mineralization located within the Claims to date, occurs in association with contact metasomatic (skarn) zones formed at or near the contact between these Upper Triassic sediments and the diorite stock. These skarn zones contain discontinuous lenses and disseminated sulphide mineralization with gold, silver and copper values.

Skarn zones resulting from the metasomatism of limestone mainly consist of grandite garnet with lesser actinolite and diopside while those derived from clastic sediments tend to be rich in diopside or epidote. Garnet dominant skarns host coarsely disseminated to patchy chalcopyrite with less pyrite and pyrrhotite, but the diopside skarns contain fine grained pyrite. Chalcopyrite-rich grab samples, collected by the owner of the Claims yielded up to 10.80 grams per tonne gold, 38.7 grams per tonne silver and 14.10% copper. Smith did not take any samples to confirm previous sampling but has relied in his Report on the results of assays by Government Geologist (as cited), and Mr. Hamish Macfarlane, F.G.A.C.

Ground magnetics carried out during the 1990 work programme defined two, distinct magnetic highs between lines 900 and 1100E and between 1100 and 1550E. This area, over which readings up to 3934 gammas above background (56,000 gammas) were recorded, is underlain by coarse grained diorite or migmatite. The source of these anomalies have yet to be determined but may be relatively shallow.

The IP survey conducted by the Company over the skarn areas in the central portion of the Claims, has revealed five different distinct anomalies that have strong exploration potential. All anomalies are in areas of known sulfide bearing skarn mineralization.

Two test diamond drill holes were located to evaluate the southern and main IP anomalies. The holes intersected significant intervals of skarn but did not locate economic mineralization. According to the Smith Report the poddy nature of the gold bearing copper rich zones and the topography in this area will make it difficult to measure the grade with limited drilling. The southern skarn IP anomaly remains unexplained.

#### G. Recommendations

The Smith Report recommends a continuing program of exploration to evaluate the Skarn Zones and associated geophysical anomalies defined on the Claims. Smith recommends a two phase work program for the Claims which consists

primarily of a detailed magnetic survey to the northwest end of the Claims followed by trenching to determine the source of magnetic features. Dependent upon the results of the first phase of the work programme a second phase programme recommends drilling of the known mineralization on the Claims.

The Company intends to budget a total of \$75,000 from the proceeds of this Offering to complete Phase I of the recommendations in the Smith Report particulars of which are as follows:

Geology and support costs	\$20,000
Trenching and rehabilitation	15,000
Magnetic Geophysics and grid layout	12,000
Sampling and assay costs	7,000
Room and board and transportation	7,000
Engineering and report	7,000
Sub-total	<u>\$68,000</u>
Contingencies	7,000
Total Phase I	<u>\$75,000</u>

A decision to proceed with Phase II of the recommendations in the Smith Report will be dependent upon the results of the Phase I programme.

There is no known body of ore of commercial grade or tonnage on the Claims. There is no underground plan or equipment nor is there any surface plant or equipment on the Claims.

## 5. SHARE AND LOAN CAPITAL STRUCTURE

The authorized capital of the Company consists of 20,000,000 common shares without par value of which 1,398,308 common shares are issued and outstanding. All of the shares of the Company have equal voting rights and are not subject to any future call or assessment. There are no Special Rights or Restrictions of any nature attached to any of the common shares and they all rank pari passu, each with the other, as to all benefits which might accrue to the holders of the securities.

Designation of securities	Number of shares authorized	Amount Outstanding as of the date of the balance sheet contained in this Prospectus	Amount Outstanding as of the date of this Prospectus	Amount to be outstanding if all securities are sold
Common	20,000,000	1,398,308	1,398,308	1,998,308

As of the date of this Prospectus the Company does not have a contributed surplus or any retained earnings.

Options to purchase a total of 110,000 shares of the Company are held by directors and employees. Refer to "Options to Purchase Securities" under Item 15 herein for details.

Warrants to purchase 125,000 shares of the Company are held by the Agent pursuant to the Agency Agreement. Refer to "Plan of Distribution" under Item 2 herein for details.

Shares sold for cash as at the date of this Prospectus

<u>Number of Shares</u>	<u>Price Paid</u>	<u>Commission Paid</u>	<u>Cash Received</u>
750,000	.01	Nil	\$ 7,500
648,308	.25	Nil	\$162,077

Shares sold for other than cash as of the Date of this Prospectus

The Company has not issued shares for other than cash. The Company is required to issue 50,000 shares on the listing of the Company's shares on the Vancouver Stock Exchange pursuant to its agreement to acquire its interest in the Extra Claims as described in Item 4 hereof.

6. **ESCROWED SHARES**

As of the date of this Prospectus, the following escrowed shares were outstanding:

<u>Name</u>	<u>Designation of Class of Shares</u>	<u>No. of Shares</u>	<u>Percentage of issued Shares</u>
William A. Trimble	Common	750,000	53.6% *

\* Prior to the Offering contemplated herein.

The 750,000 shares are held by the Pacific Corporate Trust Company of 830 - 625 Howe Street, Vancouver, British Columbia, pursuant to an Escrow Agreement dated

September 1, 1990 (the "Escrow Agreement") subject to the direction or determination of the Superintendent of Brokers for British Columbia (the "Superintendent") prior to the listing of the Company's shares on the Exchange and following such listing, to the direction or determination of the Exchange. The escrow restrictions provide that these 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 these shares without the written consent of the Superintendent (prior to listing) or the Exchange following Listing.

The Escrow Agreement provides that the holder of the shares may exercise all voting rights attached to the shares, but waives any rights in respect of the shares to:

- (i) vote the shares on a resolution to cancel any of the shares,
- (ii) receive dividends, and
- (iii) to participate in the assets and property of the Company on any winding up or dissolution.

A portion of the consideration for the issuance of these shares is to encourage the holders thereof to act in the best interest of the Company, and if the Company becomes successful due in part to the efforts of the holders of these shares, such shareholders will be entitled to maintain their ownership of these shares, and to obtain periodic releases from escrow in accordance with the general policies of the Superintendent or the Exchange.

Holders of escrowed shares will be entitled to pro-rata release of those shares on the basis of 15% of the original number of shares issued for every \$100,000 expended on exploration and development of a resource property by:

- (a) the Company; or



- (b) a person other than the Company in order to earn an interest in the resource property, but only in respect of that proportion of the expenditure equal to the Company's remaining proportionate interest in the resource property after the person's interest has been earned;

provided that

- (c) no more than 50% of the original number of escrowed shares may be released in any 12 month period; and
- (d) no expenditure on exploration and development made prior to the date of the receipt for the Company's prospectus for its initial public offering may be included.

Where administrative expenses exceed 33% of total expenditures during the period on which the calculation in section referred to above is based:

- (a) the pro-rata release factor of 15% will be reduced to 7.5%, and
- (b) the percentage of the original number of escrow shares available for release in any 12 month period will be reduced to 25%.

Any shares not so released within 10 years of the Effective Date of this Prospectus shall be cancelled. A complete text of the Escrow Agreement is available for review at Suite 1710 - 1177 West Hastings Street, Vancouver, British Columbia during normal business hours during the period of primary distribution of the securities offered hereunder.

## 7. POOLED SHARES

There are no shares held in pool.

## 8. RISK FACTORS

The securities offered by this Prospectus must be considered speculative, due to the nature of the Company's business and in particular due to the following factors:

- (a) There is no known body of ore on the Company's Mineral Claims. 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. The only alternative to the 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 and development thereof, which is not presently contemplated.
- (b) There is no established market for the shares of the Company and no assurance that one will develop.
- (c) Exploration for minerals is a speculative venture necessarily involving some substantial risk. There is no certainty that the expenditures to be made by the Company in development of the property interests described herein will result in discoveries of commercial quantities of ore.
- (d) Resource exploration and development is a speculative business and involves a high degree of risk. The marketability of natural resources which may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of nature resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

- (e) Mining operations generally involve a high degree of risk. Hazards such as unusual or unexpected formations and other conditions are involved. The Company may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material, adverse effect on the Company's financial position.
- (f) While the Company has obtained the usual industry standard title report with respect to its property, this should not be construed as a guarantee of title. The property may be subject to prior unregistered agreements or transfers or native land claims, and title may be affected by undetected defects.
- (g) The Issuer's property consists of recorded mineral claims which have not been surveyed, and therefore, the precise area and location of such claims may be in doubt.
- (h) Reference is made to the section headed "Conflicts of Interest" concerning possible conflicts of interest involving directors and officers of the Issuer.
- (i) The securities offered under this Prospectus (excluding any securities acquired by underwriters, directors or employees from the exercise of share purchase options or warrants) will represent 30.02% of the outstanding shares of the Company on completion of the offering, as compared to 66.97% issued to promoters, directors, officers, substantial security holders (as defined in the British Columbia Securities Act) and underwriters for cash, property and services (assuming no further purchases by such persons under the offering).

## 9.

### DILUTION

Based on the Company having a book value of 11¢ per common share prior to the date of this Offering, purchasers of shares sold pursuant to this Prospectus will suffer an immediate dilution of 22.5¢, or approximately 56%, per common

share on the basis of there being 1,998,308 common shares of the Company outstanding after the offering and sale of 600,000 shares hereunder and after allowance for the Agent's commission and the cost of this issue.

10. PRINCIPAL HOLDERS OF SECURITIES

- (a) To the best of the knowledge of the Company, prior to the issuance of any shares hereunder, the only shareholders who own beneficially, directly or indirectly, more than 10% of the issued shares of the Company are disclosed in the following table:

<u>Name &amp; Address</u>	<u>Designation of Class</u>	<u>Type of Ownership</u>	<u>Number of Shares Owned</u>	<u>Percentage of Class</u>
William Trimble	Common	Direct	750,000	53.6%
Stateside Energy Corp.*	Common	Direct	588,308	42.0%

- \* Stateside Energy Corporation is a reporting company the shares of which are listed for trading on the Vancouver Stock Exchange. These shares are under option to Company Director and President William Trimble. Refer to Item 23 "Other Material Facts" for particulars of this option agreement.

- (b) The Directors, Senior Officers, Promoters, Underwriters and their Associates own, as a group, directly or indirectly, 750,000 shares in the capital of the Company, being approximately 54% of the shares issued prior to this Offering.

11. DIRECTORS AND OFFICERS

The names, addresses and principal business or occupations for each of the directors and officers of the Company is as follows:

<u>Name &amp; Address</u>	<u>Principal Occupation for past five years</u>	<u>Office Held</u>
William Allan Trimble 4068 Goldie Court North Vancouver, B.C. V7G 2P4	President Jordan Ventures Corporation, a non-reporting British Columbia company which owns Apex Alpine Ski Resort;	Director/ President

President PLC Systems Inc., a reporting company the shares of which are listed for trading on the Vancouver Stock Exchange; formerly registered representative with LOM Western Securities Ltd.

Fraser Bruce Martin #27 - 1350 W. 6th Ave. Vancouver, B.C. V6H 1A7	Self-employed management consultant, free-lance journalist	Director/ * Secretary
Robert Jamieson Paul #305-4001 Seymour Parkway North Vancouver, B.C.	Hospital Worker; formerly Fitness Instructor, Driver, Expo 1986	Director *
Brent Allan Griffin 519 Second Street New Westminster, B.C. V3L 2M2	Geologist; Sales Manager, J.K. Smit & Boyles, a drilling sales and manufacturing company servicing the mining and oil and gas industries.	Director *

\*(denotes member of Audit Committee)

Relationship of Directors, Officers and Promoters of the Company to other Reporting companies.

	<u>Company Name</u>	<u>Office Held</u>	<u>Term</u>
William Trimble	Britannia Gold Corp.	Director/President	Oct, 1990 to present
	PLC Systems Inc.	Director/President	July, 1990 to present
	Riley Resources Ltd.	Director/President	June, 1990 to present
Fraser Martin	Britannia Gold Corp.	Director/Secretary	Oct, 1990 to present
	PLC Systems Inc.	Director/Secretary	July, 1990 to present
	Riley Resources Ltd.	Director/Secretary	June, 1990 to present
Robert Paul	Britannia Gold Corp.	Director	Oct, 1990 to present
	Riley Resources Ltd.	Secretary	June, 1990 to present
Brent Griffin	Britannia Gold Corp.	Director	Oct, 1990 to present
	Noramex Minerals Inc.	Director	Oct, 1985 to present
	TME Resources Inc.	Director	July, 1984 to present

Ruby Mountain Mines Inc. Director	1988-1989
All-North Resources Ltd. Director	1987-1988

None of the above companies was, during the period that a Director/Officer/Promoter of the Company was a Director/Officer or Promoter of such reporting company, struck off the Register of Companies by the British Columbia Registrar of Companies or other similar authority, nor were the companies' securities the subject of a cease trade order for a period of more than thirty (30) consecutive days, except as hereinafter set forth.

William Trimble and Fraser Martin were elected Directors of Riley Resources Ltd., formerly International Cruiseshipcenters Corp. in June of 1990. The shares of International Cruiseshipcenters Corp. were the subject of a cease trade order issued by the Superintendent of Brokers for the Province of British Columbia in June of 1989 for failure to file required annual and interim financial information. Directors Trimble, Martin and Paul are representing a group of minority shareholders who are attempting to reorganize the affairs of International Cruiseshipcenters Corp. and to have the shares of that company re-instated for trading on the Vancouver Stock Exchange. Brent Griffin is a director of Rhyolite Resources Inc. the shares of which are subject to a cease trade order for failure to file required annual financial information. Directors Trimble, Martin, Paul and Griffin, representing certain minority shareholders, were elected Directors of Britannia Gold Corp. in October of 1990, at a court ordered annual general meeting of that corporation. Former management of that company refused to deliver up accounting records relating to the company's affairs and as at January 28, 1991, a Cease Trade Order was issued against Britannia Gold Corp. for failure to file interim financial statements for the nine (9) month period ended September 30, 1990. A court action was commenced to obtain the accounting information and the required financial statements were prepared and filed with the Regulatory Authorities as at March 20, 1991. The Cease Trade Order was rescinded effective March 26, 1991.

Director William A. Trimble is a co-defendant in a civil law suit commenced by a Plaintiff against Mr. Trimble, certain other individuals and Mr. Trimble's

former employer arising from events which occurred during the time he was a registered securities representative. The claim alleges that the Plaintiff was an unsophisticated investor and relied on the representations of Mr. Trimble and others with respect to investment decisions and advice, for which he suffered financial loss. The claim alleges breaches of fiduciary duty and misrepresentation. The Defendants have filed a Defense to the action, disputing all of the claims of the Plaintiff. The Plaintiff has adjourned a previously established trial date for the action and no new trial date has been set.

Director Fraser Martin made an Assignment into bankruptcy on March 23, 1989. Effective August 30, 1989, Mr. Martin received an absolute order of discharge in respect of the bankruptcy matter.

None of the Directors, Officers or Promoters of the Company have, within the past ten years, been the subject of any penalties or sanctions by a court or securities regulating authority relating to trading in securities, the promotion, formation or management of a publicly traded company or involving theft or fraud.

## 12. STATEMENT OF EXECUTIVE COMPENSATION

The Company has not yet established any policy with respect to the payment of any remuneration to directors and officers for acting in their capacity as such. The Company has a Management Agreement with WAT Communication and Management Ltd., a non-reporting company controlled by Company President and Director William Trimble dated September 1, 1990, pursuant to which the Company has agreed to pay the sum of \$2,500 per month for management services. The Company has also agreed to pay its pro-rata share of office space and for secretarial and related administrative expenses not to exceed \$600 per month at its premises at #2910 - 700 West Georgia Street, Vancouver, British Columbia. The initial term of the agreement is for one (1) year.

For the fiscal year ended August 31, 1990 the Company paid \$24,000 for management fees and \$18,000 for rent to Stateside Energy Corporation, formerly

its parent company. Stateside Energy Corporation is a reporting company, the shares of which are listed for trading on the Vancouver Stock Exchange.

The Company has granted incentive stock options to various Directors and Employees as disclosed in Item 15 of this Prospectus. These options have been granted at the discretion of the Directors. The period over which these options may be exercised has been established by the Directors. Any option that is exercised must be paid for in cash at the time of exercise. No options have yet been exercised.

Other than as disclosed herein, the Company has no formal compensation plans in existence, compensation being determined by the Directors in their discretion. There are also no other forms of compensation paid or to be paid to the Company's executive officers.

There are no termination plans or arrangements in respect of compensation to be received by executive officers in view of compensating such officers in the event of the termination of their employment or in the event of a change in responsibilities following a change of control of the Company, other than statutory severance pay.

### 13. PROMOTERS

Pursuant to the definition contained in Section 1(1) of the British Columbia Securities Act, the Promoter of the Company is Company Director and President William Trimble in that he took the initiative in the founding, organizing or substantial re-organizing of the business of the Company.

Reference is made to Item 6 herein for particulars of Escrow Shares received, Item 12 for particulars of Executive Compensation and Item 16 for particulars of Interest of Management in Material Transactions.

### 14. CONFLICTS OF INTEREST

Directors of the Company also serve as directors of other companies. Accordingly, it may occur that business opportunities will be offered to both the Company and such other companies. Furthermore, those other companies may



participate in the same businesses as those in which the Company has an interest. As a result, there may be situations which involve a conflict of interest. In such event, the directors would not be qualified to vote at meetings of directors on resolutions which evoke any such conflict. The directors will attempt to avoid dealing with such other companies in situations where conflicts might arise and will at all times use their best efforts to act in the best interests of the Company.

15. **OPTIONS TO PURCHASE SECURITIES**

The following Director and Employee options are outstanding:

(a) Director Options:

<u>Name</u>	<u>Number of Shares</u>	<u>Exercise Price</u>	<u>Term</u>
Brent Griffin	20,000	40¢	Expiring December 31, 1992
Robert Paul	20,000	40¢	Expiring December 31, 1992

(b) Employee Options:

<u>Name</u>	<u>Number of Shares</u>	<u>Exercise Price</u>	<u>Term</u>
William Trimble	50,000	40¢	Expiring December 31, 1992
Fraser Martin	20,000	40¢	Expiring December 31, 1992

16. **INTEREST OF MANAGEMENT IN MATERIAL TRANSACTIONS**

- (a) Company Director William Trimble purchased a total of 750,000 Escrowed Shares of the Company at a price of \$0.01 per share. These shares are held pursuant to an Escrow Share Agreement and are only released to the holder thereof on the approval of the Superintendent of Brokers for British Columbia ("Superintendent") prior to the listing of the Company's shares on the Vancouver Stock Exchange ("Exchange") and following such listing at the

direction or determination of the Exchange. Reference is made to Item 6 hereof for particulars of these Escrowed Shares.

- (b) Company Director and President William Trimble has an option to purchase 588,308 shares of the Company from Stateside Energy Corporation ("Stateside"). The shares under option were purchased by Stateside while the Company was a non-reporting Company at a price of \$0.25 per share for a total purchase price of \$147,077. Stateside is a reporting British Columbia company the shares of which trade on the Vancouver Stock Exchange. No Officers, Directors, Employees or Insiders of Stateside are Officers, Directors or Employees of the Company. Stateside, by virtue of its shareholdings in the Company is an Insider of the Company as defined in the Securities Act of British Columbia.

17. AUDITORS, TRANSFER AGENTS AND REGISTRARS

The Auditors for the Company are Benson & Company, Chartered Accountants of 400 - 1530 West 8th Avenue, Vancouver, British Columbia, Canada.

The Transfer Agent and Registrar for the shares of the Company is the Pacific Corporate Trust Company, 830 - 625 Howe Street, Vancouver, British Columbia, Canada, V6C 3B8.

18. SOLICITORS

The solicitors for the Company are Messrs. Tupper, Jonsson & Yeadon, Barristers & Solicitors, of Suite 1710 - 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2L3.

19. INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

No Director or Senior Officer of the Company is or has been indebted to the Company at any time during the last completed financial year.

20. **DIVIDEND RECORD**

The Company has not paid any dividends. The Company intends to retain any earnings for use in its business and does not expect to pay dividends on the common shares in the foreseeable future.

21. **LEGAL PROCEEDINGS**

There are no legal proceedings pursuant to which the Company is a party nor to the knowledge of the signatories hereto are any such proceedings known to be contemplated.

22. **MATERIAL CONTRACTS**

The only material contracts entered into by the Company for the period since incorporation of the Company to the date hereof, other than contracts entered into in the ordinary course of business are as follows:

- (a) The Agency Agreement dated November 6, 1990 as amended March 15, 1991, described under "Plan of Distribution" in Item 2 hereof;
- (b) The Property Option Agreement described in Item 4 hereof;
- (c) The Escrow Agreement dated September 1, 1990 described in Item 6 hereof;
- (d) The Management Agreement dated September 1, 1990 described in Item 12 hereof;
- (e) The Director and Employee option agreements all dated October 1, 1990 described in Item 15 hereof.

Copies of these agreements may be examined at the registered office of the Company, Suite 1710 - 1177 West Hastings Street, Vancouver, British Columbia, V6E 2L3, during normal business hours while the shares offered pursuant to this Prospectus are in the course of distribution to the public and for a period of 30 days thereafter.

23. **OTHER MATERIAL FACTS**

Pursuant to a Share Purchase Option Agreement dated August 30, 1990 Stateside Energy Corporation ("Stateside"), a reporting company, the shares of which are

listed for trading on the Vancouver Stock Exchange, which holds a total of 588,308 shares of the Company, purchased at the non-reporting stage at a price of \$0.25 per share, granted an option to William Trimble, President and a Director of the Company to purchase these shares at any time within 18 months from the date of listing of the Company's shares on the Exchange as follows:

- (i) if exercised within 1 year of listing at a price of \$0.30 per share;
- (ii) if exercised subsequent to 1 year of listing but prior to 18 months from the date of listing on the Exchange at a price of \$0.35 per share.

William Trimble purchased 750,000 shares of the Company from Stateside pursuant to an agreement dated August 30, 1990. These shares are escrowed as described in Item 6 herein.

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

#### 24. STATUTORY RIGHTS OF RESCISSION AND WITHDRAWAL

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 (British Columbia) or consult a lawyer.

LANDON RESOURCES LTD.  
(FORMERLY STATESIDE MINES LTD.)

FINANCIAL STATEMENTS

AUGUST 31, 1990

AUDITOR'S REPORT

BALANCE SHEET

STATEMENT OF LOSS AND DEFICIT

STATEMENT OF DEFERRED EXPLORATION EXPENDITURES

STATEMENT OF CHANGES IN FINANCIAL POSITION

NOTES TO THE FINANCIAL STATEMENTS

# Benson + Company = Chartered Accountants

## AUDITOR'S REPORT

To the Directors of Landon Resources Ltd.  
(formerly Stateside Mines Ltd.)

We have examined the balance sheet of Landon Resources Ltd. (formerly Stateside Mines Ltd.) as at August 31, 1990 and the statements of loss and deficit, deferred exploration expenditures, and changes in financial position for the year 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 August 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A handwritten signature in cursive script that reads "Benson + Company".

Chartered Accountants

Vancouver, B.C.  
December 10, 1990

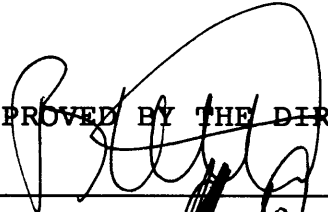

LANDON RESOURCES LTD.  
(FORMERLY STATESIDE MINES LTD.)  
BALANCE SHEET  
AS AT AUGUST 31, 1990

	<u>1990</u>	<u>1989</u>
<u>ASSETS</u>		
CURRENT		
Cash	\$ 2,244	\$ 1
	-----	-----
	2,244	1
INVESTMENT IN WORKING OPTION AGREEMENT (Note 3)	10,000	-
DEFERRED EXPLORATION EXPENDITURES (Note 4)	101,715	-
	-----	-----
	\$113,959	\$ 1
	=====	=====

LIABILITIES & SHAREHOLDER'S EQUITY

CURRENT		
Accounts payable and accrued liabilities	\$ 4,094	\$ -
	-----	-----
	4,094	-
SHARE CAPITAL (Note 5)	154,577	1
DEFICIT	(44,712)	-
	-----	-----
	\$113,959	\$ 1
	=====	=====

APPROVED BY THE DIRECTORS:

  
 \_\_\_\_\_ Director  
  
 \_\_\_\_\_ Director

LANDON RESOURCES LTD.  
(FORMERLY STATESIDE MINES LTD.)  
STATEMENT OF LOSS AND DEFICIT  
FOR THE YEAR ENDED AUGUST 31, 1990

	<u>1990</u>	<u>1989</u>
EXPENSES		
Audit	2,000	-
Bank charges	\$     65	\$     -
Legal	647	-
Management fees (Note 6)	24,000	-
Rent and office services (Note 6)	18,000	-
	-----	-----
NET LOSS FOR THE YEAR	44,712	-
	-----	-----
DEFICIT, BEGINNING OF YEAR	-	-
	-----	-----
DEFICIT, END OF YEAR	44,712	-
	-----	-----
	\$ 44,712	\$     -
	=====	=====



LONDON RESOURCES LTD.  
(FORMERLY STATESIDE MINES LTD.)  
STATEMENT OF DEFERRED EXPLORATION EXPENDITURES  
FOR THE YEAR ENDED AUGUST 31, 1990

	<u>1990</u>	<u>1989</u>
Accommodation	\$ 5,639	\$ -
Assays	1,284	-
Drilling and drilling wages	18,847	-
Filings	100	-
Geology wages	27,821	-
Geophysics	17,000	-
Insurance	1,000	-
Legal	2,478	-
Maps	2,040	-
Office	337	-
Overhead	9,631	-
Research and reports	7,257	-
Staking	645	-
Supplies	1,545	-
Transportation and rentals	6,091	-
	-----	-----
	\$101,715	\$ -
	=====	=====

LONDON RESOURCES LTD.  
(FORMERLY STATESIDE MINES LTD.)  
STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE YEAR ENDED AUGUST 31, 1990

	<u>1990</u>	<u>1989</u>
OPERATING ACTIVITIES		
Net loss for the year	\$(44,712)	\$ -
Cash provided by changes in non-cash working capital items		
Accounts payable and accrued liabilities	4,094	-
	-----	-----
	(40,618)	-
	-----	-----
FINANCING ACTIVITIES		
Issue of share capital	154,576	-
	-----	-----
	154,576	-
	-----	-----
INVESTMENT ACTIVITIES		
Investment in Working Option Agreement	(10,000)	-
Deferred Exploration Expenditures	(101,715)	-
	-----	-----
	(111,715)	-
	-----	-----
INCREASE IN CASH	2,243	-
OPENING CASH BALANCE	1	1
	-----	-----
CLOSING CASH BALANCE	\$ 2,244	\$ 1
	=====	=====
CASH CONSISTS OF:		
Cash	\$ 2,244	\$ 1
	=====	=====

LONDON RESOURCES LTD.  
(FORMERLY STATESIDE MINES LTD.)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 1990

1. NATURE OF OPERATIONS:

The Company is in the process of exploring its mineral resource properties and has not yet determined whether the mineral resource properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for Deferred Exploration Expenditures and for the Investment in Working Option Agreement is dependent upon the discovery of economically recoverable reserves attributable to the Company's interest in the mineral properties, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production.

2. SIGNIFICANT ACCOUNTING POLICIES:

a) Deferred Exploration Expenditures:

The company capitalizes all exploration and development costs that result in the acquisition of resource properties or any interest therein. The accumulated costs including applicable exploration and development expenses relative to non-productive properties that the Company abandons interest in are written off. Otherwise, the exploration and development costs are amortized over the estimated useful lives of the producing properties, based on a method relating recoverable reserves to production.

b) Administrative Expenses:

The Company expenses all administrative costs in the year that are not specifically related to a property.

3. OPTION AGREEMENT:

On April 5, 1990 the Company was granted an exclusive Working Option to purchase the Extra 1 and Extra 2 Mineral Claims consisting of 40 units located in the Alberni Mining Division, Province of British Columbia.

LANDON RESOURCES LTD.  
(FORMERLY STATESIDE MINES LTD.)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 1990

3. OPTION AGREEMENT (CONT'D):

In order to maintain the Working Option in good standing and to earn the interest in the Mineral Claim the Company is obligated to pay the Optionor \$60,000, incur Exploration Expenditures of a minimum of \$300,000 on the Mineral Claims, and issue to the Optionor 100,000 shares of the Company as follows:

- a) pay to the Optionor on the execution of the Agreement \$10,000 (paid) and issue to the Optionor 25,000 shares on the commencement of trading of the shares of the Company on the Vancouver Stock Exchange;
- b) incur Exploration Expenditures of a minimum of \$100,000 on the Mineral Claims, pay to the Optionor an additional \$20,000 and issue to the Optionor an additional 25,000 shares on or before April 1, 1991;
- c) incur Exploration Expenditures of a further \$100,000 on the Mineral Claims, pay to the Optionor an additional \$30,000 and issue to the Optionor an additional 25,000 shares on or before April 1, 1992;
- d) incur Exploration Expenditures of a further \$100,000 on the Mineral Claims and issue to the Optionor an additional 25,000 shares on or before April 1, 1993.

Upon commercial production, the Optionor shall be entitled to receive a royalty of 2% of Net Smelter Returns. The Company shall have the option to purchase the royalty interest for \$750,000. Advanced royalty payments of \$10,000 per annum are to commence April 1994.

4. DEFERRED EXPLORATION EXPENDITURES:

Extra 1 and Extra 2 Mineral Claims

Balance at beginning of year	\$ -
Deferred Exploration Expenditures incurred during the year	101,715
	-----
Balance at end of year	\$101,715
	=====

LANDON RESOURCES LTD.  
(FORMERLY STATESIDE MINES LTD.)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 1990

5. SHARE CAPITAL:

Share Capital:

Authorized: 10,000,000 common shares without par value

Issued and Outstanding:

	YEAR ENDED AUGUST 31, 1990		YEAR ENDED AUGUST 31, 1989	
	# OF SHARES	\$	# OF SHARES	\$
Opening balance	1	\$ 1	1	\$ 1
Issued for cash	588,308	147,077	-	-
Issued for cash - escrow	750,000	7,500	-	-
Gifted to the Company and cancelled	(1)	(1)	-	-
Closing balance	1,338,308	\$154,577	1	\$ 1

During the year 750,000 common shares were issued to Stateside Energy Corporation at a deemed value of \$0.01 per share. Effective August 30, 1990, these shares were sold to William Trimble, Director and President of the Company. These shares are held in escrow subject to release upon approval by regulatory authority.

During the year 588,308 shares were issued to Stateside Energy Corporation at a deemed value of \$0.25 per share. Effective August 30, 1990, Stateside Energy Corporation granted an option to purchase these common shares of the Company to William Trimble.

6. RELATED PARTY TRANSACTION:

During the year Stateside Energy Corporation charged management fees of \$24,000. In addition, Stateside Energy Corporation charged the Company \$18,000 representing a pro-rata share of rent, telephone, secretarial and other office services.

LANDON RESOURCES LTD.  
(FORMERLY STATESIDE MINES LTD.)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 1990

7. SUBSEQUENT EVENTS:

In September 1990, the Company issued 60,000 common shares for cash and increased the authorized share capital to 20,000,000 shares.

In September 1990, the Company changed its name from Stateside Mines Ltd. to Landon Resources Ltd.

In October 1990, the Company granted the following common stock options to Directors and Employees:

(a) Director Options:

<u>Name</u>	<u>Number of Shares</u>	<u>Exercise Price</u>	<u>Term</u>
Brent Griffin	20,000	\$0.40	Expiring December 31, 1992
Robert Paul	20,000	\$0.40	Expiring December 31, 1992

(b) Employee Options:

<u>Name</u>	<u>Number of Shares</u>	<u>Exercise Price</u>	<u>Term</u>
William Trimble	50,000	\$0.40	Expiring December 31, 1992
Fraser Martin	20,000	\$0.40	Expiring December 31, 1992

The Company is in the process of preparing a public offering through the auspices of the Vancouver Stock Exchange of 600,000 common shares at \$0.40 per share. The Company is to enter into an Agency Agreement whereby the Agent agrees to purchase any shares not sold at the conclusion of the offering. In consideration thereof, the Agent is granted non-transferrable share purchase warrants entitling the Agent to purchase up to 150,000 shares of the Company at any time up to one year from the date of listing of the Company's shares on the Exchange at a price of \$0.45 per share. The Agent will receive a commission of \$0.04 per shares.

**F. Marshall Smith, P.Eng.**  
6580 Mayflower Drive, Richmond, British Columbia, Canada V7C 3X6  
Phone: (604) 271-6662 Fax: (604) 271-6607

**REPORT**

on the

**EXTRA PROPERTY**

(EXTRA 1-4 CLAIMS)

**ALBERNI MINING DIVISION**

**BRITISH COLUMBIA**

**NTS 92 E/15E**

**Latitude: 49° 56' N**  
**Longitude: 126° 41' W**

**For:**

**Landon Resources Ltd.**  
**1710-1177 West Hastings Street**  
**Vancouver, B.C.**  
**V6E 2L3**

**by:**

**F. Marshall Smith, P. Eng.**  
**September 28, 1990**  
**Revised January 11 and February 14, 1991**

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Figure 13 3-D View of Magnetic Data .....	Following 13



## SUMMARY

The Extra property comprises 4 mineral claims located in the Alberni Mining Division. The property is situated on the west coast of Vancouver Island, immediately west of the town of Tahsis, British Columbia. The area can be accessed year round via improved gravel roads west of the town of Gold River. Logging roads provide excellent two-wheel drive access to and within the claims, where elevations vary from sea level to about 1,132 metres (3,714 feet).

The property is situated about 12 kilometres southeast of the famous Zeballos mining camp. Recorded production from the Zeballos area totals nearly 9.5 million grams of gold and over 4 million grams of silver from roughly 650,000 tonnes of ore.

The contact metasomatic showings within the Extra claims were originally discovered in 1922 and were evaluated over the next 6 years. Assay values as high as 0.7 ounces per ton gold, 2.6 ounces per ton silver, 9% copper and 6% zinc were reported from samples of sulphide bearing skarn taken by government engineers. Additional exploration was carried out between 1955 and 1970 by various resource companies. A 4.57 metre (15 foot) interval graded 3.52% copper and this included a 1.52 metre (5 foot) interval grading 5.52% copper and 5.49 grams per tonne (0.16 ounces per ton) gold. A 682 kilogram (1500 pound) bulk sample was also shipped to the Tacoma smelter as part of the 1962 programme. This sample is reported to grade 6.17 grams per tonne (0.18 ounces per ton) gold, 13.72 grams per tonne (0.40 ounces per ton) silver and 5.2% copper.

The northern portion of the Extra property is underlain by a variably deformed sequence of volcanic and sedimentary rocks assigned to the Upper Triassic Vancouver Group. Northwestward from the head of Tahsis Inlet a diorite stock has intruded the upper, sedimentary formations of this group.

Economically significant mineralization located within the claims to date occurs in association with contact metasomatic (skarn) zones. The skarns are formed at or near the contact between the Upper Triassic sediments and the diorite stock. These skarn zones contain discontinuous lenses and disseminated sulphide mineralization with gold, silver and copper values.

Skarn zones resulting from the metasomatism of limestone mainly consist of grandite<sup>1</sup> garnet with lesser actinolite and diopside. Those skarns derived from clastic sediments tend to be rich in diopside or epidote. Garnet dominant skarns host coarsely disseminated to patchy chalcopyrite with less pyrite and pyrrhotite, but the diopside skarns contain fine grained pyrite. Chalcopyrite-rich grab samples, collected by the owner, yield up to 10.80 grams per tonne gold, 38.7 grams per tonne silver and 14.10% copper. The author has not taken any samples to confirm previous sampling but has relied on the results of assays by Government Geologist (as cited), and Mr. Hamish Macfarlane, F.G.A.C.

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<sup>1</sup> grandite garnet is midway in composition from grossular and andradite

Ground magnetics defined two, distinct magnetic highs between lines 900 and 1100E and between 1100 and 1550E. This area, over which readings up to 3934 gammas above background (56,000 gammas) were recorded, is underlain by coarse grained diorite or migmatite. The source of these anomalies has yet to be determined but may be shallow.

The IP survey was conducted over the skarn areas in the central portion of the claims. This work has revealed five different distinct anomalies that have strong exploration potential. All anomalies are in areas of known sulfide bearing skarn mineralization.

Two test diamond drill holes were located to evaluate the southern and main IP anomalies. The holes intersected significant intervals of skarn but did not locate economic mineralization. The poddy nature of the gold bearing copper rich zones and the topography in this area will make it difficult to measure the grade with limited drilling. The southern skarn IP anomaly remains unexplained.

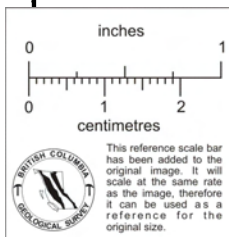
A continuing programme of exploration is recommended to evaluate the skarn zones and associated geophysical anomalies defined on the Extra property. The main zone magnetic feature is open to the north where stream samples indicate possible gold mineralization. This northern extension will require a detail magnetic survey followed by trenching to find the source of the magnetic features. The main zone sulfide and magnetic feature with any significant magnetic zone on the north extension will require diamond drilling to determine the grade and size of skarn zones. This programme is budgeted in two phases with the first recommended as \$75,000 for the magnetic survey and trenching. A second phase is recommended to test the known mineralization or targets located in the initial phase.

## INTRODUCTION

The Extra claims are situated at the head of Tahsis Inlet on the west coast of Vancouver Island. The claims cover precious-metal-enriched (PME) copper skarn mineralization near the contact of a limestone-rich sedimentary sequence with a dioritic stock.

To measure the economic significance of this mineralization, a programme of magnetic and induced polarization-resistivity (IP) geophysics, geological mapping and geochemical sampling was recently carried out on the property. This work was done by Searchlight Consultants Inc. personnel under the direction of the author. The writer examined the property in April of 1990.

This report was prepared at the request of Landon Resources Ltd. to recommend further work, if warranted. Previous work, totalling about \$96,000, is described in an assessment report by David Nelles, FGAC, Hamish Macfarlane, FGAC of Searchlight Consultants and David Mark, Geophysicist, of Geotronics Surveys. None of the assayed samples were collected by the author and all samplers are noted.



**LANDON RESOURCES LTD.**

**EXTRA PROPERTY**

ALBERNI MINING DIVISION, B. C.

**LOCATION MAP**

**SEARCHLIGHT CONSULTANTS INC.**

SCALE: 1:8,000,000

DATE: MAY, 1990

FIG. No. 1

## LOCATION AND ACCESS

The Extra property is on the west coast of Vancouver Island, immediately west of the town of Tahsis, British Columbia (Figure 1). The claims are centered near 49° 56' north latitude and 126° 41' west longitude at the head of Tahsis Inlet, a fjord separating Nootka and Vancouver Islands.

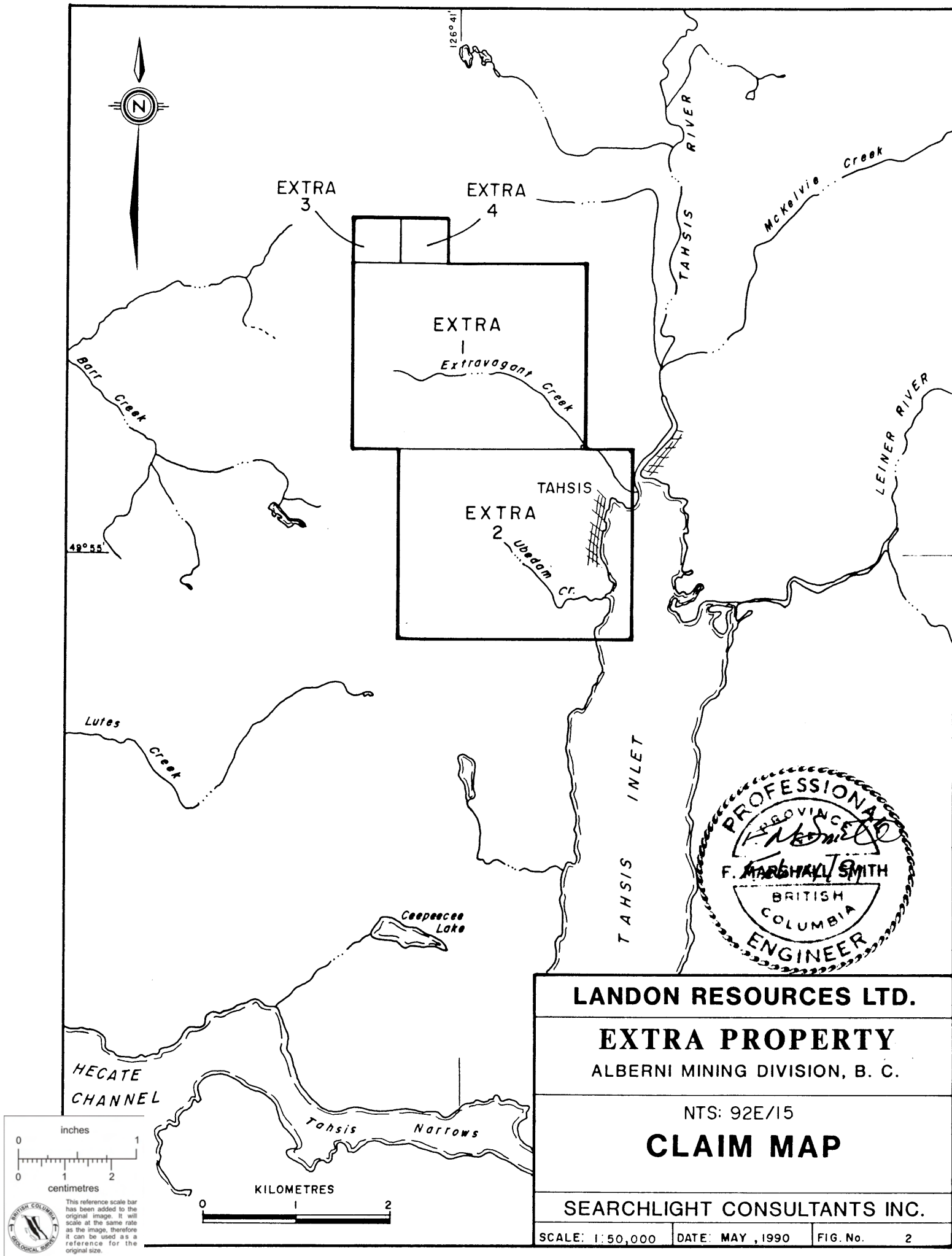
Year round vehicle access to Tahsis is by the loose surface Head Bay Forest road west from the town of Gold River. The total driving distance between the two centers is about 70 kilometres. Excellent road access to and throughout the property has been established over the past decade by Canadian Pacific Forest Products (CPFP). Logged forest covers nearly one third of the claimed area. Driving time from Tahsis to the main showings via the Extravagant Mainline is about 15 minutes. A two-wheel drive vehicle can be used on all the roads.

## PHYSIOGRAPHY AND VEGETATION

The Extra claims are situated on the southwestern margin of the Vancouver Island Mountains, immediately west of the head of Tahsis Inlet. Elevations vary from sea level in the southeast to about 1,132 metres (3,714 feet) in the west-central portion of the property. Moderate to steep slopes with little soil cover give good outcrop exposure.

The property falls within the Coastal Western Hemlock bio-geoclimatic zone that is characterized by hemlock, balsam and Douglas firs and western red cedar. The more moderate slopes around Extravagant and Ubedam Creeks have been clear-cut in the past decade. Mature stands of timber occupy the steeper headwater areas to the west of the creeks. Previous clear-cutting is also evident on the slopes immediately above Tahsis. Logging of the ridge separating Extravagant and North Extravagant Creeks is scheduled to occur later this summer.

Precipitation in the Tahsis area is heavy, averaging 3,830 millimetres (151 inches) per year. Snowfall, included in this total, averages about 690 millimetres (27 inches) at sea level. Although the climate in this area is unpredictable, the Extravagant Mainline is usually free from snow from late March through December.



## PROPERTY

The Extra property consists of two modified grid claims, the Extra 1 and 2, each 20 metric units in size, and two 2-Post claims located within the Alberni Mining Division (Figure 2). The claims are held under option by Landon Resources Ltd. The Extra 1 claim was located by David M. Nelles and the Extra 2 to 4 claims were located by Hamish Macfarlane. All the claims are owned by David M. Nelles and are subject to an option agreement originally with Stateside Mines Ltd. and more recently to Landon Resources Ltd. As of the date of this amended report the claims are in good standing until 1992. The following table details information on these claims:

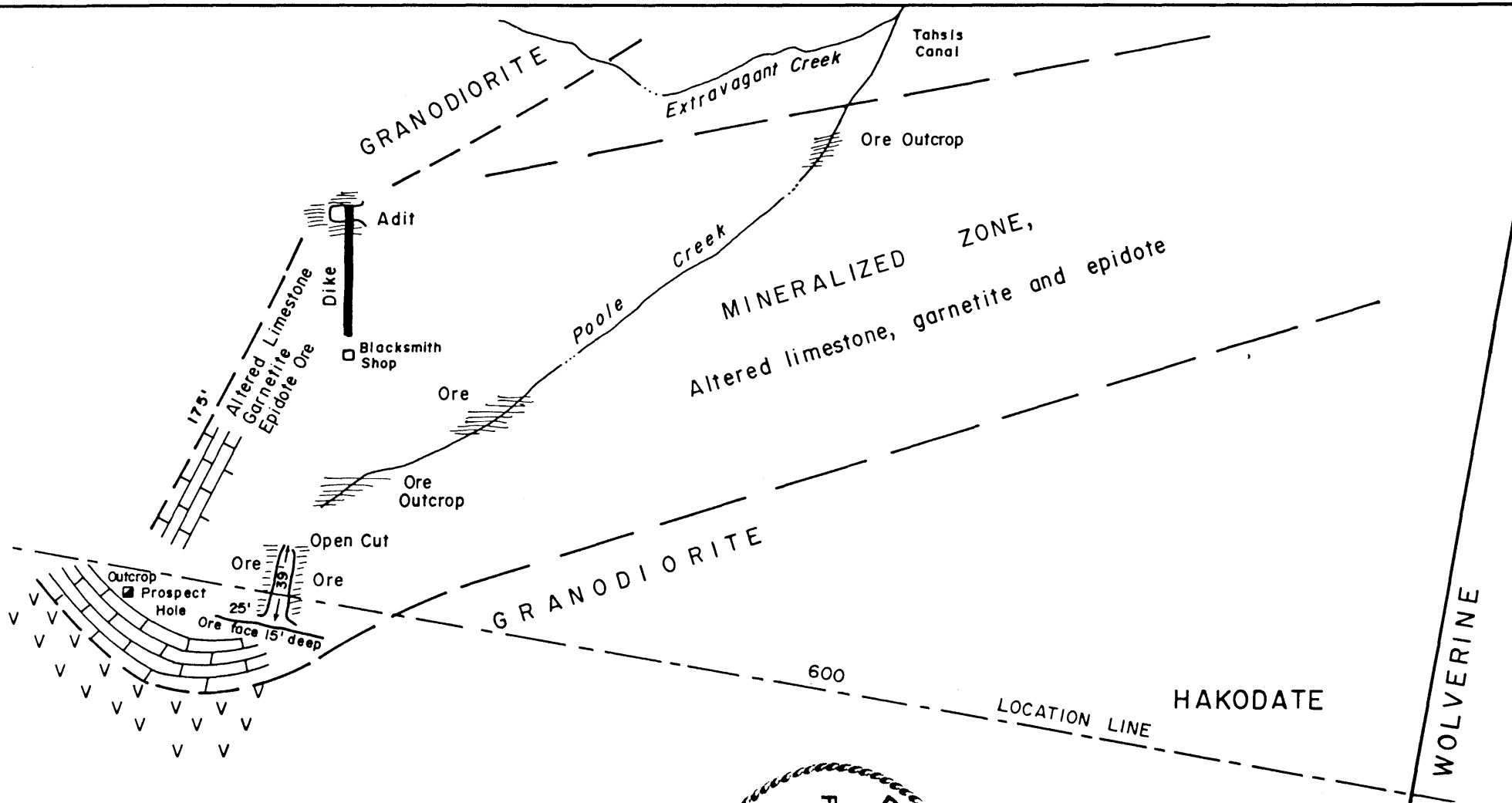
Claim Name	Record Number	Record Date
Extra 1	3989	February 1, 1990
Extra 2	3992	February 16, 1990
Extra 3	4120	June 3, 1990
Extra 4	4119	June 3, 1990

The Legal Corner Posts were not examined by the author and thus their validity is beyond the scope of this report. Some side posts, examined during the property examination, were situated as marked on the staking map. Claim tags were marked according to the current regulations.

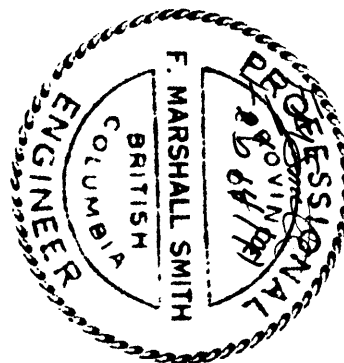
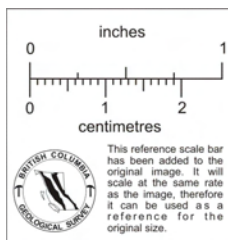
## HISTORY

The Extra property is situated about 12 kilometres southeast of the famous Zeballos mining camp. The exploration of the area began with the discovery of placer gold on the Zeballos River in 1907. Although the first lode gold discovery was made in 1924 (Stevenson, 1950), production from the camp did not begin until 1934. Gold and silver mineralization was recovered from thin quartz veins associated with a large quartz diorite stock of Eocene age. Recorded production from the camp totals about 9.5 million grams of gold and 4 million grams of silver from about 650,000 tonnes of ore.

Minor production is reported in the year 1895, but the showings within the Extra claims were discovered in 1922 by William Poole. The original discovery, the Star of the West, was made west of the head of Tahsis Inlet at an elevation of 150 metres. The following year, the Hakodate, Yokamma and Wolverine claims were added to the Star of the West Group. These new claims covered showings west of the original discovery. Their geology is described (EMPR AR-1923 pp A247-248) as a two metre wide contact metamorphic zone striking westerly and dipping steeply to the north. The mineralization in this zone included chalcopyrite, pyrite and pyrrhotite with accessory galena and sphalerite in a gangue of quartz and calcite. A sample taken from a '12 foot prospect hole' is reported (ibid) to have assayed 8.23 grams per tonne (0.24 ounces per ton) gold, 34.29 grams per tonne (1 ounce per ton) silver, 9% copper and 14% zinc.



With report of W. M. Brewer, 1926  
Resident Mining Engineer



**LANDON RESOURCES LTD.**

**EXTRA PROPERTY**

ALBERNI MINING DIVISION, B. C.

**ENGINEER'S PLAN OF  
HAKODATE SHOWINGS**

SEARCHLIGHT CONSULTANTS INC.

SCALE: 1:800 DATE: MAY., 1990 FIG. No. 3

On the Hakodate claim, similar mineralization was reported (ibid) to have been exposed over a distance of 41 metres at an elevation of 450 metres. Here, a 0.76 metre wide 'ore-body' hosted in garnetite is cut by a 0.46 metre andesite dyke. A sample (ibid) across the face of an open cut assayed 5.49 grams per tonne (0.16 ounces per ton) gold, 51.43 grams per tonne (1.50 ounces per ton) silver and 16% copper. Another sample returned 13.71 grams per tonne (0.40 ounces per ton) gold, 27.43 grams per tonne (0.80 ounces per ton) silver and 7.5% copper (ibid).

In 1924, limited development at the Star of the West showing was successful in increasing the known width of the 'ore-body' to over 5 metres. By 1925, many discoveries were being developed on the Hakodate claim near the headwaters of Extravagant Creek (then known as Ubedam Creek). Gold values are associated with arsenopyrite in this area.

The next year, W.M. Brewer, the B.C. Bureau of Mines Resident Mining Engineer examined the property. In his report (EMPR AR A pp 300-302), he describes a 53 metre wide mineralized zone composed of altered limestone, garnetite and epidote hosting irregularly disseminated 'ore'. This zone is shown to be in contact with a mass of granodiorite and located within the Hakodate claim (Figure 3). The following table details results from six samples taken by Brewer in 1926.

Description	Gold oz/t	Silver oz/t	Copper %	Zinc %
Hakodate:				
No. 1 Sample	Trace	Trace	Trace	2.0
No. 2 Sample	0.10	1.0	6.0	4.0
No. 3 Sample	0.12	1.0	9.0	Nil
No. 4 Sample	0.04	2.2	15.0	2.0
Star of the West:				
No. 1 sample from prospect working	Trace	Trace	0.2	2.0
No. 2 sample from prospect working	0.70	2.6	9.0	6.0

Renewed interest in the area occurred again in 1955 (EMPR AR 1956 A p 119). Rosea Copper Mines Ltd. constructed a road to the upper showings and cleaned out the old open cuts. Twenty one diamond drill holes totalling 606 metres were subsequently drilled to test extensions of the showings. An additional 17 holes were drilled the following year to test 'a sulphide zone within the skarn' (detail data unavailable).

In 1962, Belle Tahsis Mines Ltd. acquired the property (EMPR AR 1962 p 104, Northern Miner June 16, 1966). They conducted a programme of surface trenching, geological mapping, magnetic and electromagnetic geophysics and 642 metres of diamond drilling in 11 holes. A 4.57m (15 foot) interval grades 3.52% copper and includes a 1.52m (5 foot) interval grading 5.52% copper and 5.49 grams per tonne (0.16 ounces per ton) gold). A short 'high grade' zone is reported to have been intersected at shallow depths in this drilling. A 682 kilogram (1500



pound) bulk sample was also shipped to the Tacoma smelter as part of the 1962 programme. Company news releases indicate that this sample assayed 6.17 grams per tonne (0.18 ounces per ton) gold, 13.72 grams per tonne (0.40 ounces per ton) silver and 5.2% copper.

Exploration by Belle Tahsis continued in 1966 with the completion of about 300 metres of diamond drilling in 10 holes. Although recovery is reported to have been poor, good intervals of mineralization were intersected in three of these holes. The best interval was cut in the third hole, where 0.95 metres (3 feet) grading 4.46 grams per tonne (0.13 ounces per ton) gold, 58.29 grams per tonne (1.7 ounces per ton) silver and 7.2% copper was intersected. Detailed results of this and any subsequent work undertaken by Belle Tahsis have yet to be located.

Limited surface work was carried out in 1970 by Semiahmoo Petro-Mines Ltd (EMPR GEM 1970 p 284). They located the Geo 1-10 claims to encompass the original Star of the West showings. The following year, DeKalb Mining Corporation staked an additional 20 claims (EMPR GEM 1970 p 232). DeKalb undertook a programme of detailed geological mapping, induced polarization-resistivity geophysics, soil geochemistry and diamond drilling totalling 427 metres in eight holes. Unfortunately, reports covering this work have been lost by DeKalb and it is not known whether additional follow-up work was done.

No other assessment work had been filed from 1970 to the location of the Extra claims.

## REGIONAL GEOLOGY

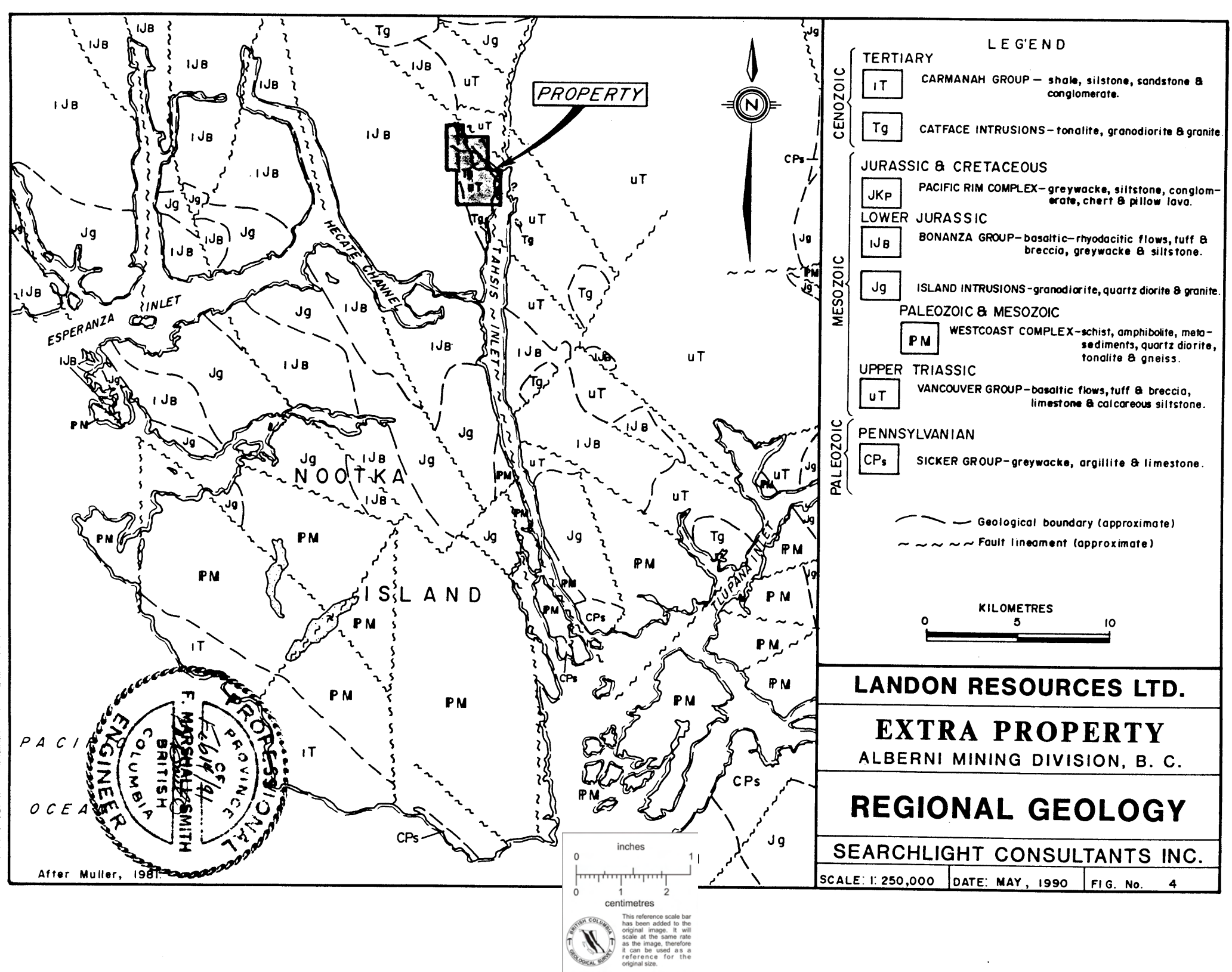
The Nootka Sound area is underlain by almost equal proportions of intrusive and volcanic or sedimentary rocks. These units vary from Carboniferous to Tertiary (Figure 4) age. The oldest rocks belong to the Pennsylvanian Sicker Group that consist of metamorphosed clastic sediments. These metamorphosed sediments are disconformably<sup>1</sup> overlain by rocks assigned to the Upper Triassic Vancouver Group. In the Nootka Sound area, this group comprises a thick volcanic member that is unconformably<sup>2</sup> overlain by a monoclinical, southwest dipping succession of carbonate and clastic sediments.

Both the Sicker and Vancouver Group rocks were metamorphosed by Lower to Middle Jurassic plutonism. They are now altered to an assemblage of amphibolite and basic intrusive or metamorphic minerals belonging to the Westcoast Crystalline Complex. The rocks assigned to this complex are in gradational contact with the granitic stocks and batholiths of the Island Intrusions, with which they are cogenetic (Muller et al., 1981). A further cogenetic relationship probably exists between these plutonic rocks and the volcanic members of the overlying Bonanza Group. These volcanics are, in turn, overlain by subordinate clastic sediments.

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<sup>1</sup> contact between stratigraphic layers where units on either side are parallel but there is a significant time difference between the units.

<sup>2</sup> contact between stratigraphic layers where units on either side are not parallel.



Small stocks and dykes of Eocene age intrude the Mesozoic rocks of Nootka sound in a roughly northwest-southeast alignment. These rocks include tonalite (quartz diorite), granodiorite and granite and have been assigned to the Catface Intrusions.

The youngest rocks in the map area belong to the Tertiary Carmanah Group, which consists of siltstones, sandstones and conglomerates. These rocks are discontinuously exposed along the west coast of Vancouver Island.

Intense deformation of the rocks underlying the Nootka map area is restricted to the Sicker Group and Pacific Rim Complex. This is a highly distorted assemblage of sediments underlying Vargas Island. The Mesozoic and younger age rocks appear to have undergone only syndepositional folding and block faulting. The prevalent trend of these steep faults is north-northwesterly, but aerial photographs show the superimposition of two or more fracture patterns of different age and origin (Muller et al., 1981).

## PROPERTY GEOLOGY

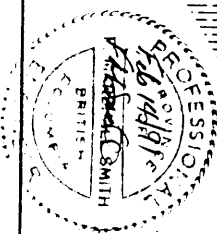
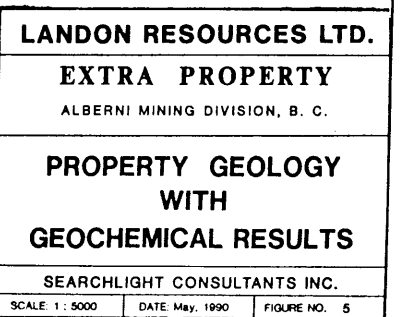
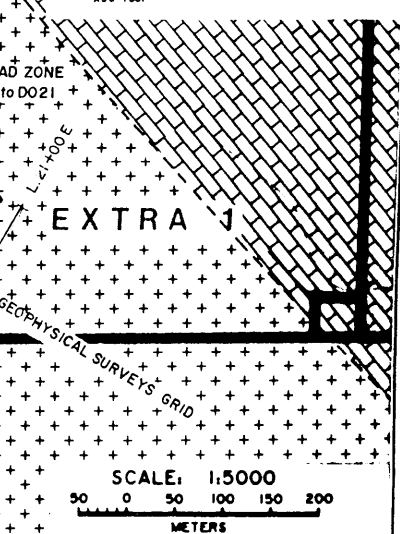
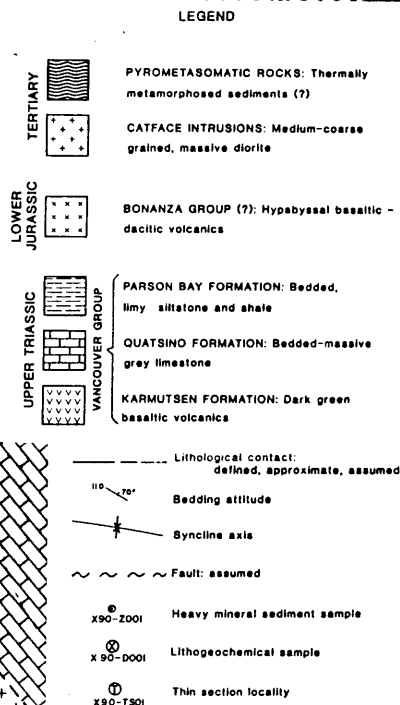
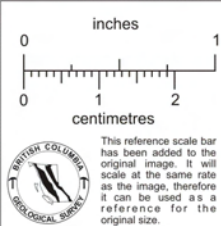
The northern portion of the Extra property is underlain by a variably deformed, north-northwest striking sequence of volcanic and sedimentary rocks. These units are assigned to the Upper Triassic Vancouver Group (Figure 5).

The oldest rocks exposed occur along the eastern edge of the Extra 1 claim. These rocks are dark green basaltic flows belonging to the Karmutsen Formation. They represent the top of a 3000 metre thick subdivision of the formation that are, according to Muller et al. (1981), layered, amygdaloidal flows with conspicuous jointing.

This thick volcanic pile is disconformably overlain by thinly bedded to massive, dark grey to white, fine grained limestone assigned to the Quatsino Formation. Although folding has complicated interpretation, the thickness of this sequence is estimated at 750 metres in the Tahsis area. Limestone beds near the top of the formation were seen to contain local relic organic structures, probably layers of shell debris.

Within the Quatsino formation are thin discontinuous interbeds of volcanics or volcano-sediments particularly on the eastern side of the property. Locally this contact is occupied by a wide intense shear zone striking nearly north-south in the southwestern portion of the property. The shear turns to a more northwesterly strike on the western portion of Extra 1 claim. The relation between the formation on the west side of this fault and the mapping by the Geological Survey (Parson Bay Formation) is not yet clear. These units appear to have been preferentially intruded by the Extravagant Creek stock.

There was a gradual transition from carbonate to clastic sedimentation in Late Triassic time in this area. This change occurs where these limestones were conformably overlain by thinly bedded, dark grey to black, very fine grained limy siltstone and shale belonging to the Parson



Bay Formation. Local pyritic interbeds of probable volcanic origin were also seen near the base of this unit, which has been estimated at 385 metres thick in this area.

Many thin, discontinuous, fine grained mafic dykes or sills were observed intruding members of the Parson Bay and Quatsino Formations south of Extravagant Creek. The origin of these intrusions has yet to be determined.

The unmapped southwestern corner of the property is believed to be underlain by a sequence of basaltic to dacitic flows and tuffs with minor intercalated sediments. These rocks belong to the Lower Jurassic Bonanza Group that unconformably overlies the Parson Bay Formation. Local fine to medium grained igneous rocks intruding(?) Parson Bay sediments, most notably along the southern boundary of the property, are believed to be hypabyssal equivalents of the extrusives emplaced at the onset of Bonanza volcanism.

Extending northwestward from the head of Tahsis Inlet is an elongate mafic stock varying from 200 to 400 metres wide. This unit has intruded members of both the Quatsino and sediments, possibly of the Parson Bay Formations. This intrusion, called the Extravagant Stock, is medium to coarse grained, massive diorite. This rock is believed to be one of many small granitoid masses, called Catface Intrusions. The intrusives occur in a northwest-southeast striking zone between Zeballos and Tofino. Many gold and copper deposits are associated with these intrusions, most notably within the Zeballos stock, northwest of the property (see History).

The Extravagant Stock has caused widespread recrystallization of Quatsino limestone to coarse grained massive grey to beige colored marble. Sediments, possibly belonging to the Parson Bay Formation, or what appears to have been volcanics or volcano-sediments were also noted to have been extensively hornfelsed for a significant distance from the contact. Near the contact, hornfelsing of the clastic sediments is so intense that the affected rocks display igneous textures. Diamond drilling has confirmed that the intrusion lies just below surface in this area. As original lithology was often difficult to define in these areas, the labels pyrometasomatic or migmatite were applied to these rocks.

There are several phases or endo-skarn variations of the Extravagant Stock. Fresh unaltered diorite has not been located. Endo-skarn alteration of the diorite consists of destruction of hornblende and other mafic minerals to diopside or other light green minerals in hand specimens. This intrusive is significantly different from the dark green to black coarse crystalline "diorite" that lacks skarn associated with its contacts. This latter diorite may be a hornblende skarn of volcanics or volcano-sediments. This diorite has an elevated magnetic response, but little magnetic minerals have been located within this unit. If this is an area of intense skarning of limestone the source of the major magnetic anomaly may be less altered portions at depth.

The youngest unit mapped on the property is fine grained andesite(?) dyke rock seen locally cutting both Catface and associated pyrometasomatic rocks. These poorly exposed dykes, which probably represent a late phase of the dioritic intrusion, were less than 1 metre in width with about 015° strike.

Deformation of the sedimentary members of the Vancouver Group resulted from the emplacement of a diorite stock in Eocene time. North of Extravagant Creek, members of the Quatsino Formation have been folded into a broad syncline whose axis approximates the southeast flowing tributary. Along the southern edge of the stock, sediments belonging to both Upper Triassic formations dip to the northeast. Here the proposed, Parson Bay sediments underlie Quatsino limestone. This would suggest that the sequence has been overturned.

North-northwest trending faults, although not obvious on the ground, are visible on aerial photographs, where they are emphasized by drainages. Movement along these invariably steep faults has not been determined.

## MINERALIZATION

Economic mineralization located within the claims occurs in association with contact pyrometamorphic (skarn) zones. These are formed at or near the contact between Upper Triassic sediments and the Extravagant Stock. These skarn zones contain discontinuous lenses of sulphide mineralization carrying gold, silver and copper values.

Skarn zones resulting from the metasomatism of limestone protolith are dominated by grandite garnet with lesser actinolite and diopside. Skarns derived from clastic sediments (or volcano-sediments) are rich in diopside with or without epidote. Garnet dominant skarns host coarsely disseminated to patchy chalcopyrite with lesser pyrite and pyrrhotite but the diopside skarns contain fine grained pyrite. Precious metal mineralization is associated with chalcopyrite in skarns.

The most significant skarn mineralization on the property occurs in several spatially related zones near the source of Poole Creek, a short, east flowing tributary of Extravagant Creek. Here, garnet-rich skarn has developed proximal to the contact between Quatsino limestone and Catface diorite (endo-skarn).

At the Adit Zone (Figure 6), the diorite has intruded limestone, causing the latter to recrystallize as coarse grained calcite. Garnet-actinolite-diopside skarn, hosting pods of coarse chalcopyrite with and without pyrite or pyrrhotite, has developed along the contact.

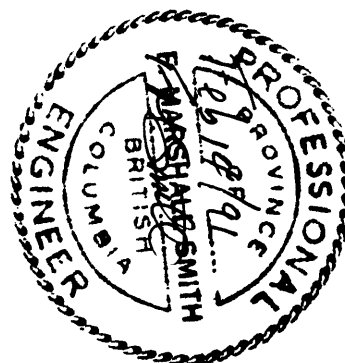
Unlike the Open Cut Zone, skarn mineralization at the Adit Zone has developed within diorite. This is in an up to 4 metre wide zone traceable for over 60 metres on surface (Figure 7). This zone is dominated by garnet, with lesser clinopyroxene(?) and local concentrations of chalcopyrite and pyrite.

Skarn mineralization at both the Upper and Lower Mainline Zones has developed along the hangingwall contacts of two limestone embayments. The former and more significant showing is a 6 metre wide, southerly dipping zone, of garnet-clinopyroxene mineralization with trace to 10% fine grained, black weathering sulphides. The latter zone is a poorly exposed garnet



SAMPLE #	WIDTH (m)	Au (ppb)	Ag (ppm)	Cu (ppm)	Zn (ppm)	Pb (ppm)
X90-D002	0.73	1490	2.3	9100	90	-
X90-D004	0.90	<5	<0.2	900	26	-
X90-D006	1.00	120	0.3	1500	28	-

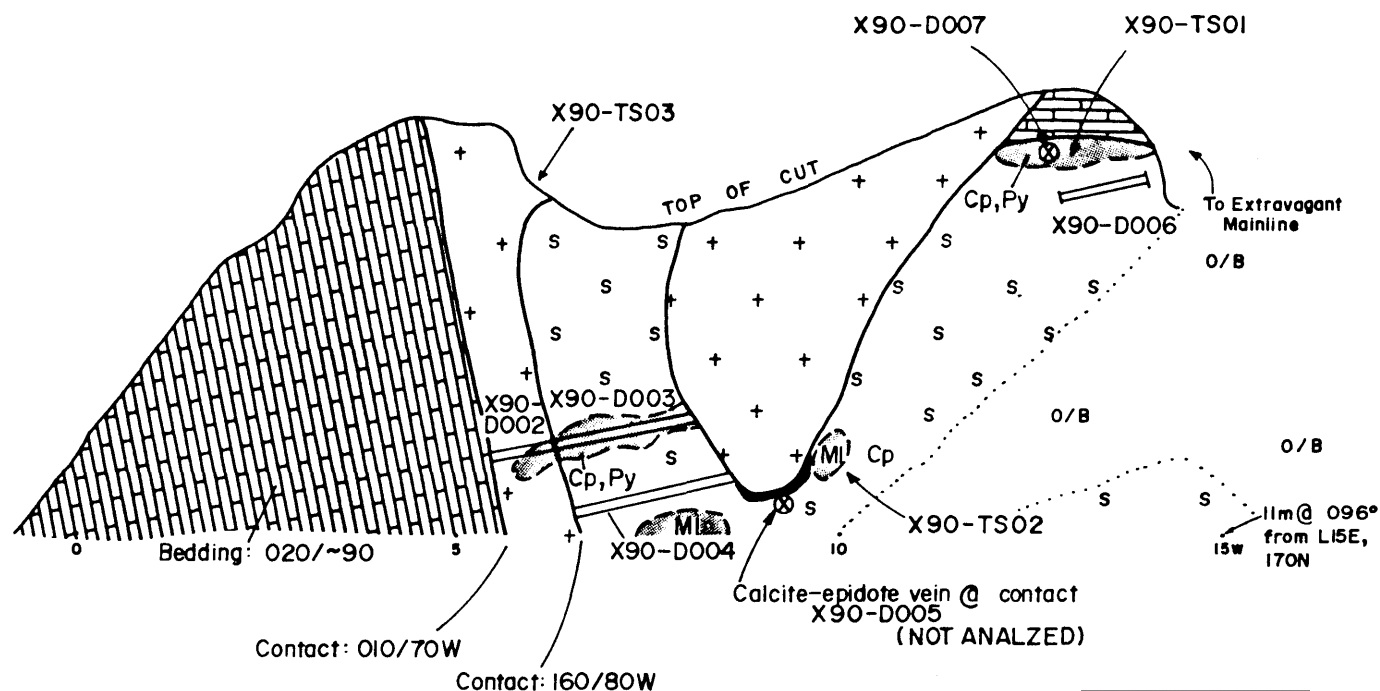
SAMPLE #	WIDTH (m)	Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)	Pb (%)
X90-D003	0.90	1.65	17.5	4.19	0.02	<0.01
X90-D007	GRAB	3.57	38.7	14.10	0.08	<0.01



# LEGEND

- s Garnet-Actinolite-Diopside-Calcite Skarn
- + Diorite (local replacement of hornblende by clinopyroxene)
- Grey, variably bedded, recrystallized limestone
- Mineralization: Cp - chalcopyrite  
Py - pyrite  
MI - malachite

- + Contact
- Chip sample number
- Thin section sample
- Grab sample
- Overburden
- Chain reference (m)



LANDON RESOURCES LTD.

EXTRA PROPERTY

ALBERNI MINING DIVISION, B. C.

OPEN CUT ZONE

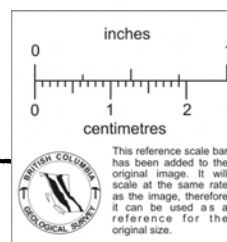
SECTION LOOKING 210°

SEARCHLIGHT CONSULTANTS INC.

SCALE:  
1: 100

DATE:  
MAY, 1990

FIGURE No. 7



mineralization with sparse fine grained pyrite(?). The proximity of these showings to the Open Cut Zone suggests they may join at depth.

The only other significant skarn showing was located near 1900E on the baseline, the Lower Road Zone. Here, a 40 meter wide section of intensely altered, friable sediments has been exposed in the cut above the road. A 4 metre wide zone of oxidized skarn consists of about 75% diopside with accessory epidote and up to 10% pyrite occurs near the center of these sediments. This zone contains many veins and veinlets dominated by silicate minerals and fine grained pyrite.

The cause of the large area of magnetic relief in the area of Poole Creek has not been determined. This skarn, diorite and migmatite subcropping area has little magnetite in outcrop, insignificant pyrrhotite and little or no disseminated magnetic minerals in the magmatic rocks. These magnetic anomalies may represent buried magnetite or pyrrhotite rich skarns. Only one piece of float magnetite rich skarn was located on the property and this was in Poole Creek, downstream to the east. The absence of magnetite skarns and the close association of the unusual diorite (migmatite) with the magnetic anomaly in this area, remains a conundrum.

Although a concerted effort was made to locate the original Star of the West showing on the bluffs above Tahsis, steep terrain and thick underbrush hindered progress. As such, the significance of this showing, and the prospective ground surrounding it, has yet to be determined.

## GEOCHEMISTRY

During geological mapping, 32 lithogeochemical samples were taken of mineralized outcrops within the claims. These samples were either geochemically analyzed for gold, silver, copper and zinc or assayed for gold, silver, copper, zinc and lead, depending on their sulphide content. The following table summarizes the locations of and results from these samples:

Note: 1 gram per tonne=1000 parts per billion=1 part per million; all samples with a 'D' were collected by David Nelles; all samples with an 'H' or 'Z' were collected by Hamish Macfarlane.

### Open Cut Zone

SAMPLE #	WIDTH (m)	Au (ppb)	Ag (ppm)	Cu (ppm)	Zn (ppm)	Pb (ppm)
X90-D002	0.73	1490	2.3		90	-
X90-D004	0.90	<5	<0.2		26	-
X90-D006	1.00	120	0.3		28	-

SAMPLE #	WIDTH (m)	Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)	Pb (%)
X90-D003	0.90	1.65	17.5	4.19	0.02	<0.01
X90-D007	GRAB	3.57	38.7	14.10	0.08	<0.01



**Adit Zone**

SAMPLE #	WIDTH (m)	Au (ppb)	Ag (ppm)	Cu (ppm)	Zn (ppm)	Pb (ppm)
X90-D008	GRAB	<5	<0.2		32	-
X90-D010	0.60	40	<0.2		36	-
X90-D011	1.30	110	0.9		78	-
X90-D012	0.32	2490	8.3		260	-
X90-D013	0.37	1350	2.9		104	-

SAMPLE #	WIDTH (m)	Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)	Pb (%)
X90-H001	FLOAT	2.44	7.2	0.86	0.03	<0.01
X90-D001	FLOAT	1.48	15.4	3.84	<0.01	<0.01
X90-D009	GRAB	10.80	20.0	7.97	0.04	<0.01
X90-D014	GRAB	8.02	14.7	3.55	0.02	<0.01
X90-D015	0.30	6.31	15.8	4.16	0.03	<0.01

**Lower Road Zone**

SAMPLE #	WIDTH (m)	Au (ppb)	Ag (ppm)	Cu (ppm)	Zn (ppm)	Pb (ppm)
X90-D016	10.0	5	<0.2		82	-
X90-D017	10.0	<5	<0.2		62	-
X90-D018	5.00	<5	<0.2		26	-
X90-D019	5.00	5	<0.2		44	-
X90-D020	10.0	<5	<0.2		100	-
X90-D026	GRAB	<5	<0.2		26	-

SAMPLE #	WIDTH (m)	Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)	Pb (%)
X90-D021	GRAB	<0.07	<0.5	175	-	-

**Upper/Lower Mainline Zone**

SAMPLE #	WIDTH (m)	Au (g/t)	Ag (g/t)	Cu (%)	Zn (%)	Pb (%)
X90-D023	1.70	<0.10	3.0	0.13	<0.01	<0.01
X90-D024	1.10	<0.10	3.5	0.06	<0.01	<0.01
X90-D025	GRAB	<0.10	6.3	0.18	<0.01	<0.01
X90-D030	FLOAT	<0.10	2.0	0.22	<0.01	<0.01

SAMPLE #	WIDTH (m)	Au (ppb)	Ag (ppm)	Cu (ppm)	Zn (ppm)	Pb (ppm)
X90-D022	GRAB	<5	<0.2		56	-

## Upper Road Zone

SAMPLE #	WIDTH (m)	Au (ppb)	Ag (ppm)	Cu (ppm)	Zn (ppm)	Pb (ppm)
X90-D031	GRAB	<5	<0.2		36	-

As part of a more regional assessment of the property, 8 heavy mineral sediment samples were extracted from creeks draining the Extra claims (Figure 5). A Keene 2" suction dredge with a 1 metre sluice box was used to take these samples, which consisted of about five kilograms of concentrate derived from between 0.25-0.75 cubic meters of alluvial material. The following table summarizes results from these samples:

SAMPLE #	Au (ppb)	Ag (ppm)	Cu (ppm)	Zn (ppm)	Pb (ppm)
X90-Z001	140	<0.2	61	76	<2
X90-Z002	75	0.6	75	116	2
X90-Z003	1650	<0.2	175	154	2
X90-Z004	10	0.4	84	154	4
X90-Z005	15	0.2	94	166	6
X90-Z006	1790	2.4	99	202	10
X90-Z007	3140	0.2	86	114	<2
X90-Z008	10	<0.2	74	82	<2

Of these samples, three are considered significant. Samples X90-Z003 and Z007, taken on Poole and Extravagant Creeks respectively, appear to indicate a local enrichment of gold near the Extravagant Stock.

## GEOPHYSICS

### INDUCED POLARIZATION-RESISTIVITY

To define both strike and dip extensions of known and hidden mineralized showings, an induced polarization-resistivity (IP) geophysical survey was carried out over lines 1100, 1300, 1500, 1600, 1700, 1800, 1900, 2000 and 2100E. A total of 6.17 line-kilometres was surveyed using a dipole spacing of 30 metres and measurements of levels (N levels) from 1 through 10. The work was performed by Geotronics Surveys Ltd. of Vancouver, B.C.

Discussion of Results (D. Mark) (see Figures 8, 9, 10, 11, 12 and 13)

The IP survey has revealed five different distinct anomalies that have strong exploration potential. They are labelled by the upper case letters 'A' to 'E' for ease of discussion.

**Anomaly A** (Fig. 8, 9) occurs on line 1500E sub-outcropping about 50m below 150N [only on N=3 level]. It consists of three anomalous IP values varying from 79 to 100 msec that correlates with a well-defined resistivity low. This anomaly correlates closely

with the Open Cut Zone at 1511E, 170N strongly indicating that it is the downdip extension of the zone giving it a depth extent of 100m. It ends at a resistivity high that is probably due to the Catface diorite.

The resistivity low is probably due to a Quatsino Limestone embayment and/or the Open Cut skarn zone.

The Open Cut Zone/Anomaly A correlates with a magnetic low (Figure 12) and is adjacent to a 3,400-gamma high. As was noted earlier it is unknown what the causative source of the magnetic anomaly is but may be related to the Open Cut skarn mineralization and the limestone diorite contact.

**Anomaly B** (Fig. 10, 11) occurs on line 1100E sub-outcropping about 85m below 880N. It is also a 3 - value IP anomaly (73 to 110 msec) correlating with a resistivity low. It has a downdip depth extent of about 75m.

Considering the geophysical signature closely resembles that of Anomaly A, its causative source is also probably a sulphide mineralized skarn zone. And like A, it appears to occur on a diorite/limestone contact. The magnetic signature of Anomaly B is flat though it does occur adjacent to a low-amplitude (relatively speaking) 200-gamma magnetic high. Therefore, the causative source is probably at depth.

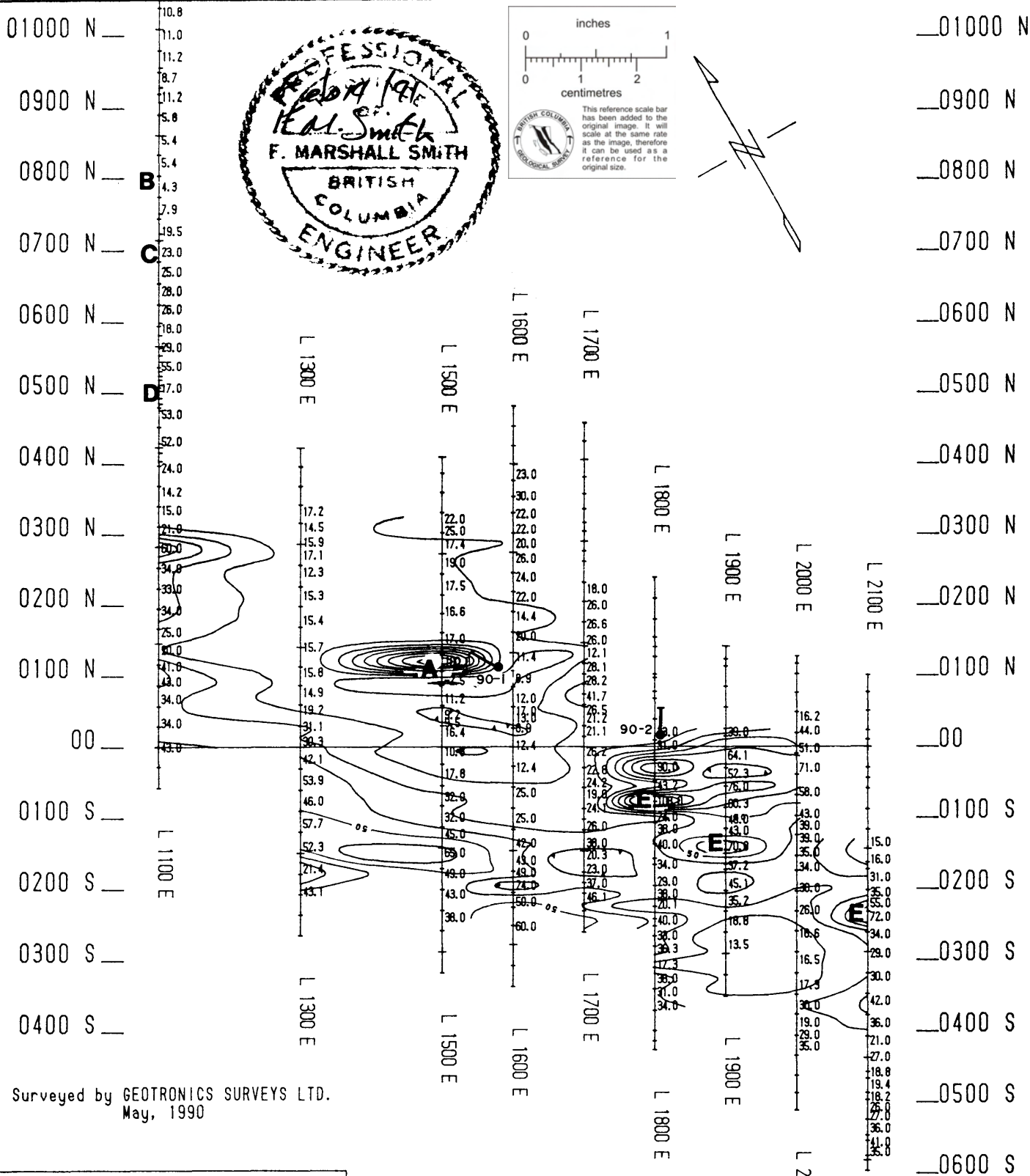
**Anomaly C** (Fig. 10, 11) occurs about 100m to the southwest [of Anomaly B] and is another IP high/resistivity low. The IP values vary from 20 to 65 msec. The anomaly has about a 125m downdip depth extent and is open to depth. This anomaly is also probably caused by a sulphide mineralized skarn zone at a diorite/limestone contact.

The magnetic expression of Anomaly C is also flat though it occurs next to a strong magnetic dipole anomaly probably caused by massive magnetite close to surface (or possibly logging equipment?).

**Anomaly D** (Fig. 8, 9, 10, 11) outcrops at about 500N [1100E, 500N] and consists of strong IP readings up to 183 msec correlating directly with a strong resistivity low and a strong 1,500-gamma magnetic high. The resistivity low is due to a recognized fault and therefore the IP anomalous values are likely caused by sulphide mineralization associated with the fault. However, the causative source is not likely a skarn zone since the magnetic high indicates the bedrock to be only diorite.

**Anomaly E** (Fig. 8, 9, 10, 11) is the strongest and most consistent IP anomaly having values up to 261 msec and extending from Line 1800E to 2100E. It has a minimum strike length of 350m and is open to the southeast.

This anomaly correlates directly with the contact between the diorites and pyrometamorphic rocks. It also occurs in very close proximity to the Lower Road Zone, which consists of a diopside skarn that contains 5 to 10% pyrite in veinlets. No



Surveyed by GEOTRONICS SURVEYS LTD.  
May, 1990

GEOTRONICS SURVEYS LTD.				
LANDON RESOURCES LTD.				
EXTRA PROJECT TAHSIS AREA Alberni M.D., B.C.				
Apparent CHARGEABILITY Survey Data and Contours For Level n=3				
Drawn by GEOTRONICS	N.T.S.	Scale	Date May/90	Map # 8

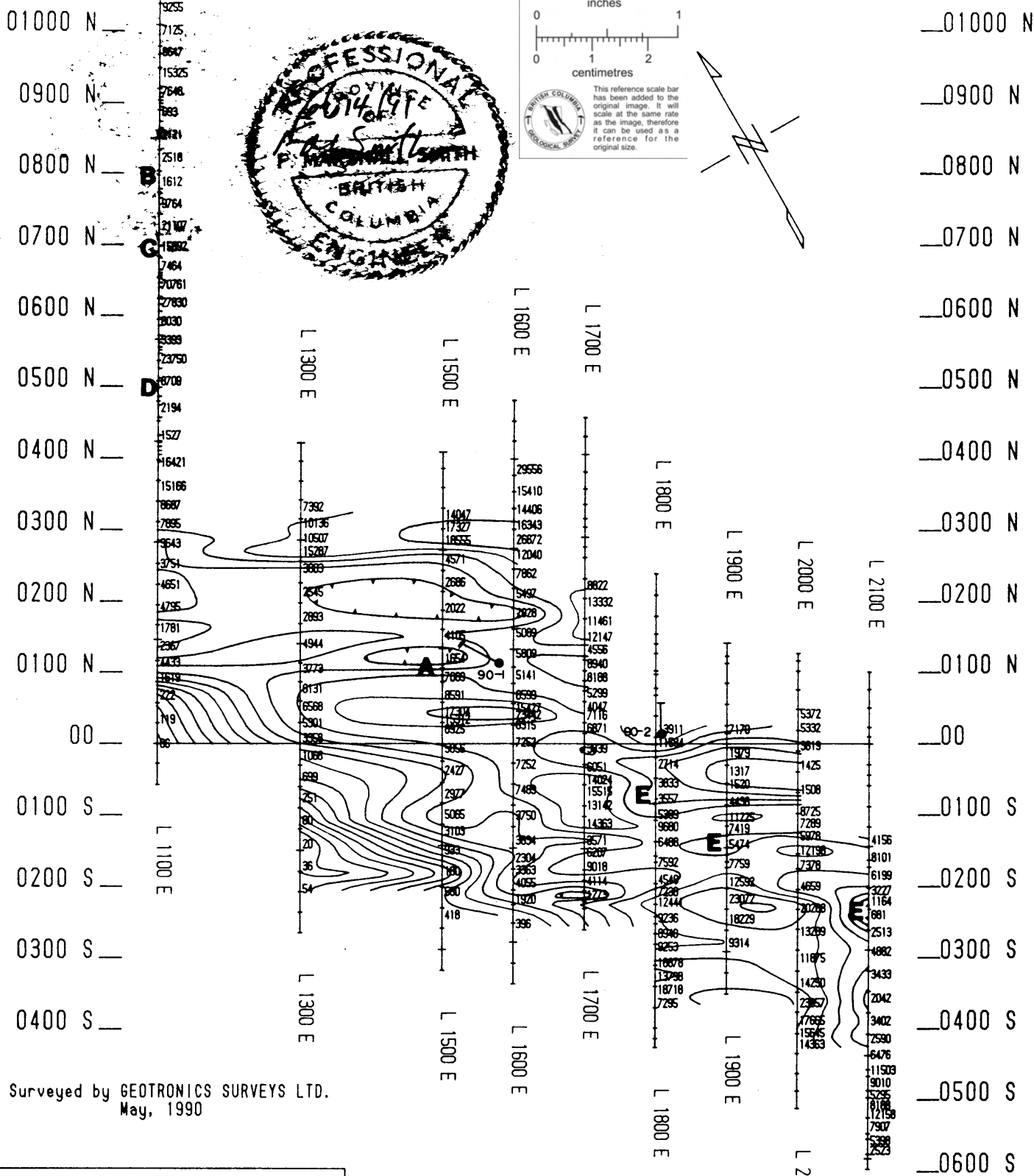
#### SURVEY PARAMETERS

Contour Intervals:  
Resistivity : Log base 10 ohm-metres  
Chargeability : 10 milliseconds  
Trend Enhancement: None  
Receiver: Huntac Mark IV  
Transmitter: Phoenix IPT-1  
Generator: Phoenix MG-2  
2.5 kWatt, with  
5.0 HP Honda engine

THE BOLD LETTERS REFER TO ANOMALIES DESCRIBED  
IN THE REPORT UNDER IP-RESISTIVITY GEOPHYSICS

a = 30m spacing

50 0 50 100 150 200 250  
(metres)



Surveyed by GEOTRONICS SURVEYS LTD.  
May, 1990

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LANDON RESOURCES LTD.

EXTRA PROJECT  
TAHSIS AREA  
Alberni N.D., B.C.

Apparent RESISTIVITY Survey  
Data and Contours  
For Level n=3

#### SURVEY PARAMETERS

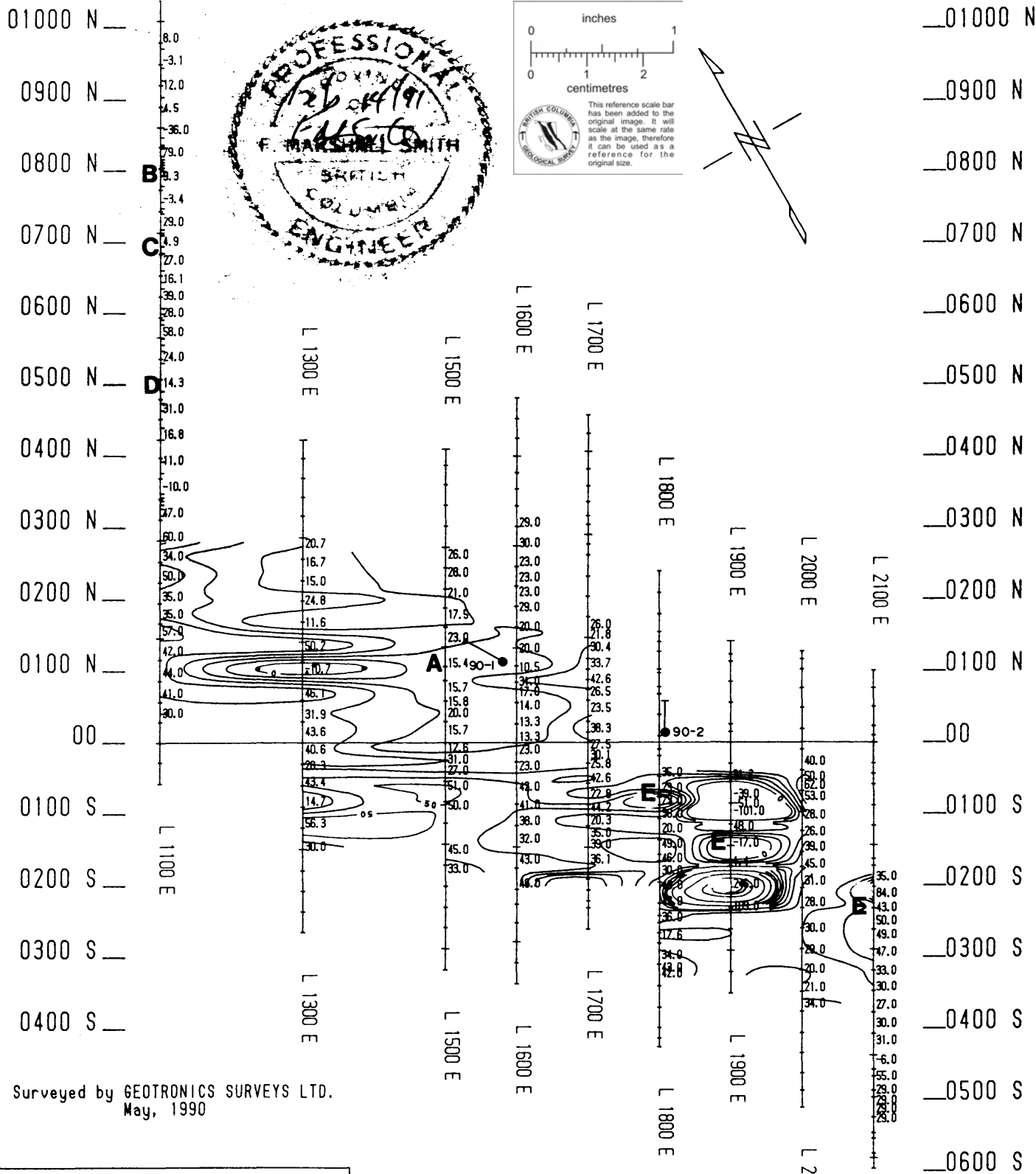
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Chargeability: 10 milliseconds  
Trend Enhancement: None  
Receiver: Huntect Mark IV  
Transmitter: Phoenix IPT-1  
Generator: Phoenix M6-2  
2.5 kWatt, with  
5.0 HP Honda engine

THE BOLD LETTERS REFER TO ANOMALIES DESCRIBED  
IN THE REPORT UNDER IP-RESISTIVITY GEOPHYSICS

a = 30m spacing

50 0 50 100 150 200 250  
(metres)

Drawn by GEOTRONICS	N.T.S.	Scale	Date May/90	Map # 9
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May, 1990

GEOTRONICS SURVEYS LTD.  
LANDON RESOURCES LTD.

EXTRA PROJECT  
TAHSIS AREA  
Alberni W.D., B.C.

Apparent CHARGEABILITY Survey  
Data and Contours  
For Level n=7

#### SURVEY PARAMETERS

Contour Intervals:  
Resistivity : Log base 10 ohm-metres  
Chargeability : 10 milliseconds  
Trend Enhancement: None  
Receiver: Huntex Mark IV  
Transmitter: Phoenix IPT-1  
Generator: Phoenix MG-2  
2.5 kWatt, with  
5.0 HP Honda engine

THE BOLD LETTERS REFER TO ANOMALIES DESCRIBED  
IN THE REPORT UNDER IP-RESISTIVITY GEOPHYSICS

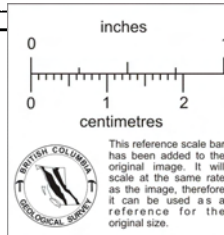
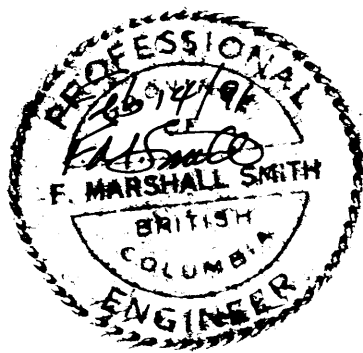
a = 30m spacing

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(metres)

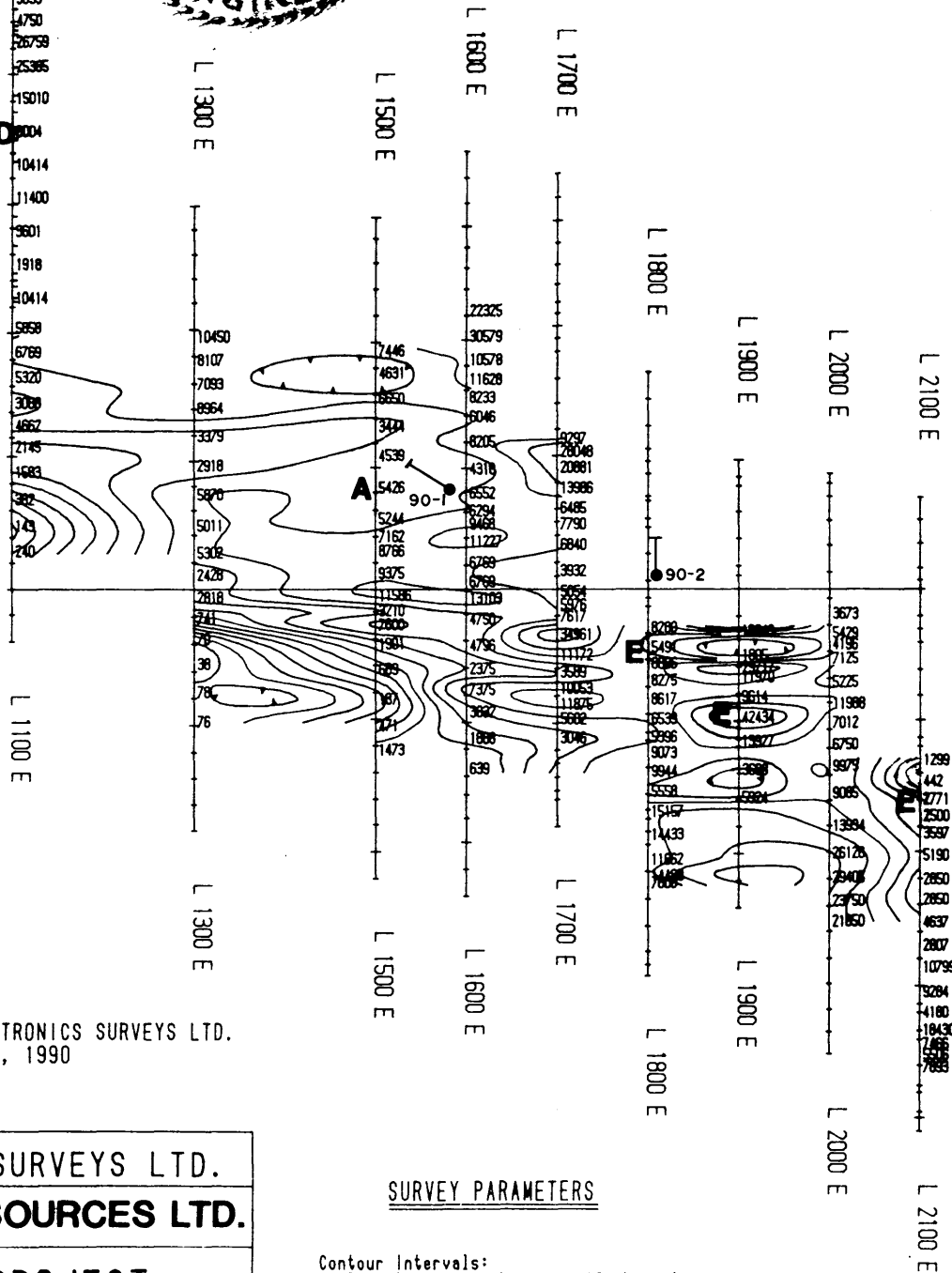
Drawn by GEOTRONICS	N.T.S.	Scale	Date May/90	Map # 10
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01000 N  
0900 N  
0800 N  
0700 N  
0600 N  
0500 N  
0400 N  
0300 N  
0200 N  
0100 N  
00  
0100 S  
0200 S  
0300 S  
0400 S

10518  
1461  
3088  
3676  
3879  
7771  
5463  
6650  
2027  
7417  
3223  
3859  
4750  
26758  
25385  
15010  
8004  
10414  
11400  
3601  
1918  
10414  
5958  
6768  
5320  
3038  
4667  
2145  
1683  
382  
143  
240



01000 N  
0900 N  
0800 N  
0700 N  
0600 N  
0500 N  
0400 N  
0300 N  
0200 N  
0100 N  
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0100 S  
0200 S  
0300 S  
0400 S  
0500 S  
0600 S



Surveyed by GEOTRONICS SURVEYS LTD.  
May, 1990

GEOTRONICS SURVEYS LTD.  
LANDON RESOURCES LTD.

EXTRA PROJECT  
TAHSIS AREA  
Alberni N.D., B.C.

Apparent RESISTIVITY Survey  
Data and Contours  
For Level n=7

#### SURVEY PARAMETERS

Contour Intervals:  
Resistivity : Log base 10 ohm-metres  
Chargeability : 10 milliseconds  
Trend Enhancement: None  
Receiver: Hunttec Mark IV  
Transmitter: Phoenix IPT-1  
Generator: Phoenix MG-2  
2.5 kWatt, with  
5.0 HP Honda engine

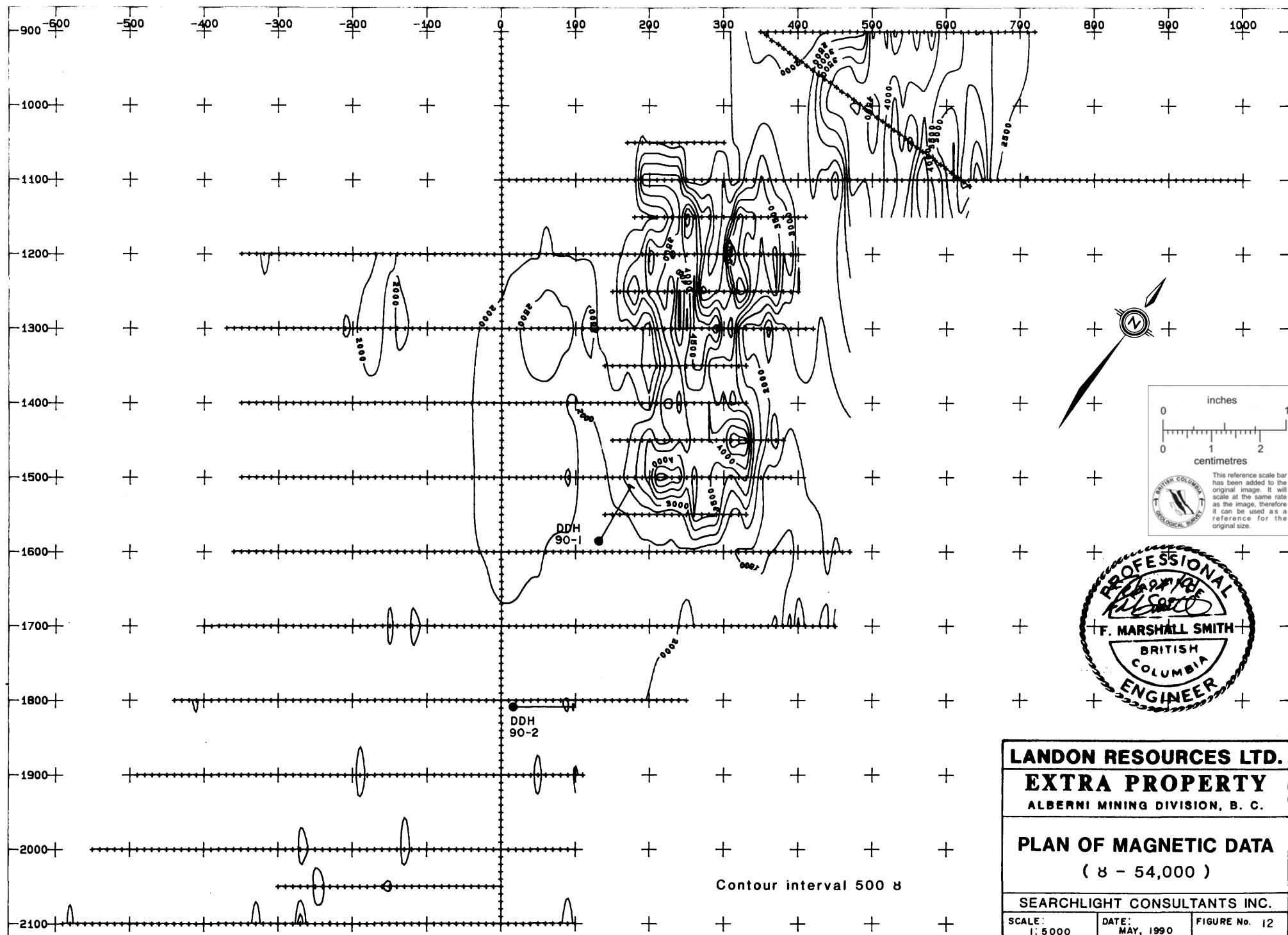
THE BOLD LETTERS REFER TO ANOMALIES DESCRIBED  
IN THE REPORT UNDER IP-RESISTIVITY GEOPHYSICS

a = 30m spacing

50 0 50 100 150 200 250  
(metres)

Drawn by N.T.S. Scale Date May/90 Map # II







**LANDON RESOURCES LTD.**

**EXTRA PROPERTY**

ALBERNI MINING DIVISION, B. C.

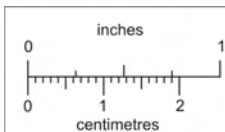
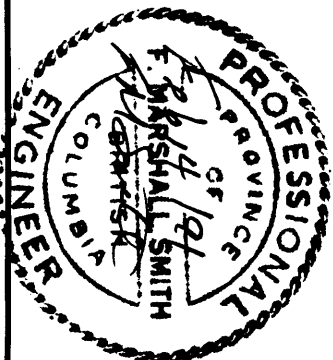
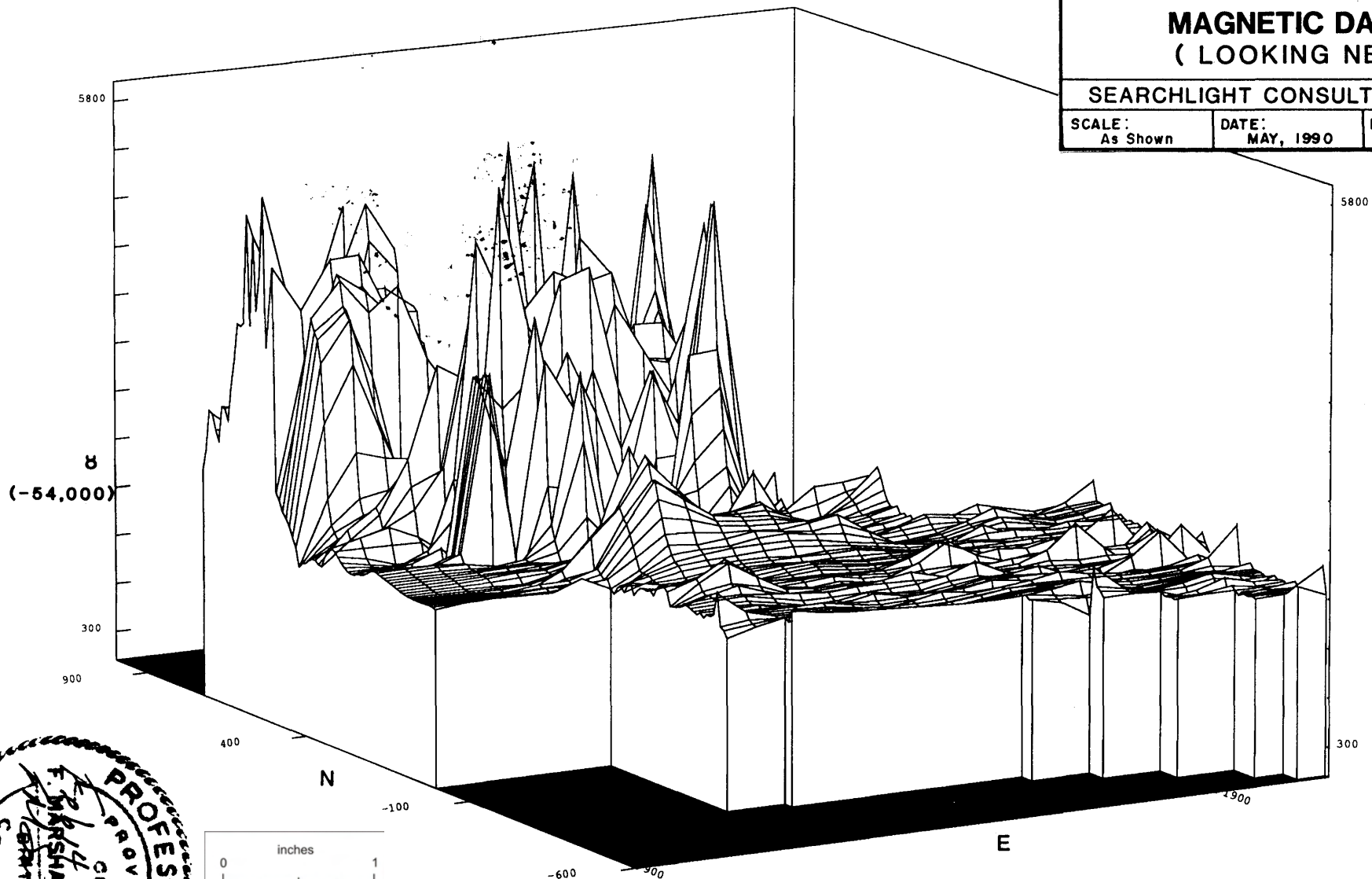
**3-D VIEW OF  
MAGNETIC DATA  
( LOOKING NE )**

SEARCHLIGHT CONSULTANTS INC.

SCALE:  
As Shown

DATE:  
MAY, 1990

FIGURE No. 13



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.

economic mineralization has so far been found. However, it is thought that Anomaly E is not likely caused by the Lower Road zone itself but by related skarn mineralization.

On Lines 1800E and 1900E, the causative source appears to be sulphide mineralization that occurs as two southwest-dipping arms. However, on Lines 2000E and 2100E, the causative source appears to be a zone of sulphide mineralization that is more massive (not meaning massive sulphides).

Like all the other anomalies, Anomaly E also correlates with a resistivity low that is likely due to a skarn zone.

Small magnetic anomalies correlate with Anomaly E on Lines 1800E and 1900E suggesting pyrrhotite may occur with the causative source. However, the magnetic signature for Anomaly E over Lines 2000E and 2100E is flat.

#### MAGNETICS SURVEY (see Figure 12 and 13)

As a preliminary reconnaissance survey near Poole Creek, by the author, located a strong local anomaly, a detailed ground magnetometer survey was carried out over the area of interest (Figure 12). Initially, readings were taken at 10 metre intervals over lines spaced at 100 metres using a Scintrex MP-2 Proton Precession magnetometer. Fill-in lines bringing the spacing down to 50 metres were also surveyed in areas of high magnetic susceptibility. In total, 12.64 line-kilometres encompassing 1,285 stations was surveyed.

Base station readings were taken at regular intervals so corrections could be made for diurnal variations in the earth's magnetic field. Data generated each day was also corrected to a common base station reading (55,800 gammas).

#### DISCUSSION OF RESULTS

Magnetometer readings over areas underlain by diorite, migmatite and related skarns were in discernably higher than typical values recorded over areas underlain by unaltered sediments. The only exception is the sulfide rich skarn on the lower road at line 1900E where magnetic response is low over diorite and skarn.

The most prominent anomalies defined by the survey are two, distinct magnetic highs outlined between lines 900 and 1100E and between 1100 and 1550E (Figure 13). This area, over which readings up to 3953 gammas above background (56,000 gammas) were recorded, is underlain by coarse grained diorite (migmatite). The anomalies are separated by Extravagant Creek, but may have been continuous before erosion. This would suggest that their cause may be relatively shallow.

Values obtained over areas proximal to surface showings are not considered significant enough to suggest a direct correlation between skarn mineralization and magnetic anomalies. The only

showings around which values were significantly above background were the Open Cut and Adit Zones. In both cases, however, the rise in values cannot be explained by known mineralization.

## DIAMOND DRILLING

Diamond drilling was carried out to investigate the Open Cut Zone, located immediately down slope from the main forestry access road at 15+00E and 170N, and the Induced Polarization anomaly located on Line 18E. The optimum site for the first drill hole would have been on one of the benches above the forest access road. Both a limited budget for the two holes and the active use of the forest access road forced the locations selected. The original recommendation was to drill both holes into the Open Cut Zone but this was not possible.

A total of 243.9 metres of diamond drilling was performed on the property, in 1990. Details are given below:

Drill Hole	Depth (metres)	Depth (feet)	Azimuth	Incl.	Collar Coordinates
90-1	118.9	390.0	330°	-60°	138.5N, 1570E
90-2	125.0	410.0	030°	-60°	017N, 1806E

Drill Hole 90-1, was drilled to intersect the Open Cut Zone and its continuation to depth as indicated by the IP survey over Line 15E. This survey revealed a highly anomalous apparent chargeability high, thought to be associated with skarned limestone of the Quatsino Formation, contained within an embayment of the Catface Intrusives. The major IP anomaly in the Open Cut Zone could not be tested with the first hole. This target remains to be drill tested from a hole uphill to the west of 90-1.

Drilling revealed an alternating sequence of diorite, skarn and limestone. The diorite is medium to coarse grained, with equigranular plagioclase and hornblende. Chlorite, epidote and calcite form coatings on joint and fracture planes. Alteration of the diorite is evident in part, and results in an endoskarn which displays patchy relict diorite surrounded by garnet, diopside skarn.

The skarn units consist principally of brick red, massive, garnet with patchy green diopside, chlorite and dark green to black actinolite. The limestone is white to light grey in colour, recrystallized and displays bedding or foliation in part.

Sixteen samples were taken from Drill Hole 90-1, 15 of these were analyzed by atomic absorption methods and one by fire assay methods. The highest gold value obtained by the A.A. method was from a limestone unit with an oxidized, limonitic, contact and consisted of 75 ppb gold over 0.7 m from 38.5-39.2 m. The highest silver (0.2 ppm) and copper values (580 ppm) were obtained from sample number 125251. This 0.5 m sample was taken from a pyrite veined endoskarn at a depth of 26.8-27.3 m.

The fire assay sample was taken over 0.3 m from 33.5-33.8 m from a chalcopyrite bearing zone within a garnet skarn unit. A value of <0.07 grams per tonne gold, 4.1 grams per tonne silver and 0.26% copper was obtained from this sample.

Drill Hole 90-2 was drilled to intersect a well defined, south westerly dipping apparent chargeability anomaly (ie Anomaly E) revealed by the IP survey carried out over Line 18E. The drill hole location on Figure 8 shows that by the third level the anomaly is south of the drill hole collar. The zone has a shallow dip and the target was selected from the field generated sections. Anomaly E was thought to correlate with a zone of pyrometasomatized sediments adjacent to and south of the Extravagant stock. The drilling of this anomaly revealed a near surface sequence of skarn intruded by andesite and a sequence of limestone, with skarn and diorite at depth.

The andesite units are dark green in colour, finely porphyritic, massive and are bounded by sharp contacts with the skarns. The skarn units consist predominantly of green-grey diopside, chlorite and epidote. There is only minor development of garnet, and where present it is orange-red in colour. The limestone units are light grey in colour, massive, competent and typically display irregular, contorted bedding. The limestone adjacent to the lower contact of the diorite has not been skarned. The diorite is equigranular and consists of medium to coarse grained plagioclase and hornblende.

Eleven samples were taken from Drill Hole 90-2 and all were analyzed by atomic absorption methods for gold, silver and copper. The highest sample values were encountered over 0.5 m at a depth of 49.1-49.6 m, from a pyrite, pyrrhotite rich skarn unit, and consisted of 10 ppb gold, 0.1 ppm silver and 154 ppm copper.

## CONCLUSIONS

1. The Extra claims encompass precious metal bearing sulphide mineralization occurring as lenses and disseminated within garnet-rich contact metasomatic skarn zones. These zones are localized at or near the contact between limestone and a dioritic intrusion. The highest grade gold bearing skarns always have pyrite and pyrrhotite replaced by chalcopyrite. It is not yet clear if the sulfide mineralization is introduced by the skarning process or syngenetic to the original rocks. No sulfides have been noted in the area associated with the limestones.

2. IP geophysics conducted over known surface showings in the Poole Creek area appears to have responded to the skarn hosted mineralization and defined extensions at depth. Strike extensions in both the magnetic response and IP sections to the northwest are open along strike into areas of known skarn and diorite intrusions. Magnetic anomalies in the northern portion of the Main zone are open to the north into known intrusive-limestone contact areas. One heavy mineral stream sample returned anomalous gold values from this area. There is no known mineralization in the area and recent clearcutting has made access, into this basin, simple.

3. Mineralization in the Main zone is poddy with copper and gold zones difficult to define by drilling. All drilling proposed should be in short exploratory holes until the shape and character of depth extension of the known surface outcropping zones is better understood. The strong IP anomalies in the Main zone should be the primary focus of drilling unless more significant mineralization occurs in the north grid.

3. The cause(s) of the significant magnetic anomalies cannot be attributed to compositional changes within the diorite or known skarn mineralization. The source of this magnetic zone is believed to be shallow and merits further testing.

4. The IP, and possibly some magnetic anomalies in the main zone should be further defined and drill tested to determine their significance. Diamond drilling has shown the zones widen to depth and hidden skarns can be located by diamond drilling. The magnetic anomalous areas host the best grades in copper and gold. All work should be restricted to this sort of area.

## RECOMMENDATIONS

A continuing programme of exploration is recommended to evaluate the skarn zones and associated geophysical anomalies defined on the Extra property. The detail grid should be extended to the north and the magnetic survey extended to the northwest end of the property. Diamond drilling should be used to continue the detail evaluation of the Main zone. The preliminary evaluation of the skarns to the north and south of Poole Creek also should be carried out.

The principal work should be to extend the magnetics survey to the north to cover the Extravagant Stock contacts to locate magnetite-copper skarns in embayments similar to the Main zone. This grid should use the baseline and offsets to the east to link the original grid. The survey should be done initially in reconnaissance mode to locate magnetic anomalies with detail grids and surveys over the magnetic anomalies. The resultant surveys should be plotted and interpreted to guide the location of trenching. All copper and magnetite rich zones should be sampled to define priorities for possible drilling.

When the Phase I geophysics has been completed, the Adit and Open Cut Zones should be drilled to define strike and dip extensions of the skarn zones exposed at surface. Roads must be constructed in the Poole Creek area to provide equipment access. Two or three holes should be targeted at the magnetometer anomaly south of Extravagant Creek. Any significant copper bearing skarns located in Phase I should be prioritized in relation to the Main zone targets with the most favourable drill tested.

## BUDGET

This programme, which will take an estimated four weeks to complete, has been budgeted at \$150,000 and can start upon regulatory approval. Recommendations for additional evaluation can be made once results of this work have been considered.

### Phase I

Geology and support costs -----	\$20,000
Trenching and rehabilitation -----	15,000
Magnetic Geophysics and grid layout -----	12,000
Sampling and assay costs -----	7,000
Room and board & Transportation -----	7,000
Engineering and report -----	<u>7,000</u>
Sub-total -----	\$68,000
Contingencies -----	<u>7,000</u>
Total Phase I -----	\$75,000

The following budget is based on the drilling of the known mineralization in the Main area and may be altered to reflect the development of significant skarn magnetite-chalcopyrite zones in the north grid during Phase I.

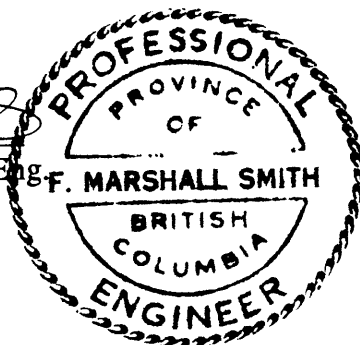
### Phase II

Geology and support costs -----	\$4,000
Diamond drilling 1,000 m @ \$60/m -----	60,000
Sampling and assay costs -----	2,000
Room and board & Transportation -----	1,000
Engineering and report -----	<u>2,000</u>
Sub-total -----	\$69,000
Contingencies -----	<u>6,000</u>
Total Phase II -----	\$75,000

Total Phase I and II ----- \$150,000

*F. Marshall Smith*

F. Marshall Smith, P.Eng.  
February 14, 1991.



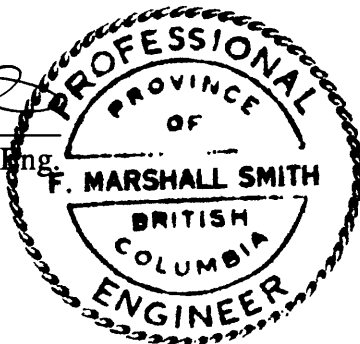
## CERTIFICATE OF QUALIFICATIONS

I, F. Marshall Smith, do hereby certify that:

1. I am a consulting geologist and geochemist with offices at 505-744 West Hastings Street, Vancouver, British Columbia.
2. I am a graduate at the University of Toronto with a degree of B.Sc., Honors Geology.
3. I am a member in good standing of the Association of Professional Engineers of the Province of British Columbia.
4. I have practiced my profession continuously since 1967.
5. This report is based on my personal supervision of the field programme carried out on the Extra property between April 9th and June 10, 1990. I also examined the property during the early stages of the programme.
6. I have no interest in the property or shares of Landon Resources Ltd., Stateside Mines Ltd. in any related companies, nor do I expect, at any time, to receive any.



F. Marshall Smith, P.Eng.  
February 14, 1991



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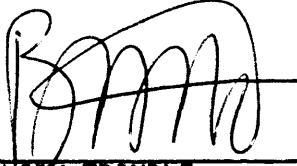



CERTIFICATES

Dated March 28, 1991.


LONDON RESOURCES LTD.


The foregoing constitutes full, true, and plain disclosure of all material facts relating to the securities offered by the Prospectus of Landon Resources Ltd., dated March 28, 1991 as required by the Securities Act and its regulations.

  
\_\_\_\_\_  
WILLIAM TRIMBLE  
CHIEF EXECUTIVE OFFICER/  
PROMOTER/DIRECTOR

  
\_\_\_\_\_  
FRASER MARTIN  
CHIEF FINANCIAL OFFICER  
DIRECTOR/SECRETARY

On behalf of the Board of Directors

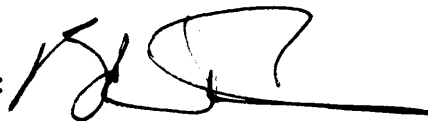
  
\_\_\_\_\_  
ROBERT PAUL  
DIRECTOR

  
\_\_\_\_\_  
BRENT GRIFFIN  
DIRECTOR

The Agent

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by the Prospectus of Landon Resources Ltd., dated March 28, 1991, as required by the Securities Act and its regulations.

WOLVERTON SECURITIES LTD.

PER:   
\_\_\_\_\_  
BRENT WOLVERTON  
VICE-PRESIDENT/DIRECTOR  
WOLVERTON SECURITIES LTD.