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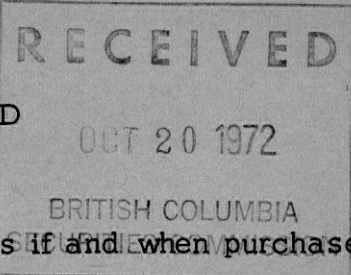
ART, PIN
APRIL, MILLIE

92I/9W (092INE016)
92I/9W (092INE125)
92G/7E (092G SE07)

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

YUKON GOLD PLACERS, LIMITED



NEW ISSUE:

We, as principals, offer to sell 200,000 common shares if and when purchased by us, subject to prior sale.

200,000 Shares	Price to Public	Commissions	Proceeds to * Company
Per Unit	\$.50	\$.10	\$.40
Total	\$100,000.00	\$20,000.00	\$80,000.00

* Before deduction of legal, audit and printing expenses payable by the Company estimated not to exceed \$3,000.00.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice.

SECONDARY OFFERING

After primary distribution of the new issue herein described has been completed 690,674 shares may be sold to the public as follows:

Gordon Lee .	120,000	John N. Carlisle	120,000
David J. Douglas	130,200	G. Robert Fay	120,000
Ricoy Holdings Ltd.	120,000	F. Michael P. Warren	50,000
Dean Duggan	30,474		

all at the market price prevailing at the time of sale. The Company will not receive any proceeds from such sales. The net proceeds will accrue to the selling shareholders. Reference is made to the heading Principal Shareholders.

THE SHARES OF THE COMPANY MUST BE CONSIDERED SPECULATIVE AS THE COMPANY'S MINING PROPERTIES ARE IN THE EXPLORATION STAGE.

AT PRESENT THERE IS NO ACTIVE MARKET FOR THE SHARES OF THE COMPANY.

REFERENCE IS MADE TO THE HEADING "SHARE OFFERING & PLAN OF DISTRIBUTION" AND THE COMPARISON OF THE PERCENTAGE OF SECURITIES BEING OFFERED TO THE PUBLIC FOR CASH AND ALREADY ISSUED BY THE COMPANY TO PROMOTERS, DIRECTORS, OFFICERS AND CONTROLLING PERSONS.

THERE IS NO LAND SURVEY OF THE COMPANY'S PROPERTIES AND UNTIL SUCH LAND SURVEY IS COMPLETED THE BOUNDARIES OF THE PROPERTIES COULD BE IN DOUBT.

REGISTRAR AND TRANSFER AGENT

THE CANADA TRUST COMPANY
901 West Pender Street,
Vancouver, British Columbia.

UNDERWRITER

CARLISLE, DOUGLAS & CO. LTD.
420 - 890 West Pender Street,
Vancouver, British Columbia

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NAME & INCORPORATION

Yukon Gold Placers, Limited (the "Company") was duly incorporated under the provisions of Part 1 of the Companies Act, 1934 (Canada) by Letters Patent dated February 18, 1946, as a public company, with a capital stock consisting of 1,000,000 shares without nominal or par value. By Supplementary Letters Patent dated July 7, 1948, and further Supplementary Letters Patent dated July 21, 1969, the capital of the Company was increased so that the Company is authorized to issue 2,000,000 shares without nominal or par value.

The Company was registered under the provisions of the Companies Act of British Columbia as an Extra-Provincial Company on June 22, 1972.

The address of the head office of the Company is 420,890 West Pender Street, Vancouver 1, B. C.

The address of the registered office of the Company is 4th Floor, Two Bentall Centre, 555 Burrard Street, Vancouver 1, B. C.

THE BUSINESS

The Company is a mining company engaged in the acquisition, exploration and development of mining and petroleum and natural gas properties.

According to the records of the Company available to its present management, it appears that:

1. On its incorporation, the Company issued six common shares to its directors for a cash consideration of \$1.00 per share;
2. From its incorporation until December, 1956, the Company operated various gold producing properties in the Yukon Territory, which it purchased from Yukon Alluvial Golds Ltd. pursuant to an Agreement dated March 6, 1946, the consideration for which included 509,994 common shares in the capital of the Company issued as fully paid and non-assessable for a deemed consideration of \$1.00 per share;
3. In order to raise funds for the purpose of acquiring the equipment and working capital necessary to work the property so purchased, the Company created an issue of 3-3/4% - 4-1/4% Mortgage Serial Bonds ("Serial Bonds") in the aggregate principal amount of \$1,100,000.00, with various maturity dates, all secured by a first floating charge on all the assets of the Company under a Deed of Trust and Mortgage (the "Serial Bond Trust Deed") dated April 1, 1946, and made in favour of National Trust Company, Limited, as Trustee;

4. Pursuant to an Agreement dated March 6, 1946, between the Company and Mas Holdings Ltd., the Company issued to Mas Holdings Ltd., Serial Bonds in the aggregate principal amount of \$1,100,000.00 together with 490,000 fully paid and non-assessable common shares in the capital of the Company, all in consideration of the payment of the aggregate sum of \$1,134,000.000. The Serial Bonds were deemed to have been issued at 85% of their par value, or for an aggregate consideration of \$935,000.00, and the 490,000 shares were deemed to have been issued for an aggregate consideration of \$199,000.00 (approximately \$.40 $\frac{1}{2}$ per share);
5. By Supplementary Trust Deed dated June 25, 1948, the provisions of the Serial Bond Trust Deed were modified to provide for the creation and issue of \$400,000.00 5% Prior Lien Income Bonds ("Lien Bonds") ranking in priority to the Serial Bonds and secured by specific mortgage and floating charge on all the assets of the Company under a Deed of Trust and Mortgage (the "Lien Bond Trust Deed") dated June 25, 1948, and made in favour of National Trust Company, Limited, as Trustee;
6. The Supplementary Trust Deed also extended the maturity date of all Serial Bonds to December 1, 1958, and increased the interest rate as of June 1, 1947, to 5%, cumulative from that date and payable semi-annually from June 1, 1953;
7. The Lien Bonds were duly issued on August 1, 1948, at a discount for a net cash consideration of \$280,000.00;
8. On July 7, 1948, Supplementary Letters Patent were granted to the Company consolidating the 1,000,000 shares then outstanding into 500,000 shares and authorizing the creation and issue of an additional 500,000 shares, which were subsequently issued by the Company on August 31, 1948, for a cash consideration of \$20,000.00 (\$.04 per share);
9. During the next eight years the Company carried on operations and redeemed certain of the Lien Bonds, so that as at November 30, 1956, the principal amount of Lien Bonds outstanding was \$292,000.00;
10. On December 17, 1956, in accordance with the recommendation of the Company's Manager, the Company having sustained substantial losses and there being no prospect that operations on its remaining ground could produce a profit, the directors of the Company resolved that the Company cease operations. The Trustee was so notified; demand for payment of the Serial Bonds was made under the acceleration provisions of the Principal Trust Deed; a mortgage action was begun in the Supreme Court of Ontario and on February 27, 1957, National Trust Company, Limited, was appointed Receiver of all of the undertaking, property and assets of the Company;

11. Subsequently, Nighthawk Gold Mines Limited (N.P.L.) ("Nighthawk") acquired all of the outstanding Lien Bonds for a total cash consideration of \$50,000.00 and settled the claims of all unsecured creditors of the Company. By an offer dated June 21, 1957, Nighthawk offered to acquire from the holders thereof all of the \$1,100,000.00 Serial Bonds and all of the 1,000,000 common shares of the Company then outstanding, on the basis of 500 fully paid and non-assessable common shares in the capital of Nighthawk for every \$1,000.00 in principal amount of Serial Bonds in full satisfaction of all claims for principal, interest and other monies thereunder, and one fully paid and non-assessable common share in the capital of Nighthawk for every ten fully paid and non-assessable common shares in the capital of the Company;
12. Pursuant to the offer of June 21, 1957, Nighthawk acquired Serial Bonds in the aggregate principal amount of \$1,067,000.00 and left on deposit with National Trust Company, Limited, 16,750 fully paid and non-assessable common shares in the capital of Nighthawk for distribution in respect of the acquisition of the remaining Serial Bonds in the aggregate principal amount of \$33,500.00;
13. The Lien Bond Trust Deed and the Serial Bond Trust Deed each provides, in respect of the Lien Bonds and the Serial Bonds respectively, that at any time the registered holders of at least 75% of the aggregate principal amount of Bonds then outstanding could sanction the release of the Company and of the whole of the mortgaged premises (as defined in the Trust Deed) from the whole of the principal, interest and other monies owing upon all of the Bonds then outstanding, and that such shall be binding upon all of the Bondholders and the Trustee shall be bound to give effect thereto accordingly.
14. By authorizations dated October 7, 1958, Nighthawk, as the registered holder of all of the Lien Bonds and as the registered holder of more than 75% of the Serial Bonds, authorized and directed National Trust Company, Limited, the Trustee under both the Lien Bond Trust Deed and the Serial Bond Trust Deed to release the Company and the whole of the mortgaged premises (as defined in the Trust Deeds) from the whole of the principal, interest and other monies owing upon all of the Lien Bonds and all of the Serial Bonds then outstanding. Those authorizations were made irrevocable by an Agreement between Nighthawk and National Trust Company, Limited, dated December 23, 1958, wherein Nighthawk undertook to deliver to National Trust Company, Limited, for cancellation and destruction all of the Lien Bonds and Serial Bonds that it had acquired.

15. Since its cessation of operations in December, 1956 until April, 1972 the Company was not actively engaged in business

The foregoing information is not within the personal knowledge of the present management of the Company but is derived from the old and incomplete records of the Company and from sources that the present management believes to be reliable. While the present management of the Company cannot assure the accuracy of the information given, it believes the information given to be substantially correct.

Pursuant to the authorizations and directions given to National Trust Company, Limited as Trustee, the Trustee has released the Company from the whole or any part of the mortgaged premises as defined and the whole or any part of the principal, interest and other moneys owing upon the said bonds and coupons and/or from the liens created by the Trust Deeds.

On January 25, 1966, the name of Nighthawk was changed to Highpoint Mines Limited (N.P.L.) and, subsequently, pursuant to special resolution of the shareholders of that Company passed on April 24, 1972, the name was changed to Highhawk Mines Limited (N.P.L.). David J. Douglas and F. Michael P. Warren who are directors and officers of the Company and have been since June 30, 1970, are directors and officers of Highhawk Mines Limited (N.P.L.) and have been since June 17, 1968.

THE PROPERTY

A. MINING PROPERTIES

1. THE KNUTSFORD CLAIMS - KAMLOOPS

By a letter agreement dated March 10, 1972, between Pinnacle Mines Ltd. (N.P.L.) ("Pinnacle") and Carlisle, Douglas & Co. Ltd., acting as agent for and on behalf of the Company, the Company acquired the right to examine and the option to acquire an undivided 50% interest in the following mineral claims and mining properties held by Pinnacle all situate approximately five miles south of the village of Knutsford in the Kamloops Mining Division of British Columbia.

<u>Claim Name</u>	<u>Record Number</u>
5A to 8A	56758 - 56761
ART 1 to ART 6 frs.	81298 - 81303
PIN 1 to PIN 12	71608 - 71619
A2 and A9	47778 & 47785

District Lot 585 - subsurface rights to all minerals, other than gold and silver pursuant to Crown Grant dated May 12, 1890.

The claims are recorded in the name of Pinnacle and are held by location pursuant to the provisions of the "Mineral Act" of the Province of British Columbia and are held by Pinnacle free and clear of all encumbrances so far as is known to the Company.

To the knowledge of the Company there is no known body of commercial ore on any of the claims. There is no plant or equipment owned by the Company on the property at the present time.

Pursuant to the letter agreement, the Company expended approximately \$21,000.00 in carrying out exploratory drilling work on the claims, with inconclusive results. Subject to the approval of the Vancouver Stock Exchange, Pinnacle has agreed to reimburse the Company the amount so expended and thereby re-purchase from the Company all of its interest in the mining properties following which the Company will have no further interest therein.

2. THE J.D. CLAIMS - KAMLOOPS

The Company is the recorded holder of the following located mineral claims all situate in the Kamloops Mining Division in the Province of British Columbia:

<u>Claim Name</u>	<u>Record Number</u>
JD 1 - JD 12 inclusive	285501M - 285512M inclusive
JD 13 - JD 20 inclusive	285513M - 285520M inclusive

These claims are all situated approximately six miles South of Kamloops and just South of Separation Lake which is approximately three miles South of Knutsford. Access to these claims is by way of Highway No. 5 South from Kamloops.

The claims are held by location pursuant to the provisions of the "Mineral Act" of the Province of British Columbia and are held by the Company free and clear of all encumbrances.

To the knowledge of the Company there is no known body of commercial ore on any of the claims referred to under this heading. There is no plant or equipment on the property.

David J. Douglas, the President and a Director of the Company, purchased these claims for the sum of \$5,000.00. The vendors of the claims were Joseph E. McDonald of Penticton, British Columbia with respect to the JD 1 - JD 12 inclusive and Donald J. McDonald of Vancouver, British Columbia with respect to the JD 13 - JD 20 inclusive. The Company has agreed to purchase these claims from Mr. Douglas for the sum of \$5,000.00 and, as referred to under "Use of Proceeds", intends to use part of the proceeds of the Underwriting for that purpose.

To the knowledge of the Company the J. D. claims have not been explored except to the extent of general prospecting in the area.

NO WORK IS PLANNED ON THESE CLAIMS AT THE PRESENT TIME EXCEPT TO THE EXTENT OF THE PERFORMANCE OF MINIMAL ASSESSMENT WORK AS MAY BE NECESSARY TO MAINTAIN THE CLAIMS IN GOOD STANDING, THE COMPANY INTENDS TO HAVE THE CLAIMS EXAMINED BY A CONSULTING ENGINEER IN ORDER TO DETERMINE WHAT PROGRAMS OF WORK (IF ANY) MAY BE RECOMMENDED.

3. THE PITT LAKE CLAIMS

By Agreement made as of April 25, 1972, the Company acquired from Robert Lee, c/o 420, 890 West Pender Street, Vancouver, B.C.; John N. Carlisle, #1102, 1575 Beach Avenue, Vancouver, B.C.; David J. Douglas, 560 West 50th Avenue, Vancouver, B.C.; G. Robert Fay, 555 West 50th Avenue, Vancouver, B.C.; F. Michael P. Warren, #2201, 2075 Comox Street, Vancouver, B.C.; John N. Jones, 971 Devon Road, North Vancouver, B.C., (herein together referred to as the "Vendors"), 100% interest in the following four mineral claims, all situate at the west side of Pitt Lake in the New Westminster Mining Division of British Columbia;

<u>Claim Name</u>	<u>Record Number</u>
Millie 1	23631E
April 1	23632E
May	26951M
June	26952M

in consideration of the allotment and issue of 750,000 fully paid and non-assessable common shares in the capital of the Company, to be allotted and issued immediately

following the grant of Supplementary Letters Patent increasing the number of shares authorized to be issued by the Company as follows:

TO:	Robert Lee	125,000
	John N. Carlisle	125,000
	David J. Douglas	125,000
	G. Robert Fay	125,000
	F. Michael P. Warren	125,000
	John N. Jones	<u>125,000</u>
		750,000

The Vendors, who purchased the mineral claims for a total consideration of \$5,000.00, agreed to the postponement of the allotment and issue to them of the 750,000 shares in order to enable the Company to retain sufficient authorized but unissued shares for the purpose of further financing, should such be considered desirable, pending the grant of Supplementary Letters Patent to increase the number of shares authorized to be issued by the Company from 2,000,000 shares to 4,000,000 shares, for which application has been made to the Department of Consumer and Corporate Affairs, Ottawa. Immediately following the grant the Company will allot and issue 750,000 fully paid and non-assessable common shares to the Vendors as aforesaid.

On May 29, 1972 the Millie and April claims expired, and were re-staked by John W. Hogan under record numbers 27997 and 27998 respectively and by him conveyed to the Vendors in whose names the claims are presently recorded. By Declaration of Trust dated August 22, 1972, the Vendors have declared that they hold the two mineral claims and all right, title and interest therein and thereto as trustees in trust for and on behalf of the Company.

The claims are located at approximately 49° 26' N., 122° 35' W., on the west shore of Pitt Lake, due west of Goose Lake, in the New Westminster Mining Division of British Columbia. Access is by boat on Pitt River, a tributary of the Fraser River. So far as is known the previous exploration and development work done on the claims consisted of a sample adit driven north-west from the lake level between 1945 and 1950 in connection with work done on the old Standard Group claims 1½ miles to the south, and some trenching in 1970 at a point to the north-west of and at an elevation higher than the sample adit. The Company has carried out geological and magnetometer surveys over most of the area covered by the claims at a cost to-date of approximately \$3,000.00. The magnetometer surveys are presently being interpreted. With funds presently on hand the Company is carrying out the remainder of the first phase of the two phase program recommended by J. W. Hogan, B.A.Sc., P.Eng., in his report dated April 24, 1972 attached to and forming part of the Prospectus of the Company dated April 28, 1972.

4. COMANCHE CLAIMS - YUKON TERRITORY

The Company is the recorded holder of an undivided 50% interest in the following mineral claims:

<u>Claim Name</u>	<u>Record Number</u>
Comanche 1-28	Y62268 - Y62295
Comanche 29-52	Y63506 - Y63529

all of which are situated in the Whitehorse Mining District, Yukon Territory. Pinnacle Mines Ltd. (N.P.L.) ("Pinnacle") is the recorded holder and beneficial owner of the remaining undivided 50% interest in these claims.

The claims may be held indefinitely under the provisions of the Yukon Quartz Mining Act, R.S.C., 1952 Chapter 301 as amended, by performance and recording of representation work on each claim annually. After \$500.00 of work has been performed on a claim, the holder, on completion of the various requirements for and receipt of a Certificate of Improvements, is entitled to a Crown Mineral Lease thereof, renewable upon payment of certain rentals. A Government royalty is payable with respect to mining profits.

The claims directly adjoin the Discovery properties of United Keno Hill Mines Ltd. and of Silver Standard-Asarco known as the Minto group. Access to the claims may be gained by crossing the Yukon River northwest of Minto to the Silver Standard road, which ends approximately one mile east of the Comanche claims. From Carmacks, the distance by air is about 45 miles by helicopter.

The Company does not have any knowledge of any previous exploration activity on these claims and to the knowledge of the Company there is no known body of commercial ore on any of the claims. There is no plant or equipment on the claims.

The Company has agreed to purchase the undivided 50% interest in the claims from Carlisle, Douglas & Co. Ltd. for \$3,900.00, the price paid by Carlisle, Douglas & Co. Ltd. for the purchase of the interest from J. Barry O'Neil of Whitehorse, Yukon Territory and as referred to under "Use of Proceeds", the Company intends to apply \$3,900.00 out of the proceeds of the Underwriting for such purpose.

During September 1972, Pinnacle expended approximately \$5,000.00 on exploration and development work on the claims, including the completion of 2,250 feet of bulldozer trenching. As referred to under "Use of Proceeds" the Company intends to apply approximately \$2,500.00 out of the proceeds of the Underwriting to reimburse Pinnacle one-half of the monies so expended. The Company does not intend to apply any further amount out of the proceeds of the Underwriting in respect of these claims.

5. BULLION MOUNTAIN CLAIMS

The Company is the recorded holder of the following mineral claims:

<u>Claim Name</u>	<u>Record Number</u>
B1-40	Y57084 - Y57123

and the beneficial owner of the following mineral claims:

<u>Claim Name</u>	<u>Record Number</u>
Main 1-75	Y68211 - Y68285

all of which are situated in the Mayo Mining District, Yukon Territory.

The claims may be held indefinitely under the provisions of the Yukon Quartz Mining Act, R.S.C., 1952, Chapter 301 as amended, by performance and recording of representation work on each claim annually. After \$500.00 of work has been performed on a claim, the holder, on completion of the various requirements for and receipt of a Certificate of Improvements, is entitled to a Crown Mineral Lease thereof, renewable upon payment of certain rentals. A Government royalty is payable with respect to mining profits.

Access to the property is by road from Mayo to the south end of McQuesten Lake and thence by helicopter for ten miles to the property. Mayo is 253 road miles from Whitehorse and is served three times a week by DC 3 by Northward Aviation Ltd.

To the knowledge of the Company there is no known body of commercial ore on any of the claims. There is no plant or equipment on the claims.

The Company has agreed to purchase the claims from Carlisle, Douglas & Co. Ltd. for \$14,375.00, the price paid by Carlisle, Douglas & Co. Ltd. for the purchase of the claims from J. Barry O'Neil of Whitehorse, Yukon Territory and, as referred to under "Use of Proceeds", the Company intends to apply \$3,100.00 out of the proceeds of the Underwriting for such purpose and to pay the balance of \$11,275.00 out of the receipt by the Company from Pinnacle of the sum of approximately \$21,000.00 in connection with the re-acquisition by Pinnacle from the Company of the Knutsford Claims as described above.

NO WORK IS PLANNED ON THESE CLAIMS AT THE PRESENT TIME EXCEPT TO THE EXTENT OF THE PERFORMANCE OF MINIMAL ASSESSMENT WORK AS MAY BE NECESSARY TO MAINTAIN THE CLAIMS OR PROPERTIES IN GOOD STANDING.

B. PETROLEUM AND NATURAL GAS PROPERTIES

The Company owns 1% absolute working interest in each of British Columbia Petroleum and Natural Gas Leases Nos. 915, 2956, 2957, 3932, 4568, 4569, 4570, 5415 and 5416 and 0.8996% absolute working interest in British Columbia Petroleum and Natural Gas Lease No. 919 and in the Gray No. 1 well C25A located thereon.

The Leases are located in the Monkman Pass area of British Columbia approximately 75 miles southwest of Grand Prairie, Alberta and 25 miles west of the Alberta-British Columbia boundary.

Leases Nos. 2956, 2957, 4568, 4569, 4570 and 919 are subject to a 1/2% gross overriding royalty payable to Central-del Rio Oils Ltd. Leases Nos. 919, 915, 2956, 2957 and 3932 are subject to a 2-1/2% gross overriding royalty payable to Guaranty Trust Company of Canada. In addition, all of the Leases are subject to the standard overriding royalties payable to the Province of British Columbia. The Leases cover a total of 19,350 acres and all Leases are in good standing.

Prior to October 8, 1971 a total of six wells had been drilled on or in the vicinity of the Leases of which one was completed as a commercial gas well and one was suspended but is capable of being brought into production.

A third well produced gas in commercial quantities but was abandoned due to technical difficulties. None of these wells are unitized. They are about sixty miles from an existing pipeline. A pipeline will be required to be built into the area before the wells are brought into production.

On October 8, 1971, a seventh well was spudded, this time on Lease No. 2957. It is officially designated Monkman PRP Grizzly C36A-93-1-15. It was drilled to a total depth of 9,007 feet subsurface and is fully cased down to 7,820 feet. Two Drill Stem Tests were run. DST No. 1 was run from 8,184 feet to 8,496 feet, yielding a gas flow at the rate of 64.6 Mcf/d throughout the test period. DST No. 2 was run from 8,515 feet to 8,868 feet, yielding a gas flow of 7.8 Mcf/d levelling out at 7.34 Mcf/d and this flow was steady throughout the test. No trace of water was encountered anywhere in the formation. Drilling on this well was terminated on December 31, 1971; a "Christmas Tree" was installed and a slotted liner run.

Pursuant to a Farmout Agreement in respect of the Leases dated August 3, 1971, to which Agreement the Company is not a party, Quasar Petroleum Ltd. ("Quasar") is drilling a test well on Drilling Reserve 2741 in the vicinity of Lease 915 and pursuant to amending agreement dated July 27, 1972 has committed to drill two further wells: B1 B 62 G on Lease 915 and C1 B 30 H on Lease 2956. Drilling on both wells has been started and the interest in the Leases to be earned by Quasar will depend both on whether the test well on Drilling Reserve 2741 is completed

adequately and on completion by February, 1973 of the commitment wells. The Company is committed to participate to the extent of its percentage interest in the costs of all wells drilled on the Leases and its percentage interest therein is not affected by the interests in the Leases which might be earned by Quasar.

For further detailed information concerning the Leases and drilling program, reference is made to the report of C. H. Riddell, P. Geologist, dated September 30, 1972 attached to and forming part of this Prospectus.

The Company's interests in the Leases were acquired by way of purchase from J. Trevor Martin of 13516 Rippington Road, Pitt Meadows, British Columbia, for the consideration of 100,000 shares in the capital stock of the Company allotted and issued as fully paid and non-assessable at a deemed consideration of .65¢ per share, to be held by Mr. Martin free from any pooling or escrow restrictions but subject to determination and ruling by the British Columbia Securities Commission, pursuant to Section 56(1) of the Securities Act 1967, prior to any disposition thereof, and a cash payment of \$35,000.00 of which \$10,000.00 has been paid on behalf of the Company by its agent, Carlisle, Douglas & Co. Ltd. As referred to under "Use of Proceeds" the Company intends to apply \$35,000.00 out of the proceeds of the Underwriting to reimburse Carlisle, Douglas & Co. Ltd. for the \$10,000.00 which it paid to Mr. Martin on the Company's behalf on account of the purchase of the interests in the Leases and to pay the balance of the cash portion of the purchase price.

In addition to the consideration agreed to be paid to Mr. Martin by the Company, the Vendors of the Pitt Lake mineral claims, as referred to under "The Property", to assist the Company in the acquisition of the interest in the Leases have agreed, subject to the approval of the British Columbia Securities Commission, to transfer to Mr. Martin within escrow on a pro rata basis between them a total of 50,000 shares out of the total of 750,000 shares to be issued to the Vendors and held in escrow as described under the headings "The Property" and "Escrow Securities". The Vendors have received and will receive no cash or other consideration for so doing.

Pursuant to its agreement with J. Trevor Martin, the Company is committed to maintain its percentage interest in the Leases and to pay its proportionate share of the costs of maintaining the Leases in good standing and carrying out the drilling program thereon; but with the option of relinquishing its total interest therein to J. Trevor Martin on receipt of reimbursement from him of all moneys expended by the Company in respect of the Leases plus reimbursement of the \$35,000.00 cash portion of the purchase price thereof.

SHARE OFFERING AND PLAN OF DISTRIBUTION

By Agreement dated August 30, 1972, between the Company and Carlisle, Douglas & Co. Ltd., (the "Underwriter") of 420, 890 West Pender Street, Vancouver, British Columbia, the Company has agreed to sell and the Underwriter has agreed to purchase 200,000 common shares of the Company at \$.40 per share payable in cash against delivery of certificates representing the 200,000 common shares in definitive form within seven days of approval of this Prospectus by the British Columbia Securities Commission.

The obligation of the Underwriter under the Underwriting Agreement is to take up and pay for all of the common shares underwritten if any of the common shares are purchased under the Underwriting Agreement.

However, the Underwriter reserves the right to accept applications for the underwritten shares in whole or in part and to reject any application and withdraw the offer at any time without notice.

Of the 1,800,000 shares to be issued and outstanding on completion of this offer 80.3% will have been issued for cash and 19.7% for properties.

Of the 2,550,00 shares to be issued and outstanding on completion of this offering and the issue of the further 750,000 shares to the vendors of the Pitt Lake mineral claims as described under the heading "The Property" following the grant of Supplementary Letters Patent increasing the number of shares authorized to be issued by the Company, 56.6% will have been issued for cash and 43.4% for properties.

Of the 1,800,000 shares to be issued and outstanding on completion of this offer, but prior to the sale of any of the 690,674 shares referred to under the heading "Secondary Offering" on the front page of this Prospectus, 59.9% will be held by the public having been issued for cash and property and 40.1% will be held by promoters, directors, officers and those persons listed under "Principal Shareholders", having been issued for cash and property.

In the event that all of the 690,674 shares referred to under the heading "Secondary Offering" on the front page of this Prospectus are sold to the public, then, on completion of the sale thereof, of the 1,800,00 shares then issued and outstanding 98.4% will be held by the public and 1.6% will be held by the promoters, directors, officers and those persons listed under "Principal Shareholders".

Following the issue of the further 750,000 shares to the vendors, the transfer within escrow to J. Trevor Martin of 50,000 of the 750,000 shares in connection with the Company's acquisition of the interest in the Monkman Pass Petroleum and Natural Gas Leases as described under "The Property" and the sale to the public of all of the 690,674 shares referred to under the heading "Secondary Offering" on the front page of this Prospectus then of the 2,550,000 shares then to be issued and outstanding 75.9% will be held by the public and 24.1% will be held by promoters, directors, officers and those persons listed under "Principal Shareholders".

The 200,000 shares to be issued to the public pursuant to the offering contained in this Prospectus represent 11.1% of the 1,800,000 shares to be issued and outstanding on the completion of the offer, and 7.8% of the 2,550,000 shares to be issued and outstanding following the issue of the further 750,000 shares to the vendors of the mineral claims as described under the heading "The Property" following the grant of Supplementary Letters Patent increasing the number of shares authorized to be issued by the Company.

The 690,674 shares referred to under the heading "Secondary Offering" on the front page of this Prospectus represent 38.4% of the 1,800,000 shares to be issued and outstanding on the completion of the offer, and 27.1% of the 2,550,000 shares to be issued and outstanding following the issue of the further 750,000 shares to the vendors of the mineral claims as described under the heading "The Property" following the grant of Supplementary Letters Patent increasing the number of shares authorized to be issued by the Company.

USE OF PROCEEDS

The proceeds to be derived by the Company from the shares offered by this Prospectus will be \$80,000.00 which will be used as follows:

- 1. For payment of legal, audit and printing expenses \$ 3,000.00
- 2. For reimbursement of one-half of the monies expended by Pinnacle Mines Ltd. (N.P.L.) on the Comanche claims, owned jointly between the Company and Pinnacle Mines Ltd. (N.P.L.) \$ 2,500.00

3. To provide a reserve for a portion of the Company's share of the cost of wells which are planned to be drilled on the Company's Monkman Pass Petroleum and Natural Gas property as follows:

Well No.B1 B62 G		
Total Estimated Cost	\$2,000,000*	
The Company's share 1%	20,000	\$20,000.00

Well No.C1 B30H		
Total Estimated Cost	\$ 750,000*	
The Company's share 1%	7,500	\$ 7,500.00

- 4. For payment of the purchase price for the Monkman Pass Petroleum and Natural Gas Lease interests (\$35,000.00); the J.D. claims (\$5,000.00); the Comanche claims (\$3,900.00); and part (\$3,100.00) of the purchase price for the Bullion Mountain claims (\$14,375.00)** more particularly referred to under the heading "The Property" \$47,000.00
\$80,000.00

* The Company has not yet received a statement from Quasar Petroleum Ltd. the operator of the property, giving a firm estimate of the drilling costs and, accordingly, the amounts indicated are rough estimates only. If the sum reserved is greater than the amount actually required the balance will be used for the further exploration and development of the Company's other properties; for the acquisition, exploration and development of additional properties; and for general corporate purposes.

** The balance of \$11,275.00 will be paid out of the receipt by the Company from Pinnacle Mines Ltd.(N.P.L.) of the sum of approximately \$21,000.00 in connection with the re-acquisition by Pinnacle Mines Ltd.(N.P.L.) from the Company of the Knutsford Claims as described under "The Property".

No part of the proceeds will be used to invest, underwrite or trade in securities other than those that qualify as an investment in which trust funds may be invested under the laws of the jurisdiction in which the securities offered by this Prospectus may be lawfully sold. Should the Company propose to use the proceeds to acquire non-trustee type securities after the initial distribution of the securities offered by this Prospectus, approval by the shareholders must first be obtained and prior disclosure must be made to the regulatory securities bodies having jurisdiction over the sale of the securities offered by this Prospectus. The proceeds will not be advanced to other persons or companies except to the extent necessary to enable the Company to implement its exploration and development program as set forth in this Prospectus and any amendment thereto.

DESCRIPTION OF SHARES

The Company is authorized to issue 2,000,000 shares without nominal or par value of which 1,500,000 are issued as fully paid and non-assessable. All shares of the Company, both issued and unissued are of the same class and rank equally as to dividends, voting powers and participation in assets. No shares have been issued subject to call or assessment. There are no preemptive or conversion rights and no provision for redemption, purchase for cancellation, surrender or sinking, or purchase funds. Provisions as to the modifications, amendments or variations of such rights or such provisions are contained in the Canada Corporations Act.

SHARE AND LOAN CAPITAL STRUCTURE

Designation of Security	Amount Authorized	Amount Outstanding as of August 31, 1972	Amount Outstanding as of September 28, 1972	Amount to be Outstanding on completion of Offering
Common Shares	2,000,000	1,500,000	1,600,000	1,800,000

NOTE: The Company has applied to the Department of Consumer and Corporate Affairs, Ottawa, for a grant of Supplementary Letters Patent increasing the number of shares authorized to be issued by the Company from 2,000,000 shares to 4,000,000 shares. It is expected that the grant of such Supplementary Letters Patent will be issued shortly. Immediately thereafter the Company will allot and issue 750,000 common shares as fully paid and non-assessable in accordance with the Agreement of April 25, 1972, whereby the Company acquired the Pitt Lake mineral claims, as described under "The Property". No further consideration for those 750,000 common shares will be paid or payable to the Company.

REFER TO THE NOTE at the foot of this section and to the information set out under the heading "The Business" concerning the status of the Bonds created and issued by the Company prior to August 31, 1948.

During the period from the incorporation of the Company on February 18, 1946, to August 31, 1972, the Company sold the following securities for cash:

Common Shares:

Number of Shares	Price per Share	Commissions Paid Per Share Sold	Total Cash Received
6 *	\$1.00	Nil	\$ 6.00
490,000 *	\$.40 $\frac{1}{2}$ +	Nil	\$199,000.00
500,000	\$.04	Nil	\$ 20,000.00
500,000	\$.11	\$.01	\$ 50,000.00

* By Supplementary Letters Patent dated July 7, 1948, the 490,006 shares issued for cash, together with the 509,994 shares issued for property at a deemed consideration of \$1.00 per share (see heading "The Business") were consolidated into 500,000 shares.

3-3/4% - 4-1/4% Mortgage Serial Bonds:

Aggregate Principal Amount of Bonds	Price	Commissions Paid	Total Cash Received
\$1,100,000.00	85% of Aggregate Principal Amount	Nil	\$935,000.00

5% Prior Lien Income Bonds:

Aggregate Principal Amount of Bonds	Price	Commissions Paid	Total Cash Received
\$400,000.00	70% of Aggregate Principal Amount	Nil	\$280,000.00

NOTE: All of the 5% Prior Lien Income Bonds and all but \$33,500.00 principal amount of the 3-3/4% - 4-1/4% Mortgage Serial Bonds were acquired by Nighthawk Gold Mines Limited (N.P.L.) (now called Highhawk Mines Limited (N.P.L.) as described under the heading "The Business". By Releases dated August 8, 1972, the Company has been released from all of the Prior Lien Income Bonds and all of the Mortgage Serial Bonds, including the \$33,500.00 principal amount thereof not yet acquired by Highhawk Mines Limited (N.P.L.) and from all monies payable thereunder.

PRIOR SALES

Within the past twelve months prior to the date of this Prospectus, shares of the Company were sold for cash as follows:

500,000 shares at .11¢ per share.

As partial consideration for the acquisition of the interests in the Petroleum and Natural Gas Leases, as described under "The Property", the Company allotted and issued to J. Trevor Martin 100,000 common shares as fully paid and non-assessable at a deemed consideration of .65¢ per share, subject to the approval of the British Columbia Securities Commission.

The Company has agreed to allot and issue 750,000 common shares as fully paid and non-assessable at a deemed consideration of \$.01 per share, for the acquisition of the Pitt Lake mineral claims described under the heading "The Property", which shares are to be allotted and issued immediately following the grant of Supplementary Letters Patent increasing the number of shares authorized to be issued by the Company.

DIRECTORS AND OFFICERS

The principal business or occupation in which each of the Directors and Officers of the Company has been engaged during the immediately preceding five years is as follows:

<u>Name & Address</u>	<u>Position with Company</u>	<u>Business or Occupation</u>
David John Douglas 560 West 50th Avenue, Vancouver, B.C.	President and Director	Business Executive, formerly President & Director of Carlisle Douglas & Co.Ltd., Stockbroker
Frederic Michael Patrick Warren 2201, 2075 Comox Street, Vancouver, B.C.	Secretary-Treasurer and Director	Barrister & Solicitor, Partner, Owen, Bird. March, 1972 to date. Barrister & Solicitor, self-employed & Mining Executive for the past five years.
Dean Duggan 4086 Yale Street, Burnaby, B.C.	Director	Chartered Accountant, Comptroller Carlisle, Douglas & Co.Ltd., Stockbrokers, August 1969 to date Chartered Accountant, Arthur Andersen & Co., Chartered Accountants, 1964 to August, 1969
Rosemary Jeanne Douglas, 560 West 50th Avenue, Vancouver, B. C.	Director	Wife of David J. Douglas
Sarah Ann Reukauf 1161 Melville Street, Vancouver, B. C.	Director	Magazine Editor and Photographic Editor.
Ursula Tinsley 1028 Pacific Street, Vancouver, B. C.	Director	Secretary, Carlisle, Douglas & Co.Ltd., Stockbrokers, November, 1969 to date. Secretary, Laurentide Financial Corpn. Ltd., August 1968 - November, 1969.

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

No remuneration has been paid or became payable by the Company to the Directors or Senior Officers of the Company during the Company's last completed financial year and no remuneration will be paid to the Directors or Senior Officers of the Company during the Company's current fiscal year in their capacities as such. The foregoing does not include any remuneration paid or payable or to become payable for professional legal services rendered to the Company by Owen, Bird, Barristers and Solicitors, of which firm F. Michael P. Warren, a Director and Senior Officer of the Company, is a partner.

PROMOTERS

Under the definition of "Promoter" contained in Section 2 of the Securities Act, 1967, of British Columbia, David J. Douglas and F. Michael P. Warren may be considered the promoters of the Company in that they, together with James Melbourne O'Brien took the initiative in the reorganization of the Company, but they have received no consideration in the form of cash, shares or otherwise from the Company for so doing.

David J. Douglas headed a purchasing group which purchased from Highpoint Mines Limited (N.P.L.) in September, 1970, 680,474 shares in the capital of the Company for a total consideration of \$10,000.00. Of the 680,474 shares David J. Douglas purchased 120,000 and F. Michael P. Warren purchased 50,000. Each of David J. Douglas and F. Michael P. Warren will receive 125,000 fully paid and non-assessable common shares in the capital of the Company in consideration for the sale by them and others to the Company of the Pitt Lake mineral claims described under the heading "The Property". The shares to be issued by the Company for the Pitt Lake mineral claims described under the heading "The Property" will be issued at an arbitrary value of \$.01 per share for a total of \$7,500.00, which amount does not necessarily bear any relation to the value of the Pitt Lake mineral claims which were originally purchased by David J. Douglas, F. Michael P. Warren, Robert Lee, John N. Carlisle, G. Robert Fay and John N. Jones for an aggregate purchase price of \$5,000.00. As described under "The Property", the Company has agreed to purchase from David J. Douglas the J.D.Claims for \$5,000.00, the price at which they were purchased by David J. Douglas in July, 1972.

PRINCIPAL SHAREHOLDERS

Set forth on the next page are particulars of each of the principal shareholders of the Company as at the date of this Prospectus who owns of record or is known to the management of the Company to own beneficially 10% or more of the 1,600,000 issued shares of the Company, and of those shareholders who may from time to time offer shares in the Company for sale as referred to on the front page of this Prospectus:

<u>Name & Address</u>	<u>Class</u>	<u>Type of Ownership</u>	<u>Number of Shares Owned</u>	<u>Per-centage</u>	<u>Number of Shares to be Sold Under Secondary Offering</u>	<u>Number of Shares to be Owned following Secondary Offering</u>
Gordon Lee, c/o 420-890 W. Pender St., Vancouver, B.C.	Common	Beneficial*	120,000	7.5%	120,000	Nil
John N. Carlisle, 1102-1575 Beach Avenue, Vancouver, B.C.	Common	Beneficial*	120,000	7.5%	120,000	Nil***
David J. Douglas, 560 W. 50th Avenue, Vancouver, B.C.	Common	Beneficial+ Of Record & Beneficial	120,000 10,201	7.5% .64%	120,000 10,200	Nil*** 1
G. Robert Fay, 555 W. 50th Avenue, Vancouver, B.C.	Common	Beneficial*	120,000	7.5%	120,000	Nil***
John N. Jones,** 971 Devon Road, N.Vancouver, B.C.	Common	Beneficial*	120,000	7.5%	120,000	Nil***
F. Michael P. Warren, 2201-2075 Comox St., Vancouver, B.C.	Common	Beneficial* Of Record & Beneficial	50,000 6,834	3.1% .43%	50,000 Nil	Nil*** 6,834
Dean Duggan, 4086 Yale Street, Burnaby, B.C.	Common	Beneficial*	30,474	1.9%	30,474	Nil

* Owned of Record by Carlisle, Douglas & Co. Ltd., under the name "Cardo" the registered holder of 662,644 common shares representing 41.4% of the total issued shares of the Company. John N. Carlisle, G. Robert Fay and John N. Jones each hold more than 10% of the issued shares of Carlisle, Douglas & Co. Ltd.

+ Owned of Record by Guaranty Trust Company of Canada.

** Indirectly through Ricoy Holdings Ltd., of which company John N. Jones is the President and a director.

*** Immediately following the grant of Supplementary Letters Patent increasing the number of shares authorized to be issued by the Company, each of David J. Douglas, John N. Carlisle, G. Robert Fay, John N. Jones, F. Michael P. Warren and Robert Lee will receive 125,000 of the 750,000 common shares of the Company to be allotted and issued as fully-paid and non-assessable in payment for the Pitt Lake mineral claims described under the heading "The Property", and held in escrow as described under "Escrowed Securities" which shares will be in addition to the number of shares shown as being

owned following the Secondary Offering. Subject to the approval of the British Columbia Securities Commission, of the 750,000 shares, 50,000 shares will be transferred to J. Trevor Martin within escrow by the persons above mentioned on a pro-rata basis in connection with the Company's acquisition of the interests in the Petroleum and Natural Gas Leases as described under "The Property".

The number and percentage of the 1,600,000 issued shares of the Company beneficially owned directly or indirectly by all Directors and Senior Officers of the Company as a group is as follows:

<u>Designation of Class</u>	<u>Number of Shares</u>	<u>Percentage of Class</u>
Common Shares	239,512	15%

ESCROWED SECURITIES

As of the date of this Prospectus, no securities are held in escrow. However, the 750,000 shares to be issued to the vendors of the Pitt Lake mineral claims described under the heading "The Property" immediately following the Grant of Supplementary Letters Patent increasing the number of shares authorized to be issued by the Company, will be held in escrow by The Canada Trust Company subject to the direction or determination of the British Columbia Securities Commission (the "Commission"). The escrow restrictions will provide that the shares may not be traded in, dealt with in any manner whatsoever, or released, nor may the Company, its transfer agent or escrow holder make any transfer or record any trading of the shares without the consent of the Commission.

The escrow agreement will provide further that in the event the Company loses or abandons or fails to obtain title to all or part of the property for which it issues all or part of the escrow shares, the Company will declare any such event to the Commission by way of Directors' resolution and the holders of such shares, shall surrender to the Company by way of gift for cancellation such number of escrow shares as the Commission shall determine to be fair and equitable under the circumstances.

Subject to the approval of the British Columbia Securities Commission, of the 750,000 shares, 50,000 shares will be transferred to J. Trevor Martin within escrow by the Vendors of the Pitt Lake mineral claims on a pro-rata basis in connection with the Company's acquisition of the interests in the Petroleum and Natural Gas Leases as described under "The Property".

PENDING LEGAL PROCEEDINGS

An action has been commenced against all of the owners of interests in the Monkman Pass Leases by Nabors Drilling Limited alleging a claim in the sum of \$127,550.58 as the balance for alleged services rendered and materials supplied by Nabors Drilling Limited in connection with the drilling of a gas well known as No. 2973 Monkman Pass PRP Grizzly C-36-A pursuant to a contract made on or about September 20, 1971 between Nabors Drilling Limited and Monkman Pass Pipe Line Co. Ltd. as partner of and agent for the owners. The owners believe they have a valid defence and are defending the action accordingly. In the event the defence is unsuccessful the extent of the Company's liability will be approximately \$1,275.00 plus 1% of the legal costs involved.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

680,474 common shares in the capital of the Company were purchased in or about November, 1970 from Highpoint Mines Limited (N.P.L.) for a total consideration of \$10,000.00 by a purchasing group made up as follows: -

Gordon Lee *	120,000
John N. Carlisle *	120,000
David J. Douglas * **	120,000
G. Robert Fay *	120,000
Ricoy Holdings Ltd. *	120,000
F. Michael P. Warren *	50,000
D. Duggan * **	<u>30,474</u>
	680,474

By Agreement made as of April 25, 1972, the Company, in consideration of the allotment and issue of 750,000 common shares, to be issued as fully paid and non-assessable for a deemed consideration of \$.01 per share, of which 125,000 shares are to be issued to each of John N. Carlisle *, David J. Douglas * **, G. Robert Fay *, F. Michael P. Warren * **, John N. Jones * ***, and Robert Lee (the "Vendors"), acquired the Pitt Lake mineral claims described under the heading "The Property", which mineral claims were purchased by the Vendors for a total consideration of \$5,000.00. The 750,000 shares are to be held in escrow as described under "Escrowed Securities" and the Vendors have agreed to transfer within escrow to J. Trevor Martin pro rata 50,000 of the 750,000 shares in connection with the Company's acquisition of the interest in the Monkman Pass Petroleum and Natural Gas Leases as described under "The Property".

As described under "The Property" the Company has agreed to purchase from David J. Douglas * ** the J.D. Claims for \$5,000.00, the price at which they were purchased by David J. Douglas in July, 1972.

Pursuant to an underwriting agreement dated April 25, 1972, between the Company and Carlisle, Douglas & Co. Ltd. of 890 West Pender Street, Vancouver, British Columbia, the Company sold and Carlisle, Douglas & Co. Ltd. purchased 500,000 common shares of the Company at \$.10 per share.

By Agreement dated August 30, 1972, between the Company and Carlisle, Douglas & Co. Ltd., of 420-890 West Pender Street, Vancouver, British Columbia, the Company has agreed to sell and Carlisle, Douglas & Co. Ltd. has agreed to purchase 200,000 common shares of the Company at \$.40 per share as described under the heading "Share Offering and Plan of Distribution". G. Robert Fay *, John N. Carlisle * and John N. Jones * each hold an interest of 5% or more in the capital of Carlisle, Douglas & Co. Ltd.

* Principal shareholder of the Company, owning beneficially, directly or indirectly, more than 10% of the equity shares of the Company.

** Director and/or Senior Officer of the Company.

*** President, Director and principal shareholder of Ricoy Holdings Ltd.

MATERIAL CONTRACTS

There are no material contracts except as disclosed in this Prospectus all of which may be inspected at the registered office of the Company during normal business hours while primary distribution of the shares offered hereunder is in progress and for the period of 30 days thereafter.

AUDITORS

LIVERANT, YIP & CO.,
Chartered Accountants,
845 West Pender Street,
Vancouver, British Columbia

PURCHASER'S STATUTORY RIGHT OF WITHDRAWAL AND RESCISSION

Sections 61 and 62 of the British Columbia Securities Act, 1967 provide in effect that where a security is offered to the public in the course of primary distribution:

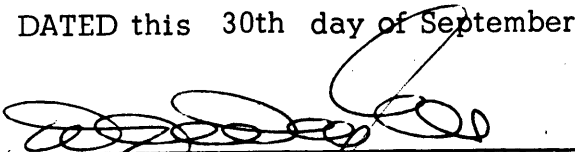
- (a) A purchaser has a right to rescind a contract for the purchase of a security, while still the owner thereof, if a copy of the last Prospectus, together with financial statements and reports and summaries of reports relating to the securities as filed with the British Columbia Securities Commission, was not delivered to him or his agent prior to delivery to either of them of the written confirmation of the sale of the securities. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell within 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of service of such notice.
- (b) A purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the Prospectus or any amended Prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after expiration of 90 days from the later of the date of such contract or the date on which such Prospectus or amended Prospectus is received or is deemed to be received by him or his agent.


Reference is made to the said Act for the complete text of the provisions under which the foregoing rights are conferred.

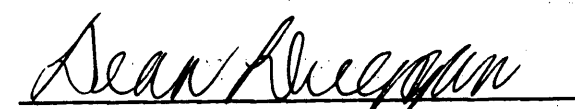
CERTIFICATE OF PROMOTERS AND DIRECTORS

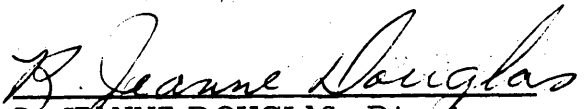
The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by Part VII of the British Columbia Securities Act, 1967, and the regulations thereunder.

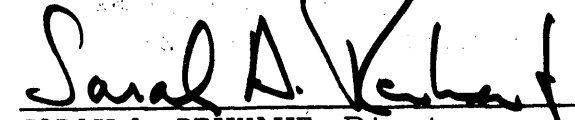
DATED this 30th day of September, 1972.

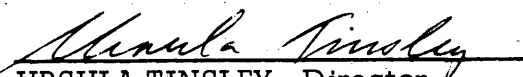

DAVID J. DOUGLAS
Director & Promoter


F. MICHAEL P. WARREN
Director & Promoter


DEAN DUGGAN, Director


R. JEANNE DOUGLAS, Director

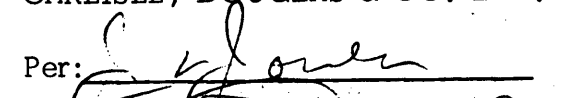


SARAH A. REUKAUF, Director


URSULA TINSLEY, Director

CERTIFICATE OF UNDERWRITER

To the best of our knowledge, information and belief the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by Part VII of the British Columbia Securities Act, 1967, and the regulations thereunder.

CARLISLE, DOUGLAS & CO. LTD.

Per: 


The following hold an interest of 5% or more in the capital of Carlisle, Douglas & Co. Ltd.

G. Robert Fay
555 West 50th Avenue
Vancouver, B. C.

John N. Carlisle
1102, 1575 Beach Avenue
Vancouver, B. C.

John N. Jones
971 Devon Road,
North Vancouver, B. C.

LIVERANT, YIP & CO.

Chartered Accountants

ROBERT LIVERANT, B.A.
WEI W. YIP, B.S.A.

SUITE 202 INSURANCE EXCHANGE BLDG.
845 WEST PENDER STREET
VANCOUVER 1, B.C.
TELEPHONE 682-7141

AUDITORS' REPORT

To the Shareholders,
Yukon Gold Placers, Limited.

We have examined the balance sheet of Yukon Gold Placers, Limited as at August 31, 1972 and the Statements of Exploration and Administrative Expenses and Source and Application of Funds for the period from May 1, 1972 to August 31, 1972. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

We have not verified title to the mining claims directly with the Government Registry Office.

Subject to the foregoing, in our opinion this balance sheet presents fairly the financial position of the Company as at August 31, 1972 and the results of its operations and the source and application of its funds for the period then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

Vancouver, B.C.
October 4, 1972


Chartered Accountants.

YUKON GOLD PLACERS LIMITED
(Incorporated Under the Laws of Canada)

BALANCE SHEET

AS AT AUGUST 31, 1972

ASSETS

<u>Current</u>			
Cash	\$ 13,526.62		
Accounts Receivable - Pinnacle Mines Ltd. (N.P.L.)	<u>21,114.66</u>	\$ 34,641.28	
<u>Mining Claims - (Note 1)</u>		30,775.00	
<u>Other</u>			
Incorporation	10,984.48		
Exploration and Administrative Expense	<u>16,684.12</u>	<u>27,668.60</u>	
		\$ 93,084.88	

YUKON GOLD PLACERS LIMITED
(Incorporated Under the Laws of Canada)

BALANCE SHEET

AS AT AUGUST 31, 1972

LIABILITIES AND SHAREHOLDERS' EQUITY

<u>Current</u>			
Accounts Payable - Trade	\$ 3,657.73		
- Carlisle Douglas & Co.Ltd. re mining claims	18,275.00		
Due to Director re mining claims	<u>5,000.00</u>	\$ 26,932.73	
<u>Shareholders' Equity</u>			
<u>Share Capital - (Notes 2 and 3)</u>			
Authorized:			
2,000,000 Shares, No Par Value			
Issued and Fully Paid:			
1,500,000 Shares	779,000.00		
Not Allotted:			
750,000 Shares for properties	<u>7,500.00</u>		
	786,500.00		
<u>Deficit</u>			
Balance - April 30, 1972	\$ 721,012.31		
Less: Adjustment of expenses written off in prior period	<u>664.46</u>	<u>720,347.85</u>	<u>66,152.15</u>
			\$ 93,084.88

APPROVED ON BEHALF OF THE BOARD:

Charles Douglas Director

Alan Douglas Director

This is the balance sheet referred to
in our report dated October 4, 1972.

Liverant Yip & Co

LIVERANT, YIP & CO.
CHARTERED ACCOUNTANTS

YUKON GOLD PLACERS LIMITED
(Incorporated Under the Laws of Canada)

STATEMENT OF EXPLORATION AND ADMINISTRATIVE EXPENSES

FOR THE PERIOD MAY 1, 1972 TO AUGUST 31, 1972

Exploration

	<u>Pinnacle</u>	<u>Pitt Lake</u>	<u>Bullion</u>	<u>Total</u>
Assay	\$ 1,399.50			\$ 1,399.50
Assessment and Recording	2,514.50			2,514.50
Drilling	13,152.78			13,152.78
Engineering and Geological	3,698.70	\$ 3,953.59	\$ 507.58	8,159.87
Helicopter Rental			146.06	146.06
Licenses	284.00			284.00
Sundry	65.18	39.83		105.01
	<u>21,114.66</u>	<u>3,993.42</u>	<u>653.64</u>	<u>25,761.72</u>

Administration

Audit, Accounting and Legal	9,746.87			
Listing Fees	1,000.00			
Office Supplies and Sundry	408.76			
Transfer Fees	881.43			12,037.06
				<u>37,798.78</u>

Deduct:

Amount Recoverable from Pinnacle Mines Ltd. (N.P.L.)	21,114.66
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Total \$ 16,684.12

YUKON GOLD PLACERS LIMITED
(Incorporated Under the Laws of Canada)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE PERIOD MAY 1, 1972 TO AUGUST 31, 1972

Source of Funds

Proceeds from sales of shares \$ 50,000.00

Application of Funds

Acquisition of Mining Claims	\$ 23,275.00	
Exploration and Administrative Expenses	<u>16,019.66</u>	<u>39,294.66</u>

Increase in Working Capital 10,705.34

Working Capital Deficiency - April 30, 1972 (2,996.79)

Working Capital - August 31, 1972 \$ 7,708.55

Represented by:

Current Assets	34,641.28
Current Liabilities	<u>26,932.73</u>

\$ 7,708.55

YUKON GOLD PLACERS LIMITED

NOTES TO FINANCIAL STATEMENTS

AS AT AUGUST 31, 1972

1. Mining Claims

The company is recorded holder of the following:

(a) Mining claims in the New Westminster Mining Division, Province of British Columbia, acquired for 750,000 shares at 1¢ per share (see Note 3)	\$ 7,500.00
(b) Mining claims in the Kamloops Mining Division, Province of British Columbia, acquired for cash.	5,000.00
(c) 50% undivided interest in mining claims in the Whitehorse Mining District, Yukon Territory, acquired for cash.	3,900.00
(d) Mining claims in the Mayo Mining District, Yukon Territory, acquired for cash	<u>14,375.00</u>
	<u>\$ 30,775.00</u>

2. Share Capital

During the period under review, 500,000 shares were issued for \$50,000.00.

3. The Vendor of the mining claims have agreed to the postponement of the allotment and issue to them of the 750,000 shares pending the grant of the Supplementary Letters Patent.

EVALUATION
OF THE
STONY LAKE ANTICLINE
NORTHEAST BRITISH COLUMBIA

Prepared by

C. H. RIDDELL, P. GEOL.

X

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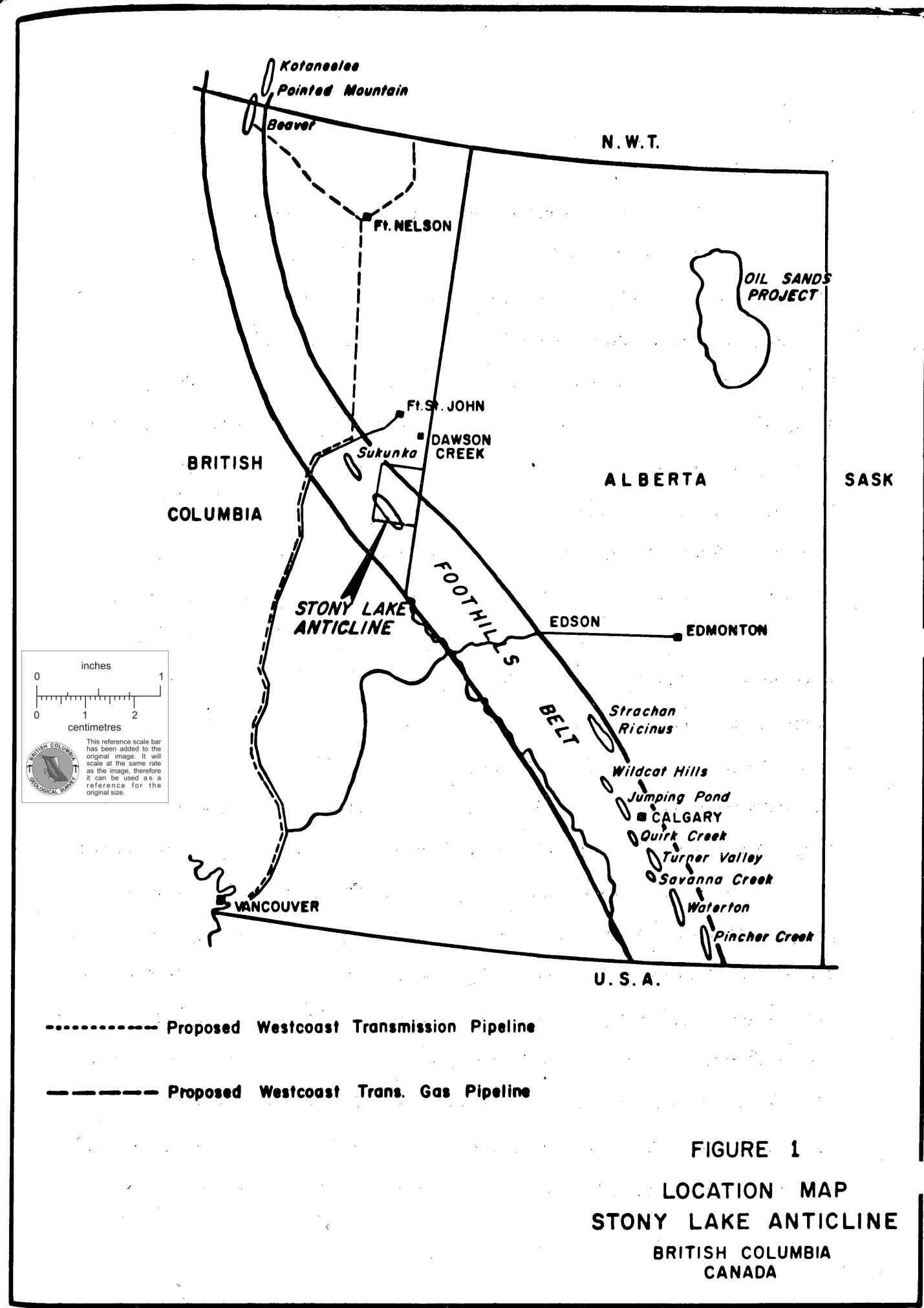
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Appendix I

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THE MAPS REFERRED TO IN THESE REPORTS ARE OF SUCH A SIZE THAT IT IS IMPRACTICAL TO REPRODUCE THEM IN THIS PROSPECTUS. THEY ARE AVAILABLE FOR EXAMINATION AT THE REGISTERED OFFICE OF THE COMPANY



INTRODUCTION

This report is being prepared at the request of Mr. F. Michael P. Warren of Yukon Gold Placers Limited, Fourth Floor, 2 Bentall Centre, Vancouver, British Columbia. It is my understanding that Yukon Gold Placers has a 1.00 percent working interest in Province of British Columbia Leases Nos. 915, 2956, 2957, 3932, 4568, 4569, 4570, 5415 and 5416 and a .8996 percent interest in Lease No. 919 covering a portion of the Stony Anticline in northeastern British Columbia. This report is an evaluation of these properties. (see Figure 2) The land information was supplied by Yukon Gold Placers and is assumed accurate but this should not be construed as a title opinion.

The Stony Lake anticline is a large "foothills type" thrust-faulted anticlinorium which is located in northeast British Columbia, eighty miles west of Grande Prairie. Prospects of developing additional major gas reserves under the acreage covered in this report coupled with the increasing demand for natural gas make this a good prospect at this time. The successful completion of this project would reap large rewards.

The Stony Lake anticlinorium was first defined by surface geologic mapping and has been further confirmed and defined by over 200 miles of seismic shooting. Eight wells have been drilled in the area to date resulting in four abandonments and four wells capable of gas production. The most recently completed well is the Grizzly A-74-G well, which drilled to 12,851 feet and was completed in the Halfway Zone of the Triassic. There are three additional wells in the area which are currently being drilled, Quasar Grizzly a-85-G, Quasar et al Grizzly

b-62-G and Quasar et al Grizzly b-30-H.

GEOLOGY

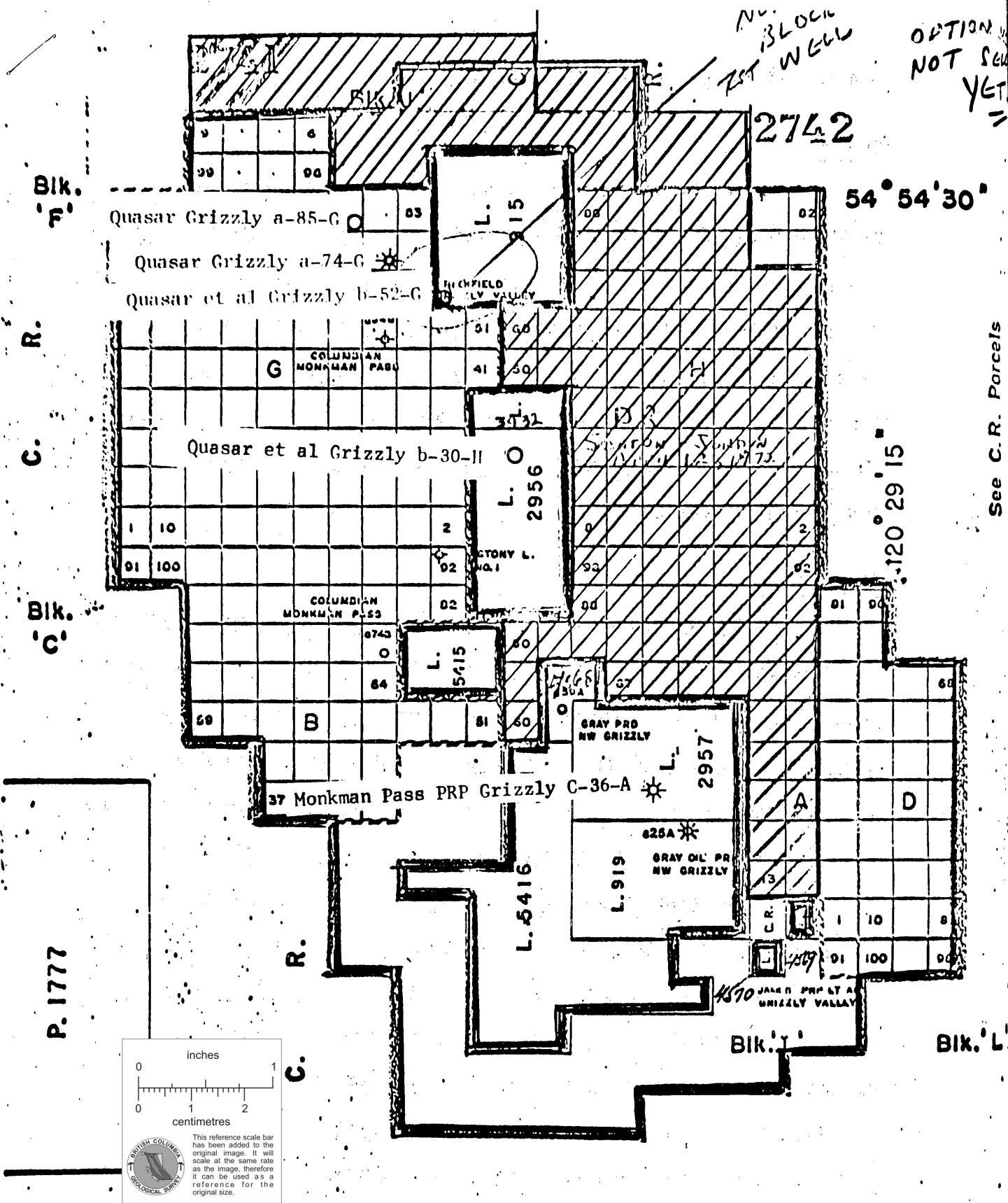
The Stony Lake anticlinorium lies on the eastern edge of the Rocky Mountain foothills belt but within the area of Laramide thrust-faulting. The large structural closure was formed during the Laramide Revolution by compressional forces from the west. The structural style is similar to Pincher Creek, Jumping Pound and many other productive thrust structures along the foothills belt of the Canadian Cordillera. The trap is formed by doubly plunging thrust sheets involving Triassic and possibly Mississippian strata.

STRATIGRAPHY

Surface rocks at the Stony structures are Lower Cretaceous clastics and any test of the structure will spud into these sediments. Several sands will be encountered which may have some potential if porosity is developed and these sands should be evaluated from logs or from samples and a gas detector while drilling. These strata will probably be repeated at least in part by a thrust-fault.



The most potential reservoirs in the area include the Cretaceous (Nikinassin), Triassic (Baldonnel, Charlie Lake and Halfway), Permo-Pennsylvanian (Stoddart) and Mississippian (Rundle).

To date gas accumulations are proven in the Nikinassin Formation and in the Triassic. The C-25-A and the recently drilled C-36-A wells are completed Nikinassin gas wells while the D-59-A well is a suspended Nikinassin gas well. The C-25-A well perforated more than 50 feet of gas pay and with an absolute open flow potential of



N.T.S. Map No. 93-I-9, 10

FIGURE 2

-  FARMOUT LANDS
-  OPTION LANDS

9.3 MMcf/d. Keith Banks, Schlumberger Engineer, studied the well logs and feels pay thickness is in excess of 300 feet. Log analysis by Schlumberger also indicate considerable probable Nikinassin pay thickness in the D-59-A well. The Quasar Grizzly A-74-G well also tested gas from the Nikinassin. Preliminary estimates indicate pay thickness in the C-36-A well similar to the C-25-A well but with apparently better deliverability.

Beds of Triassic age have been reached in the Columbia Monkman Pass A-54-G well, the Richfield D-63-G well and the Quasar Grizzly A-74-G well. The D-63-G well encountered gas shows in the Nikinassin and Triassic horizons. No tests were made in the Nikinassin. The well encountered two zones of lost circulation in the Triassic. At 11,850 feet (Baldonnel-Charlie Lake) several thousand barrels of mud and some cement were pumped into the formation before a drill stem test was run, which still yielded 700 Mcf/d. decreasing to 200 Mcf/d. At 12,631 feet (possibly the Halfway sandstone) the well again lost circulation and finally blew out with gas flows estimated up to 44 MMcf/d. After the blowout a fish prevented the zone from being retested.

The A-54-G well encountered the Triassic about 1400 feet low and yielded only 100 feet of muddy gas cut water cushion and 3099 feet of water cushion on drill stem test.

The Quasar Grizzly A-74-G well was spudded at A-74-G/93-I-15 at 4:00 o'clock a.m. on September 18, 1971. This location is less than one mile from lands held by Yukon Gold Placers Limited. The operator has released some results from the well stating gas has been tested from the Cretaceous Nikinassin and from the Triassic Baldonnel Formation.

The well was completed at a depth of 12,851 feet in the Halfway Zone of the Triassic. The well has flowed gas at rates estimated up to 50 million cubic feet of gas per day from the Halfway Zone after the drill pipe failed five joints below the kelly and the blowout preventers were closed. The well was killed on June 1, and the rig was moved back on the hole to clean up the hole and continue drilling operations. Approximately 10,958 feet of the drill pipe was recovered from the hole. However, the intermediate casing was damaged and after several weeks of attempting to repair the casing, Quasar ran a bottom hole test by placing a packer near the base of the intermediate casing and obtained gas flows of approximately 18 MMcf/d. The gas is about 8 percent H₂S indicating the gas is from the Halfway Zone which had previously blown out (this information was provided by Quasar Petroleum Ltd.). Quasar ran and set 9627 feet of 5½ inch production casing which should allow them to test and produce the Halfway Zone although this could be hampered by the approximately 2,000 feet of drill pipe and bit still in the hole.

Control is such that the thickness and facies of the Permian-Pennsylvanian Stoddart group are unknown, but porosity in this unit is known from the foothills outcroppings.

The Rundle Group of Mississippian Age is one of the main producing horizons in the Rocky Mountain foothills. This structure is near the facies change from porous limestone facies to dense cherty limestone facies of the Profit Formation. Lack of sufficient control makes it impossible to predict whether the formation will be porous or not.

A Devonian reef play may well extend beneath the subject

lands, but would be at a depth of 18,000 to 20,000 feet and on the regional plate. Seismic to date has not been successful in displaying reflections this deep and reworking of current seismic is recommended to see if deep reflections can be enhanced to define any Devonian reefing.

STRUCTURE

The subject area has been mapped seismically by over 200 miles of shooting which has been interpreted by Dr. M. Aydin, P. Geoph. Two seismic structure maps on the Gates sandstone, prepared by Dr. Aydin, accompany this report.

The Stony Lake anticlinorium is over 25 miles long and is formed by thrust-faulting near the eastern limit of the disturbed belt. The Gates Sandstone forms an excellent geophysical reflector and is very useful in defining the subsurface structure. Other fragmentary reflections combined with well control give a reasonably clear interpretation of the structure. Reworking of the seismic using modern processing techniques could enhance the data for the deep part of the section.

Several culminations occur on the anticlinorium which are exhibited on the attached "Lower Gates" and "Upper Gates" structure maps.

Two culminations occur on the subject lands on the plate below the Stony Lake thrust, one near the southeast corner of 94 I 15-A and of which about 2,000 acres lie within the farmin lands; the other culmination to the northeast with apparent aerial closure of 10,000 acres, of which about 2,000 acres lie within the lands held by Yukon Gold Placers Limited.

Other closures occur on the subject lands in the plate above the Stony Lake thrust which could be of interest. It would be necessary to move far enough down-dip to make sure the leading edge of the Triassic reservoirs are encountered in a test well.

WELL COST

Drilling difficulties encountered at the A-74-G well have prompted higher drilling cost estimates. Yukon Gold Placers will be responsible for 1.00 percent of the costs of wells drilled on the subject leases. The estimated cost of wells is \$800,000 for a Nikinassin dry hole, \$1,000,000 for a top of Triassic dry hole, and approximately 2.8 million dollars for a Mississippian dry hole. (See Appendix I, II and III) Costs of completion through to an A.O.F. test would be about an additional \$200,000 for a Nikinassin test and \$400,000 for a Mississippian test. Therefore, Yukon Gold Placers should be prepared to pay \$10,000 towards each completed Nikinassin test and \$32,000 towards each Mississippian test.

POTENTIAL RESERVES

It is my understanding that the lands are in lease form and thus none must be returned to the Government.

It was not felt that it would be necessary to do a detailed runout of this prospect as there are too many unknown factors and estimates, but the overall potential of the structure is enormous.

It should be made clear that the calculation of Possible Reserves is based on assumptions of reservoirs conditions in formations in which reserves have not been established, and as such must be considered highly interpretive. Proven reserves have been given a value of five cents per thousand cubic feet.

Nikinassin

Proven reserves in the Nikinassin Formation have been established within the subject leases at the C-25-A and C-36-A wells as well as at Quasar Grizzly A-74-G. Proven reserves of 31 billion cubic feet have been estimated by the Province of British Columbia for the approximately 640 acre spacing unit on which the C-25-A well was drilled. This is based on 387 feet of pay. The recently drilled C-36-A well encountered a similar gas bearing section with apparently better deliverability. Logs indicate a gross Nikinassin of 1250 feet with over 400 feet of sandstone (well developed on gamma ray log). The pay thickness is considered to be as good as the C-25-A well. The Quasar A-74-G well offsetting the subject leases is reported by the operator to have a similar amount of reserves.

Proven reserves -	62 BCF
Probable reserves -	
Closure indicated by seismic	4,000 acres
Approximate area of closure	
(unproven)	2,700 acres
Assumed pay	150 feet
Estimated MCF/acre-foot	200 MCF/acre-foot
Remaining probable Nikinassin reserves	81 BCF
based on the above assumptions	

Triassic Baldonnel - Charlie Lake

Gas has been tested from the Baldonnel-Charlie Lake interval from the Richfield D-63-G and Quasar A-74-G wells. Reservoir parameters are unknown, but assuming a porosity of six percent, a water saturation of thirty percent, a reservoir pressure of 5,000 pounds, an abandonment pressure of 500 pounds, reservoir temperature of 220° F. surface loss of

20 percent and initial and abandonment compressibility factors of 0.8 and 1.0 respectively, the recoverable gas per acre foot will be about 435 thousand cubic feet.

Area	4,000 acres indicated by seismic
Pay thickness unknown - assumed	100 feet
Reserves per acre-foot	435 MCF/acre-foot

Possible Triassic Baldonnel-Charlie Lake reserves based on foregoing assumptions	174 BCF
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Although there may be proven reserves in the Quasar A-74-G well the reserves outlined above are not proven within the subject leases.

Triassic Halfway Sand

The Triassic Halfway Sandstone was apparently penetrated at the bottom of the Richfield D-63-G and Quasar A-74-G wells. Neither well obtained logs over the interval and no cores were taken, although both wells blew out in the interval as previously mentioned. As such, reservoir parameters are completely unknown.

Assuming a porosity of ten percent, a water saturation of twenty-five percent, an initial reservoir pressure of 5,600 pounds, an abandonment pressure of 500 pounds, reservoir temperature of 230° F. surface loss of twenty percent, and initial and abandonment compressibility factors of 0.8 and 1.0 respectively, the recoverable gas per acre-foot would be about 885 thousand cubic feet. The gas has approximately eight percent H₂S in samples from the A-74-G well.

Possible reserves

Area	4,000 acres indicated by seismic
Pay thickness unknown - assumed	50 feet
Reserves per acre-foot	885 MCF/acre-foot

Possible Triassic Halfway Sandstone based on the foregoing assumptions	177 BCF
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Land Value

The land holdings are outlined on the enclosed land map. Yukon Gold Placers Limited have advised that these are in lease for and are currently in good standing, and that they have obtained a 1.00 percent interest in the leases from Trevor Martin.

Yukon Gold Placers have advised that the majority of their partners in the lands covered by this report have farmed out part of their interest in the lands to Quasar Petroleum Ltd., a Calgary based oil company. I have been advised that Yukon Gold Placers did not join the farmout group.

A list of the companies holding an interest in the leases was published in the June 20, 1972 issue of the Nickle Daily Oil Bulletin as follows:

<u>Company</u>	<u>Percentage held</u>
Brown Bear Petroleum Ltd.	10.52
United Falcon Oils Ltd.	10.00
Blackline Resource Corp. Ltd.	9.50
Monkman Pass Pipeline Co. Ltd.	1.50
Norman Brown	.50
Mineral Mountain Mining Co. Ltd.	2.50
Jeremy G. Barber	.25
Cleveland Power Corporation	.50
Canadian Reserve Oil & Gas Ltd.	2.50
Starquest Holdings & Management Ltd.	.05
M.W.P. Developments Ltd.	1.50

<u>Company (Continued)</u>	<u>Percentage held</u>
Northern Lights Minerals	4.00
Whitey Wilson Oil & Gas	3.50
Peace River Petroleum Ltd.	18.00
Legend Explorations Ltd.	5.00
Armada Explorations Ltd.	2.50
Dalex Mines Ltd.	5.00
Highland Chief Mines	2.50
Lorraine Explorations Ltd.	4.50
Lantern Gas & Oil	2.50
Copper Plate Mines Ltd.	2.50
TOTAL	89.32

COMPANIES THAT HAVE RETAINED STAKE IN OPTION LANDS & WILL PRESUMABLY BE PARTICIPATING IN SUBSEQUENT DRILLING

<u>Company or Individual</u>	<u>Interest held</u>
Sulgas Petroleum Ltd.	.50
Noble Mines & Oils Ltd.	3.68
Skat Resources Ltd.	4.00
Yukon Gold Placers Limited	1.00
Dancan Explorations Ltd.	1.50
TOTAL	10.68

Proven gas reserves should have a present value of about five cents per thousand cubic feet. It is difficult to place an accurate value on the possible gas reserves, but certainly this potential must be considered.

Proven reserves

62 BCF x 5 cents/MCF = \$3,100,000

Possible and Probable gas reserves

432 BCF

A Drilling Reservation covering a portion of the structure was sold to Seaton-Jordon and Associates for \$354,537.28 which amounts

to \$13.38 per reservation acre and \$53.52 per lease acre. They will be required to begin a 12,000 foot Triassic well prior to April 12, 1972 in order to validate the drilling reservation. Thus to earn 6628.5 acres they have paid \$354,537.00 and have a drilling commitment which will cost them at least one million dollars.

Undrilled lands to the northeast have sold for \$17 to \$31 per lease acre. These are bonus bids for the lands which are untested. The subject lands have been shot seismically, and there are four successful gas wells and an outlook for considerable further drilling in the area.

Yukon Gold Placers 1.00 percent interest in the proven Nikinassin reserves would have a value of \$31,000. The Quasar A-74-G well offsetting the northern lease blocks with the resulting potential for gas reserves on the northern leases would enhance the value of the lands much more and I would place the total value at least at \$60,000 consisting of \$31,000 for proven gas reserves and \$29,000 for lease value.

CURRENT AND FUTURE DRILLING

The majority of the owners of the Monkman Pass lands farmed out their interest in the lands to Quasar Petroleum Ltd., a Calgary based oil company. Quasar undertook to drill the Grizzly A-74-G well, which offsets the subject leases by less than one mile, to a depth of 250' into the Mississippian or to 14,000 feet and by so doing they earned the option to earn interest in the leases from Yukon Gold's partners by drilling further wells. If Yukon Gold choose not to dilute their interest in the property by joining in the farmout group, they will be obliged to pay their

1.00 percent share of drilling on the leases.

Quasar and partners have begun two wells on the subject leases, the Quasar et al Grizzly b-62-G licenced as a Mississippian test and the Quasar et al Grizzly b-30-H well licenced as a Nikinassin test. An estimated well cost for a Nikinassin (11,000 feet) and Mississippian (16,000 feet) accompanies this report.

The drilling of the A-74-G well by Quasar increases the potential of the subject leases greatly. Potential gas reserves in the Nikinassin, Baldonnel and Halfway Zones less than a mile west coupled with the seismic mapping indicating the closure extends eastward over part of the leases is very encouraging. While no proven reserves could be stipulated, there is certainly good potential and probable reserves could be attributed to this acreage. While the Nikinassin well being drilled at b-30-H is apparently well down the plunge of the structure, I would recommend that Yukon Gold participate in the drilling of this well as well as the one to be drilled on Lease No. 915.

The Yukon Gold share of two Nikinassin wells should be approximately \$20,000 while their share of a Nikinassin and Mississippian test would be about \$42,000 if that is what is drilled by the group.


The Stony Lake anticlinorium is a very large feature, but it is extremely complex structurally. All wells drilled to date seem to indicate gas reserves in any zone that is sufficiently porous which indicates structural closure is present.

A commercial hydrocarbon accumulation requires a trapping mechanism, a porous reservoir and the migration of hydrocarbons

into same. The structure is present and hydrocarbons have been proven in the reservoir beds which have been encountered. A significant amount of reserves have been discovered to date and if a more extensive reservoir is encountered, a very large accumulation is probable. It is felt that the odds of finding substantial additional reserves are not more than 10:1, and that this is a realistic risk on the project.

This evaluation has not considered the potential of the Mississippian or the Devonian, other closures on the lands or the possibility of earning other lands. Recent prices paid at competitive land sales indicate industry's interest in the area.

This report is not intended to be a verification of the interest held by Yukon Gold Placers Limited or of the drilling plans and/or commitments of Quasar on the lands. It is meant only as an evaluation of the properties and as a recommendation to participate in the additional drilling.


C. H. Riddell, P. Geol.
September 30, 1972

X

APPENDIX I

ESTIMATED WELL COST

11,000' NIKINASSIN TEST

STONY ANTICLINE

Land, Legal and licences	\$ 5,000
Location preparation	10,000
Rig move	12,000
Rig up and down	8,000
Daywork - 115 days @ \$2,000/day	230,000
Camp - 130 days @ \$200/day	26,000
Surface casing - 1,200' of 13 3/8" and accessories	25,000
Cementing services (surface casing)	7,000
Fuel	40,000
Bits	80,000
Mud	70,000
Water	4,000
Coring (120' @ \$15/foot)	1,800
Drill Stem Tests	3,600
Logging - Dual Induction Laterolog Sonic Log Sidewall Neutron	12,000
Gas detector	6,000
Geological and engineering	40,000
Communications, aircraft and miscellaneous	50,000
Abandonment (cementing services and lease cleanup)	20,000
Contingencies at 20%	130,000
ESTIMATED DRY HOLE COST	<u>\$780,400</u>

APPENDIX II

ESTIMATED WELL COST

16,000' MISSISSIPPIAN TEST

STONY ANTICLINE

Land, Legal and licences	\$ 10,000
Location preparation	15,000
Rig move	20,000
Rig up and down	25,000
Daywork - 320 days @ \$3,000/day	960,000
Camp - 340 days @ \$250/day	85,000
Surface casing - 2,000' of 13 3/8" and accessories	25,000
Intermediate casing - 12,000' of 9 5/8" and accessories	110,000
Cementing services (surface casing)	10,000
Cementing services (intermediate casing)	20,000
Fuel	110,000
Bits	175,000
Mud	360,000
Water	20,000
Coring	10,000
Drill Stem Tests	20,000
Logging - Dual Induction Laterolog Sonic Log Sidewall Neutron Dipmeter	45,000
Gas detector	35,000
Geological and engineering	100,000
Communications, aircraft and miscellaneous	140,000
Abandonment (cementing services and lease cleanup)	40,000
Contingencies at 20%	466,000
ESTIMATED DRY HOLE COST	<u>\$2,801,000</u>

APPENDIX III
ESTIMATED WELL COST
13,000' Triassic Test
STONY ANTICLINE

Land, legal and licences	\$ 5,000
Location preparation	10,000
Rig move	20,000
Rig up and down	20,000
Daywork - 150 days @ \$2,500/day	375,000
Camp - 160 days @ \$ 200/day	32,000
Surface casing - 850' of 13 3/8" and accessories	16,000
Cementing services (surface casing)	4,000
Intermediate casing - 11,500' of 9 5/8" and accessories	50,000
Cementing services (intermediate string)	10,000
Fuel	40,000
Bits	80,000
Mud (or compressors for gas drilling)	100,000
Water	5,000
Coring (120' @ \$15/foot)	1,800
Drill stem tests - 3 @ \$1,200	3,600
Logging - Dual Induction Laterolog Sonic Log Sidewall Neutron	15,000
Gas detector	15,000
Geological and engineering	30,000
Communications, aircraft and miscellaneous	50,000
Abandonment (cementing services and lease cleanup)	20,000
Contingencies @ 10 per cent	<u>90,000</u>
ESTIMATED DRY HOLE COST	<u>\$992,400</u>

CERTIFICATE


I, Clayton Howard Riddell, consulting geologist, of 128 Canata Close, Calgary 16, Alberta to declare:

1. That I graduated from the University of Manitoba with the degree of Bachelor of Science (Honours) in 1959.

2. That I am a member of the American Association of Petroleum Geologists, the Alberta Society of Petroleum Geologists, and that I am a registered Professional Geologist for the Province of Alberta.

3. That the original report on this property was written on January 15, 1971, for Legend Explorations Ltd. and at that time I had no interest, direct or indirect, nor did I expect to receive any interest, direct or indirect, in the property reviewed. Since that time I have received an interest in lands adjacent to this property but this has in no way affected the report. I have no securities nor do I expect to have securities in Yukon Gold Placers Limited nor do I have an interest in the lands held by Yukon Gold Placers Limited.

4. That the above report is based on geological and other general knowledge of the area described therein and upon a consideration of the available data on wells drilled on it and in adjacent areas, and upon examination of the seismic data over the prospect.



C. H. Riddell, P. Geol.

September 30, 1972