

926 NE 035

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 SIMILAR AUTHORITY IN CANADA HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HEREUNDER AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

PROSPECTUS

DATED: DECEMBER 1, 1987

007996

# LMX RESOURCES LTD.

Suite 1404, 555 West Hastings Street  
Vancouver, British Columbia  
V6B 4N6

PUBLIC OFFERING

500,000 Common Shares

	Price to Public	Commission	Net Proceeds to be Received by the Company
Per Share .....	\$0.35 <sup>(1)</sup>	\$0.05	\$0.30
Total .....	\$175,000	\$25,000	\$150,000 <sup>(2)</sup>

(1) The price of the Common Shares has been determined by the Company in negotiation with the Agent.

(2) Before deduction of expenses of this issue estimated not to exceed \$25,000.

THIS OFFERING IS SUBJECT TO A MINIMUM SUBSCRIPTION BEING RECEIVED BY THE ISSUER WITHIN 30 DAYS OF THE DATE OF RECEIPT OF THE PROSPECTUS. FURTHER PARTICULARS OF THE MINIMUM SUBSCRIPTION ARE DISCLOSED ON PAGE 9 UNDER THE CAPTION "SHARE OFFERING AND PLAN OF DISTRIBUTION" AND ON PAGE 10 UNDER THE CAPTION "USE OF PROCEEDS".

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

AN INVESTMENT IN SHARES OF THE COMPANY MUST BE CONSIDERED SPECULATIVE. SEE "RISK FACTORS" FOR DETAILS OF THE SPECULATIVE NATURE OF THE SECURITIES, DETAILS OF DILUTION AND THE PERCENTAGES OF SHARES HELD BY PROMOTERS, DIRECTORS, OFFICERS, SUBSTANTIAL SECURITY HOLDERS AND THE AGENT.

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.

ONE OR MORE OF THE DIRECTORS OF THE COMPANY HAS AN INTEREST, DIRECT OR INDIRECT, IN OTHER NATURAL RESOURCE COMPANIES. SEE "DIRECTORS AND OFFICERS" FOR A COMMENT AS TO THE RESOLUTION OF POSSIBLE CONFLICTS OF INTEREST.

THE VANCOUVER STOCK EXCHANGE HAS CONDITIONALLY LISTED THE SECURITIES BEING OFFERED PURSUANT TO THIS PROSPECTUS. LISTING IS SUBJECT TO THE COMPANY FULFILLING ALL THE LISTING REQUIREMENTS OF THE VANCOUVER STOCK EXCHANGE ON OR BEFORE JANUARY 6, 1988 INCLUDING PRESCRIBED DISTRIBUTION AND FINANCIAL REQUIREMENTS.

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 "SHARE OFFERING AND PLAN OF DISTRIBUTION".

AGENT

**Jones, Gable & Company Limited**

4th Floor, 700 West Pender Street  
Vancouver, British Columbia  
V6C 1C1

EFFECTIVE DATE: December 7, 1987

P.W.  
PROPERTY FILE  
926 NE 035  
929/9-05

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LMX RESOURCES LTD.

PROSPECTUS SUMMARY

**The Company**

LMX Resources Ltd. (the "Company") was incorporated on November 28, 1985 in the Province of British Columbia and has an authorized capital of 25,000,000 common shares without par value of which 1,436,402 common shares are issued and outstanding.

**The Business**

The Company is engaged in the business of evaluating, acquiring and developing mineral resource properties. The Company has an option to earn a 50% undivided interest in the Property described in "Property of the Company."

**The Issue**

The Agent hereby offers 500,000 Common Shares of the Company at \$0.35 per Common Share for primary distribution to the public through the facilities of the Vancouver Stock Exchange. The Company will net \$0.30 per Common Share for total proceeds of \$150,000 prior to deduction of offering expenses.

**Use of Proceeds**

The proceeds from this issue will be used primarily to fund an exploration program on the Property described in "Property of the Company." It will also be used to pay office and management expenses and the balance will be added to the working capital of the Company.

**Speculative Aspects**

Investment in the shares of the Company must be considered speculative due to the nature of the Company's business and its present stage of development. Mineral exploration and development are highly speculative and involve significant risks and, while the reward if an ore body is discovered can be substantial, few properties explored are ultimately placed into commercial production. Reference is made to the warnings on the cover of this prospectus, the description of the Company's business, and other relevant disclosure contained herein. See "Risk Factors".

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

## THE COMPANY

LMX Resources Ltd. (the "Company") was incorporated on November 28, 1985 by the registration of its Memorandum and Articles under the Company Act of British Columbia. The address of its head office is 1404 - 555 West Hastings Street, P.O. Box 12139, Vancouver, British Columbia, V6B 4N6 and the address of its registered office is 720 - 999 West Hastings Street, Vancouver, British Columbia, V6C 2W2.

## DESCRIPTION OF THE BUSINESS

The principal business of the Company is the acquisition, exploration and development of natural resource properties of merit.

The Company previously drilled a well for oil located at 3-18-11-30-WPM in the Maryfield area of Saskatchewan. The Company expended \$54,536 net in accordance with its 25% working interest. The well was not successful.

The Company also drilled a well for oil located at 9A-25-86-15-W5M in the Golden area of Alberta. The Company expended \$46,494 net in accordance with its 10% working interest. The well was not successful.

The Company has now acquired an interest in a property in British Columbia. The Company intends to use the proceeds of this offering to finance an exploration program on this property. See "Property of the Company."

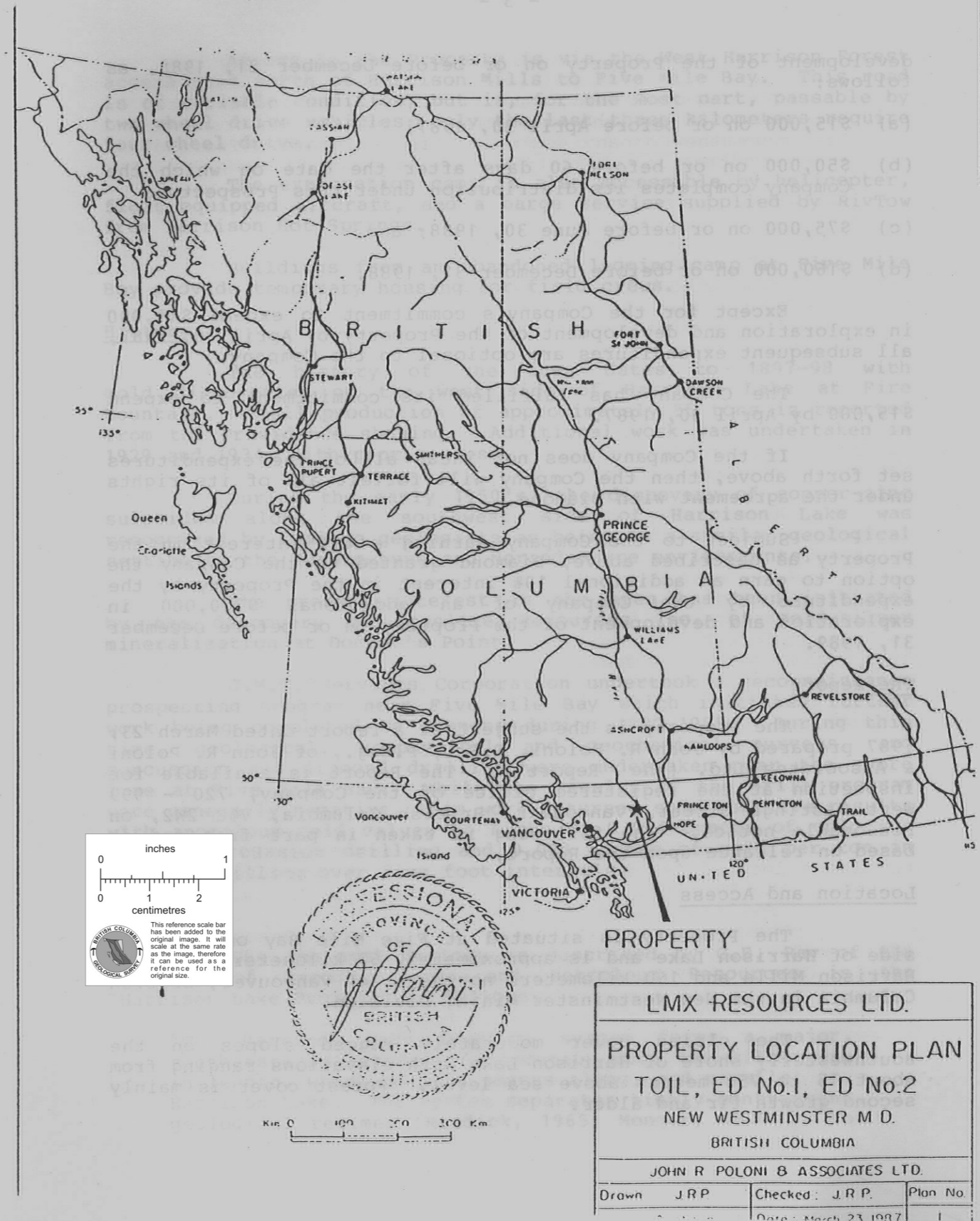
## PROPERTY OF THE COMPANY

### The Property

The Company has an option to acquire an interest in three modified grid system claims called the Toil, Ed #1 and Ed #2 claims located 160 kilometers northeast of Vancouver, British Columbia (the "Property"). See the location map below.

The Property is owned by Diamond Resources Inc. ("Diamond"). By letter agreement dated February 18, 1987 and amended June 16, 1987, Diamond granted to the Company the option to earn up to a 50% interest in the Property and the right to be the operator of all exploration work conducted on the Property.

The Company has the right to earn a 40% interest in the Property by the expenditure of \$300,000 in exploration and



development of the Property on or before December 31, 1988, as follows:

- (a) \$15,000 on or before April 30, 1987;
- (b) \$50,000 on or before 60 days after the date on which the Company completes its distribution under this Prospectus;
- (c) \$75,000 on or before June 30, 1988; and
- (d) \$160,000 on or before December 31, 1988.

Except for the Company's commitment to expend \$15,000 in exploration and development of the Property by April 30, 1987, all subsequent expenditures are optional to the Company.

The Company has fulfilled its commitment to expend \$15,000 by April 30, 1987.

If the Company does not incur all of the expenditures set forth above, then the Company will forfeit all of its rights under the agreement with Diamond.

Subject to the Company earning a 40% interest in the Property as described above, Diamond granted to the Company the option to earn an additional 10% interest in the Property by the expenditure by the Company of an additional \$300,000 in exploration and development of the Property on or before December 31, 1989.

#### The Report

The Property is the subject of a report dated March 23, 1987 prepared by John R. Poloni, B.Sc., P.Eng., of John R. Poloni & Associates Ltd. (the "Report"). The Report is available for inspection at the registered office of the Company, 720 - 999 West Hastings Street, Vancouver, British Columbia, V5C 2W2, on reasonable notice. The following is taken in part from and is based on reliance upon the Report.

#### Location and Access

The Property is situated at Five Mile Bay on the west side of Harrison Lake and is approximately 60 kilometers north of Harrison Mills and 160 kilometers northeast of Vancouver, British Columbia in the New Westminster Mining Division.

The claims cover moderately rugged slopes on the southwesterly shore of Harrison Lake with elevations ranging from about 15 to 750 meters above sea level. Forest cover is mainly second growth fir and alder.

Access to the Property is via the West Harrison Forest access road north of Harrison Mills to Five Mile Bay. This road is of variable condition, but is, for the most part, passable by two wheel drive vehicles; only the last three kilometers require four wheel drive.

The exploration camp is also accessible by helicopter, float equipped aircraft, and a barge service supplied by RivTow from Harrison Hot Springs.

Buildings from an abandoned logging camp at Five Mile Bay provide temporary housing for field crews.

#### History

The history of the area dates to 1897-98 with gold discoveries on the west side of Harrison Lake at Fire Mountain. Small production of approximately 55 tons is reported from the Providence showing. Additional work was undertaken in 1929 and 1934, with poor success.

During the early 1950's, the discovery of copper-zinc sulphides along the southwest side of Harrison Lake was recognized by Cominco geologists as being in a similar geological setting to the Kuroko-type and Noranda-type environments.

The present interest in the area has been initiated by the discovery by Rhyolite Resources Inc. of gold-silver mineralization at Doctor's Point.

J.M.T. Services Corporation undertook a reconnaissance prospecting program near Five Mile Bay which initiated further work being completed by Diamond during 1982-1985. During this time, geological, geophysical and geochemical surveys, and percussion and diamond drilling were undertaken near the shore line at Five Mile Bay. While the results of the drill program were generally negative, this work returned some positive results with anomalous gold values to highs of 0.034 ounces of gold per ton in percussion drilling and 0.028 ounces of gold per ton in diamond drilling over five foot intervals.

#### Geology

The regional geology is described by G.E. Ray of the Ministry of Energy, Mines and Petroleum Resources in the "Harrison Lake Project" as follows:

"The Harrison Lake fracture system forms a major, southeasterly trending dislocation over 100 kilometers in length, which in part passes along, and parallel to, Harrison Lake. The system separates highly contrasting geological regimes (Roddick, 1965; Monger, 1970). To

the northwest, the rocks include well-deformed supracrustals ... as well as highly foliated gneissic rocks and some younger granites. By contrast, the rocks on the southwestern side of the fracture are generally younger, are less deformed, and have suffered lower metamorphic grade; they include a variety of volcanic, volcanoclastic and sedimentary rocks, as well as intrusives granitic rocks and migmatites."

Gold mineralization is presently known to be found in the Fire Lake and Harrison Lake Groups. On the Company's Property, gold soil and rock geochemical anomalies are found in the Fire Lake group of volcanic and sedimentary rocks. These units consisting of green andesitic crystal tuffs, lapilli tuff and breccia with interbedded rhyolitic breccia and argillitic sedimentary rocks have been altered in the central part of the Property by silicification and clay-sericite alteration. Pyrite content is high, ranging from two to ten per cent.

Geochemical surveys outlined anomalous zones related to the zone of intense pyrite rich alteration near the shore of Harrison Lake. Percussion drilling was undertaken in an attempt to test geochemical anomalies as related to geology and alteration. Generally, recoveries were poor, however, several anomalous sections were obtained in various drill holes; i.e. PDH #6 @ 25-30 assayed 0.034 ounces of gold per ton and 150-155, 155-160 returned 0.016 and 0.012 ounces of gold per ton respectively.

A Multipole Induced Polarization Survey was completed on the Toil claim during April 17-24, 1985 and reported on by Mr. C. Candy of Glen E. White Geophysical Consulting Services Ltd. on May 4, 1985.

As described by Mr. Candy the apparent chargeability background for the survey area was found to be high indicating a high level of disseminated sulphids. Higher chargeability anomalies were outlined. Resistivity anomalies were noted. In general, the survey outlined several zones requiring drill testing.

Some zones were drill tested in 1985 but additional drilling is necessary.

#### Underground and Surface Exploration

There is no underground or surface plant or equipment on the Property and there has been no underground exploration on the Property except as herein set forth. The Property is without a known body of commercial ore and the proposed program is an exploratory search for ore.

#### Exploration Surveys 1987

The 1987 work confirmed in detail and extended previously indicated geophysical anomalies. Three target areas warrant testing by diamond drilling. These are anomalies T, G, and Q as shown on Plan No. 3, General Compilation of the Report.

#### Recommendation

A modest program of diamond drilling is recommended to test the three geophysical anomalies T, G and Q. Anomaly T has the highest coincident soil gold geochemistry with a value of 443 parts per billion.

Anomaly G is a circular geophysical anomaly with coincident 15 PPb gold geochemical response while anomaly Q being the most intensive is situated on the west side of the survey area.

To date, exploration surveys have been concentrated on the Toil claim. Preliminary reconnaissance is recommended to examine the Ed #1 and Ed #2 claims.

Any additional work will be subject to the results of the recommended surveys.

#### Cost Estimate

##### Phase 1

1. Diamond drilling on the three anomalies T, G and Q. Allow 1,500 feet (457.2 m) @ \$25.00/foot	\$ 37,500
2. Camp Costs	2,500
3. Assaying	3,000
4. Engineering - Supervision	7,000
5. Contingencies - 10%	<u>5,000</u>
TOTAL PHASE 1	<u>\$ 55,000</u>

##### Phase 2

This work will be contingent on the results of preliminary work and will include further geochemistry, geology, geophysics and drill testing.

## RISK FACTORS

The shares offered hereby are considered speculative due to the nature of the Company's business and the present stage of its development. A prospective investor should consider carefully the following factors:

### Business

The securities offered hereby are a speculative investment. Mineral exploration and development are highly speculative and involve risks and, while the rewards if an ore body is discovered can be substantial, few properties explored are ultimately placed into commercial production.

The Company presently has no producing properties and therefore its ultimate success will depend on its ability to generate cash flow from producing properties. Accordingly, the Company is not in a position to pay dividends nor has it any present plans to declare or pay dividends. The Company's activities are directed to the search for ore deposits and the development thereof. There is aggressive competition within the industry for the discovery and acquisition of properties considered to have commercial potential, and while the Company believes it has highly trained and experienced personnel and uses sophisticated techniques, such techniques are generally available to its competitors. The Company will compete with other interests, many of which have greater financial resources than the Company, for the opportunity to participate in promising exploration projects. Significant capital investment is required to achieve commercial production from successful exploration efforts.

Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. Whether a mineral deposit once discovered will be commercially viable also depends on a number of factors some of which are particular attributes of the deposit, such as size, grade, and proximity to infrastructure, as well as metal prices, which are highly cyclical. The prices of gold and silver have in recent years been subject to extreme fluctuations. All mineral prices are currently depressed, reflecting the abundance of minerals and current state of the economies of the industrialized nations. Most of the above factors are beyond the control of the Company.

### Dilution

Based upon the audited balance sheet of the Company as at May 31, 1987, the net tangible assets are \$33,243 or \$0.0220 per outstanding common share.