

008569

ACE

92H/10E/092HNE120

92HNE 120

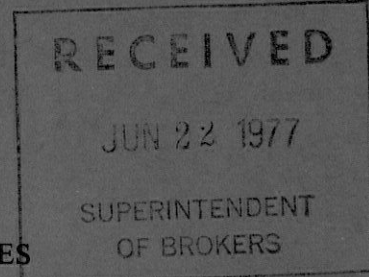
CARDERO RESOURCES LTD.

PROSPECTUS

May 4, 1977

NEW ISSUE

250,000 COMMON SHARES



M.T.

Price to Public	Commission	Proceeds to Issuer if all Shares are Sold
Per Unit: 15¢	3.75¢	11.25¢
Total: \$37,500.00	\$9,375.00	\$28,125.00*

* LESS COST OF ISSUE ESTIMATED AT \$3,000.00.

THERE IS NO MARKET FOR THE COMPANY'S SECURITIES.

A PURCHASE OF THE SHARES OFFERED BY THIS PROSPECTUS MUST BE CONSIDERED A SPECULATION SINCE THE COMPANY'S MINERAL CLAIMS ARE STILL ONLY IN THE EXPLORATION STAGE. REFERENCE SHOULD ALSO BE MADE TO THE CAPTION, "PRINCIPAL HOLDERS OF SHARES", ON PAGE 10 AND THE COMPARISON OF THE PERCENTAGE OF SECURITIES BEING OFFERED TO THE PUBLIC BY THIS PROSPECTUS AND THOSE ALREADY ISSUED BY THE COMPANY TO PROMOTERS, DIRECTORS AND CONTROLLING PERSONS FOR CASH AND PROPERTIES.

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.

NO SURVEY HAS BEEN MADE OF THE COMPANY'S LOCATED MINERAL CLAIMS; THEREFORE, IN ACCORDANCE WITH THE MINING LAWS OF THE PROVINCE OF BRITISH COLUMBIA IN WHICH SUCH CLAIMS ARE SITUATED, THEIR EXISTENCE AND AREA COULD BE IN DOUBT.

THE PROPERTY OF THE COMPANY IS WITHOUT A KNOWN BODY OF COMMERCIAL ORE, AND THE PROPOSED PROGRAMME IS AN EXPLORATORY SEARCH FOR ORE.

REFER TO THE CAPTION, "USE OF PROCEEDS", ON PAGE 3 FOR PARTICULARS OF THE MINIMUM SUBSCRIPTION TO WHICH THIS ISSUE IS SUBJECT.

INDEX

New Issue	Front-page cover
Name and Incorporation of Issuer	1
Plan of Distribution	1
Directors and Officers	1
Capitalization	2
Prior Sales	3
Description of share capital structure	3
Use of proceeds	3
Description of business and property of issuer	7
Preliminary expenses	9
Principal holders of shares	10
Promoters	11
Remuneration of directors and senior officers	11
Escrowed shares	11
Pooled shares	12
Material contracts	12
Interest of management and others in material transactions	12
Auditors, transfer agents and registrars	13
Purchaser's statutory right of rescission	13
Other material facts	14
Financial statements	
Engineering report	
Certificate	

<u>Name and Address</u>	<u>Principal Occupation for Past Five Years</u>	<u>Position with Company</u>
Frank Rowlin Underhill (Continued)	<u>Aug. 1972 to Dec. 1974</u> Salesman, Union Securities Ltd.	
	<u>Dec. 1974 to Aug. 1976</u> Self-employed, buying and selling homes	
	<u>Aug. 1976 to Dec. 1976</u> Salesman, Sears Harbour Centre	
	<u>Dec. 1976 to date</u> President of Cardero Resources Ltd.	
Roy Reginald Kennedy 404 - 1254 Pendrell Street Vancouver, B. C. V6E 1Z5	<u>Jan. 1961 to Jan. 1974</u> Retired	Director
	<u>Jan. 1974 to Nov. 1974</u> Quotation Clerk Midland Doherty Ltd.	
	<u>Nov. 1974 to date</u> Retired	
Herbert Alexander Smith 204 - 9502 Erickson Drive Burnaby, B. C.	<u>Jun. 1961 to Sep. 1965</u> Food broker, Mel Agencies	Director
	<u>Sep. 1965 to Jun. 1973</u> Food broker, K. J. Preiswerck Ltd.	
	<u>Jun. 1973 to Oct. 1975</u> Food broker, Kenar Trading	
	<u>Oct. 1975 to Jan. 1977</u> Retired	
	<u>Jan. 1977 to date</u> Director, Knobby Lake Mines Ltd.	
Edward James Murray 201 - 2350 Cornwall Ave. Vancouver, B. C.	<u>Jan. 1962 to Jan. 1968</u> Various jobs at Western Canada Steel Ltd.	Director
	<u>Jan. 1968 to Jan. 1969</u> Salesman, Sign-O-Lite Plastics Ltd.	
	<u>Jan. 1969 to date</u> Self-employed prospector and mining executive	

CAPITALIZATION

<u>Designation</u>	<u>Authorized by Memorandum of Association</u>	<u>Number of Shares</u>		
		<u>Outstanding at Feb. 28, 1977, (date of balance sheet in prospectus)</u>	<u>Outstanding at date of this prospectus</u>	<u>Outstanding if all securities being issued are sold</u>
Common Shares	5,000,000 with no par value	925,001	925,001	1,175,001

PRIOR SALES

<u>Number of Shares</u>	<u>Price per Share</u>	<u>Net Cash Received</u>	<u>Commission Paid</u>
1	\$1.00	\$ 1.00	Nil
175,000	10¢	17,500.00	Nil
750,000	Deemed price of 1¢ per share	For property	Nil

All of the above shares were sold during the past twelve months.

DESCRIPTION OF SHARE CAPITAL

The share capital structure of the Company consists of one class of shares only. All shares issued by the Company rank equally as to dividends, voting rights and any distribution of assets on winding-up or liquidation. There are no indentures or agreements limiting the payment of dividends, and there are no conversion rights, no special liquidation rights, pre-emptive rights or subscription rights. The presently outstanding share capital is not subject to any call or assessment; and the shares offered hereby, when issued and sold as described in this prospectus, will not be subject to any call or assessment.

USE OF PROCEEDS

The estimated net proceeds to be derived by the issuer from the sale of the securities being offered hereby, if all the shares are sold, are \$28,125.00

The proceeds from the sale of securities will be used to conduct the programme set out in the report dated November 9, 1976, on the Ace property, Similkameen Mining Division, B. C., by Allen Geological Engineering Ltd., a copy of which is attached hereto and forms part of this prospectus. The following is a breakdown of the expenditures:

(1) Establish a surveyed grid over the property with lines spaced at 400-foot intervals and stations every 200 feet along the line.	\$ 5,500.00
(2) Rehabilitate the access road from Dry Lake to the workings.	1,500.00
(3) Map the geology.	1,000.00
(4) Conduct a geochemical survey over the grid area.	2,000.00
(5) Conduct a magnetometer survey over the grid area.	1,500.00
(6) Clear out and sample the trenches and rock cuts.	1,000.00
(7) Strip to expose bedrock where necessary to check anomalous areas.	4,000.00
(8) Office, overhead and supervision.	3,500.00
(9) Contingencies fund.	2,000.00
	<u>\$ 22,000.00</u>

The balance of \$6,125.00, together with \$7,600.00 on hand will be used for directors' fees for managing the Company, listing fees and general corporate purposes. A summary of the expenditures is as follows:

Proceeds from sale of shares	\$ 28,125.00	
Funds on hand	7,600.00	
Work programme		\$ 22,000.00
Listing fee		2,000.00
Estimated cost of issue		3,000.00
Directors' fees for managing the Company		4,000.00
General corporate purposes		4,725.00
	<u>\$ 35,725.00</u>	<u>\$ 35,725.00</u>

Until all of the shares offered by this prospectus are sold, all subscription money will be deposited with, and held in trust by, Guaranty Trust Company of Canada, the Company's registrar and transfer agent. If all of the shares are not sold within 120 days from the date of acceptance by the Superintendent of Brokers of this prospectus, then all subscriptions for shares held by Guaranty Trust Company of Canada shall be returned to the subscribers in full. If all of the shares are sold within the required period, the Vancouver Curb Exchange's fee of \$2,000.00 will be held in trust by Guaranty Trust Company of Canada for that purpose. The shares are being sold pursuant to this prospectus in British Columbia or any other jurisdiction in which the shares have been qualified for sale, and the subscription money will be held by Guaranty Trust Company of Canada, the trustee, until the Superintendent of Brokers has consented to the release of the funds.

The Company may pursuant to the recommendations of a qualified engineer, abandon in whole or in part any of its properties, or may alter, as work progresses, the work programme recommended, or may make arrangements for the performance of all or any portion of such work by other persons or companies and may use any money so diverted for the purpose of conducting work or examining other properties acquired by the Company after the date of this prospectus, although the Company has no present plans in this regard. If any such event occurs during the primary distribution of the shares referred to in this prospectus, an amendment to this prospectus will be filed. If any such event occurs subsequent to completion of the primary distribution, shareholders will be notified.

No part of the proceeds shall be used to invest, underwrite or trade in securities other than those that

qualify as investments in which trust funds may be invested under the laws of the jurisdiction in which securities offered by this prospectus may be lawfully sold. Should the Company propose to use the proceeds to acquire non-trustee type securities after initial distribution of the securities offered by this prospectus, approval of the shareholders must first be obtained, and prior disclosure must be made to the securities regulatory bodies having jurisdiction over the sale of the securities offered by this prospectus.

DESCRIPTION OF BUSINESS AND PROPERTY OF ISSUER

The principal business of the Company is the acquisition, exploration and development of mineral deposits and exploration for oil and gas.

ACE PROPERTY

The Company owns the following located mineral claim comprising twenty units in the Similkameen Mining Division of British Columbia:

<u>Claim</u>	<u>Record Number</u>	<u>Expiry Date</u>
Ace (20 units)	49	June 7, 1978

The claims were acquired by the Company pursuant to an agreement dated October 30, 1976, between the Company and Frank Rowlin Underhill of 1295 East 19th Avenue, Vancouver, B. C., Gary W. Brown of 5036 Earles Road, Vancouver, B. C., Dayal Jhangiani of 116 - 1531 Davie Street, Vancouver, B. C., and D. G. J. Investments Ltd. of 205 - 1625 Burnaby Street, Vancouver, B. C., in consideration of \$3,750.00 and 750,000 fully-paid and non-assessable shares of the Company as follows:

Frank Rowlin Underhill	150,000 shares
Gary W. Brown	150,000 shares
Dayal Jhangiani	300,000 shares
D. G. J. Investments Ltd.	150,000 shares and \$3,750.00

The cost of the claims to the vendors was \$3,750.00.

None of the directors of the Company or the vendors of the Ace claim holds other mineral claims contiguous to the

Ace claims. The issuance of 750,000 escrowed shares for the claims was determined in accordance with established practice by the directors of the Company. The number of shares bears no relationship to any present or future value that the property may have. The vendors of the claims are friends or business associates, and the distribution of the share consideration among them was determined by Frank Rowlin Underhill on the basis of guidance and financial support the Company expects to obtain from the vendors in the future. The cash consideration was paid to D.G.J. Investments Ltd. as reimbursement of its cash costs for acquiring the claims.

Frank Rowlin Underhill is an insider of the Company, being president and a director.

Donald W. Beban of 205 - 1625 Burnaby Street, Vancouver, British Columbia, and John W. Beban and Gertrude L. Beban of 356 Planter Road, Nanaimo, British Columbia, are the principals of D. G. J. Investments Ltd.

To the best knowledge of the signatories hereto, no person has received, or is to receive, more than a five percent interest in the consideration paid to the vendors.

The property, comprising twenty units, is situated in southern British Columbia in the Similkameen Mining Division approximately fourteen miles north of Princeton.

The property is accessible via the Princeton-Merritt highway. The location post is at the northeast corner on the east side of the highway adjacent to the Department of Highways' sand and gravel storage area. A second road extends from the south end of Dry Lake up the west side of a deeply incised creek valley to the showing.

Copper mineralization was discovered on the property on the west bank of the creek that flows north into Dry Lake

in the early 1970's, and five open cuts and rock trenches of 1,400 feet have been excavated on the steep slopes.

No work has been done by the Company, except for assessment work costing approximately \$2,000.00. There is no surface or underground plant or equipment on the property.

There is no known body of commercial ore on the property. The proposed programme is an exploratory one designed to test the potential of the mineralized zones.

For further details, see the report dated November 9, 1976, by Allen Geological Engineering Ltd. attached hereto.

PRELIMINARY EXPENSES

As set out in the financial statements attached hereto, the following preliminary expenses were incurred by the Company:

Acquisition of mineral claims and exploration	\$ 4,687.00
Administration	1,758.00
Incorporation	1,016.00
	<u>\$ 7,461 00</u>

in the early 1970's, and five open cuts and rock trenches of 1,400 feet have been excavated on the steep slopes.

No work has been done by the Company, except for assessment work costing approximately \$2,000.00. There is no surface or underground plant or equipment on the property.

There is no known body of commercial ore on the property. The proposed programme is an exploratory one designed to test the potential of the mineralized zones.

For further details, see the report dated November 9, 1976, by Allen Geological Engineering Ltd. attached hereto.

PRELIMINARY EXPENSES

As set out in the financial statements attached hereto, the following preliminary expenses were incurred by the Company:

Acquisition of mineral claims and exploration	\$ 4,687.00
Administration	1,758.00
Incorporation	1,016.00
	<u>\$ 7,461 00</u>

PRINCIPAL HOLDERS OF SHARES

The following are particulars of the principal holders of shares of the Company as at the date of this prospectus:

<u>Name and Address</u>	<u>Class</u>	<u>Type of Ownership</u>	<u>Number of Shares</u>	<u>% of Class</u>
Gary W. Brown 5036 Earles Road Vancouver, B. C.	Common	Of record and beneficial	175,000	18.92%
D.G.J. Investments Ltd. 205, 1625 Burnaby St. Vancouver, B. C.	Common	Of record and beneficial	200,000	21.62%
Dayal Jhangiani 116, 1531 Davie Street Vancouver, B. C.	Common	Of record and beneficial	300,000	32.43%
Frank Rowlin Underhill 1295 East 91th Ave. Vancouver, B. C.	Common	Of record and beneficial	150,000	16.22%

The following shows the respective percentage holdings of the directors and senior officers of the issuer as a group.

<u>Class</u>	<u>Percentage of Class</u>
Common Shares	16.22%

If all the shares offered by this prospectus are sold to the public, this issue will represent 21% of the shares then outstanding as compared to 12.77% that will then be owned by directors and promoters issued for cash and property.

PROMOTERS

Frank R. Underhill, Herbert A. Smith, Roy R. Kennedy, Edward J. Murray, being the directors of the Company, may be considered the promoters of the Company in accordance with Section 2(1) of the Securities Act. Reference is made to the caption, "Description of Business and Property of Issuer", under which the interest of a director in the property acquired by the Company and the shares received by him therefor are disclosed.

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

No remuneration has been paid to any director or officer from the date of incorporation to the date of this prospectus, and remuneration during the current fiscal year ending February 28, 1978, is not expected to exceed \$6,000.00. The rate at which the remuneration is to be paid and the directors to whom it is to be paid have not yet been determined by the board of directors. Mr. Underhill will be registered as a securities salesman with the Company and will receive a commission of up to twenty-five percent or 3.75 cents per share for any shares sold by him pursuant to this prospectus.

ESCROWED SHARES

As at the date of this prospectus 750,000 shares are held in escrow by Guaranty Trust Company of Canada, 540 Burrard Street, Vancouver, British Columbia, subject to the direction or determination of the Superintendent of Brokers (the "Superintendent"). The escrow restrictions provide that the shares may not be traded in, dealt with in any manner whatsoever, or released, nor may the Company, its transfer agent or escrow holder make any transfer or record any trading of shares without the consent of the Superintendent.

In the event the Company loses, abandons, or fails

to obtain title to all or part of the property or assets for which it allotted all or part of the escrow shares, the Company will declare any such event to the Superintendent by way of a directors' resolution, and the holders of such shares, the trustee thereof and the Company have agreed that such number of said shares as the Superintendent determines shall have become subject to cancellation, shall be transferred to the Company by way of gift for cancellation. The complete text of the escrow agreement is available for inspection at the registered office of the Company, 1620 - 701 West Georgia Street, Vancouver, British Columbia.

<u>Class</u>	<u>No. of Shares Held in Escrow</u>	<u>% of Class</u>
Common Shares	750,000	81.08%

POOLED SHARES

All the shares of the Company issued for cash to date have been voluntarily pooled with Guaranty Trust Company of Canada not to be released until thirty days after the completion of the sale of the shares offered by this prospectus and until at least \$22,000.00 of the proceeds from the sale of the shares under the prospectus and/or cash on hand are expended on exploration and development work of the Company's properties pursuant to the recommendations of a qualified engineer, and then only with the written consent from the Superintendent of Brokers.

MATERIAL CONTRACTS

There are no material contracts entered into by the Company which are not disclosed in this prospectus.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Reference is made to the caption, "Description of Business and Property of Issuer", for shares issued by the Company to a director of the Company.

AUDITORS, TRANSFER AGENTS AND REGISTRARS

The auditors of the Company are John C. Oswald & Co., chartered accountants, of 635 Montreal Trust Building, 789 West Pender Street, Vancouver, British Columbia.

The registrar and transfer agent of the Company is Guaranty Trust Company of Canada, 540 Burrard Street, Vancouver, British Columbia.

PURCHASER'S STATUTORY RIGHT OF RECISSION

Sections 61 and 62 of the Securities Act (British Columbia) provide, in effect, that when 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 Superintendent of Brokers were 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 sixty (60) days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three (3) 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 material fact or omits to state a material fact necessary in order to make any statement therein not misleading 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 ninety (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.

OTHER MATERIAL FACTS

There are no material facts relating to the securities offered by this prospectus which are not disclosed under the foregoing captions.

JOHN C. OSWALD & CO.
Chartered Accountants

Vancouver, Canada

March 13, 1977

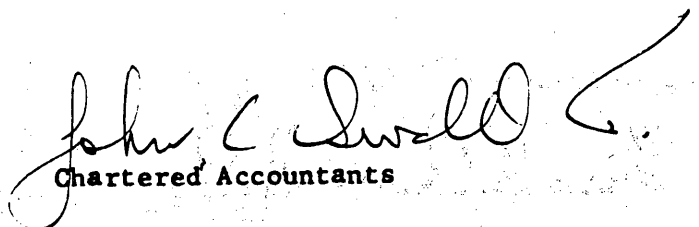
CARDERO RESOURCES LTD.

Auditors' Report

To the Shareholders of
Cardero Resources Ltd.

We have examined the accompanying balance sheet of Cardero Resources Ltd. as at February 28, 1977 and the statements of deferred exploration and other expenditures and changes in financial position for the period from October 4, 1976 (date of incorporation) to that date. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at February 28, 1977 and the results of its operations and the changes in its financial position for the period then ended in accordance with generally accepted accounting principles.


Chartered Accountants

Report
and accounts
February 28, 1977

JOHN C. OSWALD & CO.
CHARTERED ACCOUNTANTS
VANCOUVER, CANADA

CARDERO RESOURCES LTD.

Balance sheet, February 28, 1977

ASSETS

CURRENT:

Cash	\$ 9,655
Advance on assessment work	<u>2,050</u>
	11,705

MINERAL CLAIMS (Note 2)

11,250

DEFERRED CHARGES:

Exploration and other expenditures, per statement attached	2,695
Incorporation costs	<u>1,016</u>
	3,711
	<u>\$ 26,666</u>

LIABILITIES

CURRENT:

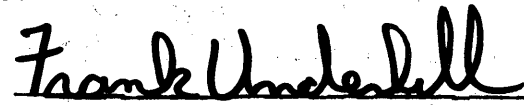
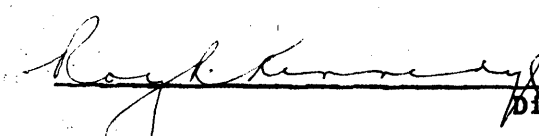
Payables	\$ 1,665
----------	----------

SHAREHOLDERS' EQUITY

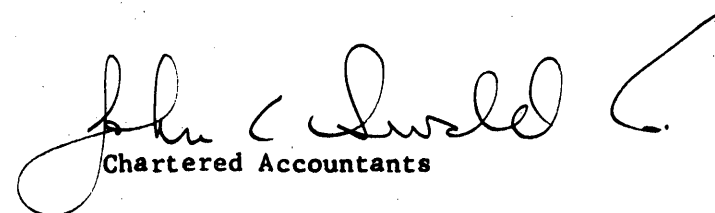
CAPITAL STOCK (Note 3):

Authorized -	
<u>5,000,000</u> shares, no par value	
Issued -	
<u>925,001</u> shares	<u>25,001</u>
	<u>\$ 26,666</u>

Approved on behalf of the Board:

 Director	 Director
---	--

To be read in conjunction with our report
to the Shareholders dated March 13, 1977.


Chartered Accountants

CARDERO RESOURCES LTD.

Statement of deferred exploration and other expenditures
for the period from October 4, 1976 (date of incorporation)
to February 28, 1977

EXPLORATION:

Engineer's report	\$ 537
Government fees	<u>400</u>
	937

ADMINISTRATION:

Legal	1,000
Accounting and audit	300
Government fees	350
Sundry	<u>108</u>
	1,758

Total deferred expenditures

\$ 2,695

CARDERO RESOURCES LTD.

Notes to financial statements

for the period from October 4, 1976 (date of incorporation)
to February 28, 1977

1. SIGNIFICANT ACCOUNTING POLICIES

All costs relative to the acquisition and expenditures on mineral claims are capitalized or deferred until such time as commercial production commences or the property is abandoned. Costs applicable to abandoned properties are charged to deficit in the year of abandonment.

2. MINERAL CLAIMS

Under an agreement dated October 30, 1976 the company acquired the "Ace" group, consisting of a block of 20 claim units, situated about 14 miles north of Princeton on the Princeton-Merritt Highway in the Similkameen Mining Division, British Columbia.

Acquisition cost -

Cash		\$ 3,750
750,000 shares of capital stock at a deemed price of 1¢ per share		<u>7,500</u>
		<u>\$ 11,250</u>

3. CAPITAL STOCK

a) Capital stock has been issued to date for the following consideration -

	<u>%</u>	<u>No. of shares (no par value)</u>	<u>Price</u>	<u>Net</u>
For cash		1	\$1.00	\$ 1
		<u>175,000</u>	.10	<u>17,500</u>
	18.9	175,001		17,501
For mineral claims	<u>81.1</u>	<u>750,000</u>	.01	<u>7,500</u>
	<u>100.0</u>	<u>925,001</u>		<u>\$ 25,001</u>

b) The 175,001 shares issued for cash have been voluntarily pooled with the Guaranty Trust Company of Canada.

CARDERO RESOURCES LTD.

Notes to financial statements

for the period from October 4, 1976 (date of incorporation)
to February 28, 1977

3. CAPITAL STOCK (continued)

c) The 750,000 shares issued for mineral claims are held in escrow by the Guaranty Trust Company of Canada subject to the direction or determination of the British Columbia Superintendent of Brokers and may not be traded in or dealt with in any manner whatsoever without the Superintendent's written consent.

4. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

No direct remuneration was paid or is payable by the company to its directors and senior officers for services rendered during the period ended February 28, 1977.

CARDERO RESOURCES LTD.

Statement of changes in financial position

for the period from October 4, 1976 (date of incorporation)
to February 28, 1977

SOURCE OF FUNDS:

Issue of shares of capital stock \$ 25,001

USE OF FUNDS:

Acquisition of mineral claims -

By cash 3,750

By issue of shares of capital stock 7,500

11,250

Deferred charges -

Exploration 937

Administration 1,758

2,695

Incorporation 1,016

3,711

14,961

WORKING CAPITAL, February 28, 1977

\$ 10,040

REPRESENTED BY:

Current assets \$ 11,705

Less current liabilities 1,665

As above \$ 10,040

REPORT

ON THE

ACE PROPERTY

SIMILKAMEEN M.D., B.C.

November 9, 1976

For:

CARDERO RESOURCES LTD.
Vancouver, B.C.

By:

ALLEN GEOLOGICAL ENGINEERING LTD.
B101 - 325 Howe Street
Vancouver, B.C.

Position
Incorporated

THE ACE PROPERTY
OF
CARDERO RESOURCES LTD.
SIMILKAMEEN M.D., B.C.

INTRODUCTION

The Ace property was examined by the writer October 30, 1976.

The purpose of the examination was to acquire as much information as available pertaining to the geology, topography, mineral showings and workings. This information, along with data supplied by personal communications and government reports and maps forms the basis for this report.

The object of the report is to document the acquired information regarding access, physical features, geology and mineral showings on the Ace property, and to outline an exploration programme thereon.

CONTENTS

INTRODUCTION.....	1.
LOCATION AND ACCESSIBILITY.....	2.
TOPOGRAPHY.....	2.
PROPERTY.....	3.
GEOLOGY.....	3.
EXPLORATORY WORKINGS.....	4.
SUMMARY AND CONCLUSIONS.....	5.
RECOMMENDATIONS.....	6.
REFERENCES.....	7.

CERTIFICATE

MAPS:

1. Location
2. Property - Topography
3. Geology
4. Claims

* * * * *

LOCATION AND ACCESSIBILITY

The Ace property is located in southern British Columbia at $49^{\circ}-39'$ north latitude and $120^{\circ}-36'$ west longitude.

It is 14 miles northerly from Princeton.

Access is via the Princeton-Merritt highway. The location post is at the northeast corner on the east side of the highway, adjacent to the Department of Highways sand and gravel storage area.

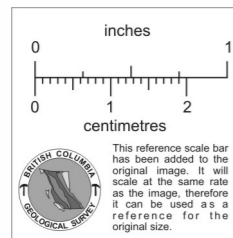
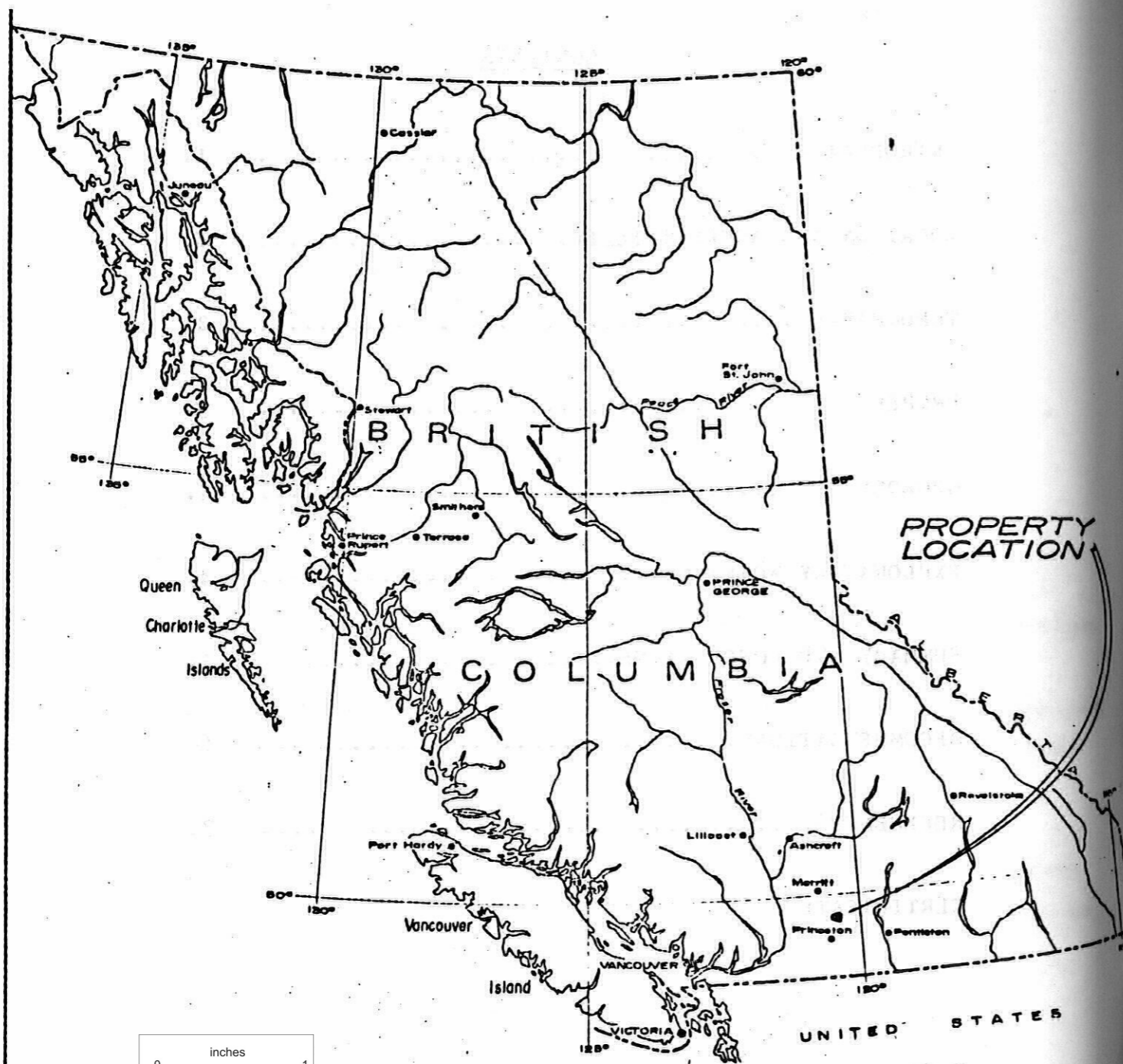
A secondary road extends from the south end of Dry Lake up the west side of a deeply incised creek-valley to the showings. This road includes several switchbacks and is approximately one mile long.

TOPOGRAPHY

The Allison Creek valley extends southeasterly across the northeast part of the Ace property.

Dry Lake, elevation 2,700 feet above sea level, is $\frac{1}{2}$ mile northwest, and Laird Lake is $\frac{3}{4}$ of a mile south from the corner post. The west boundary of the property is at an elevation of 4,500 feet above sea level. The central part of the property is traversed by a steeply incised creek flowing northeasterly into Dry Lake.

The main showings and workings are on the steep west side of this creek at about 3,500 feet above sea level.



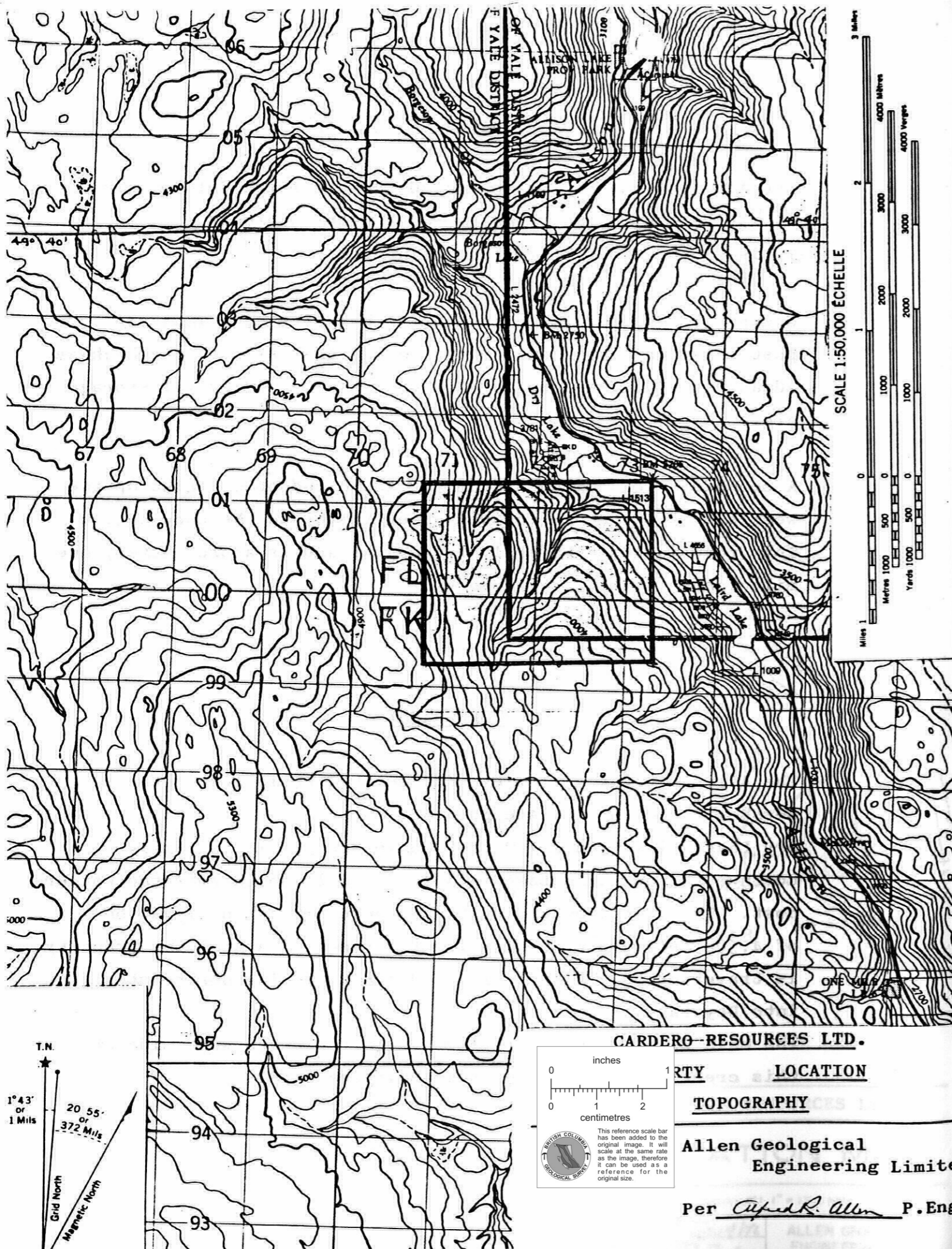
CARDERO RESOURCES LTD.

LOCATION MAP

SCALE: 1" = 136 MIs.

Drawn by Date
Checked by Drg no.

NOV 4 1976
ALLEN GEOLOGICAL
ENGINEERING LTD.



PROPERTY

The Ace property is a 20-unit claim. It is 4 units south by 5 units west from the corner post about 200 feet east of the Princeton-Merritt highway. This post has tag #11382 attached.

The area of the property is 1,236 acres or 500 hectares.

The property was staked May 5 and May 6, 1976.

It was recorded June 6, 1976. The record number is 49.

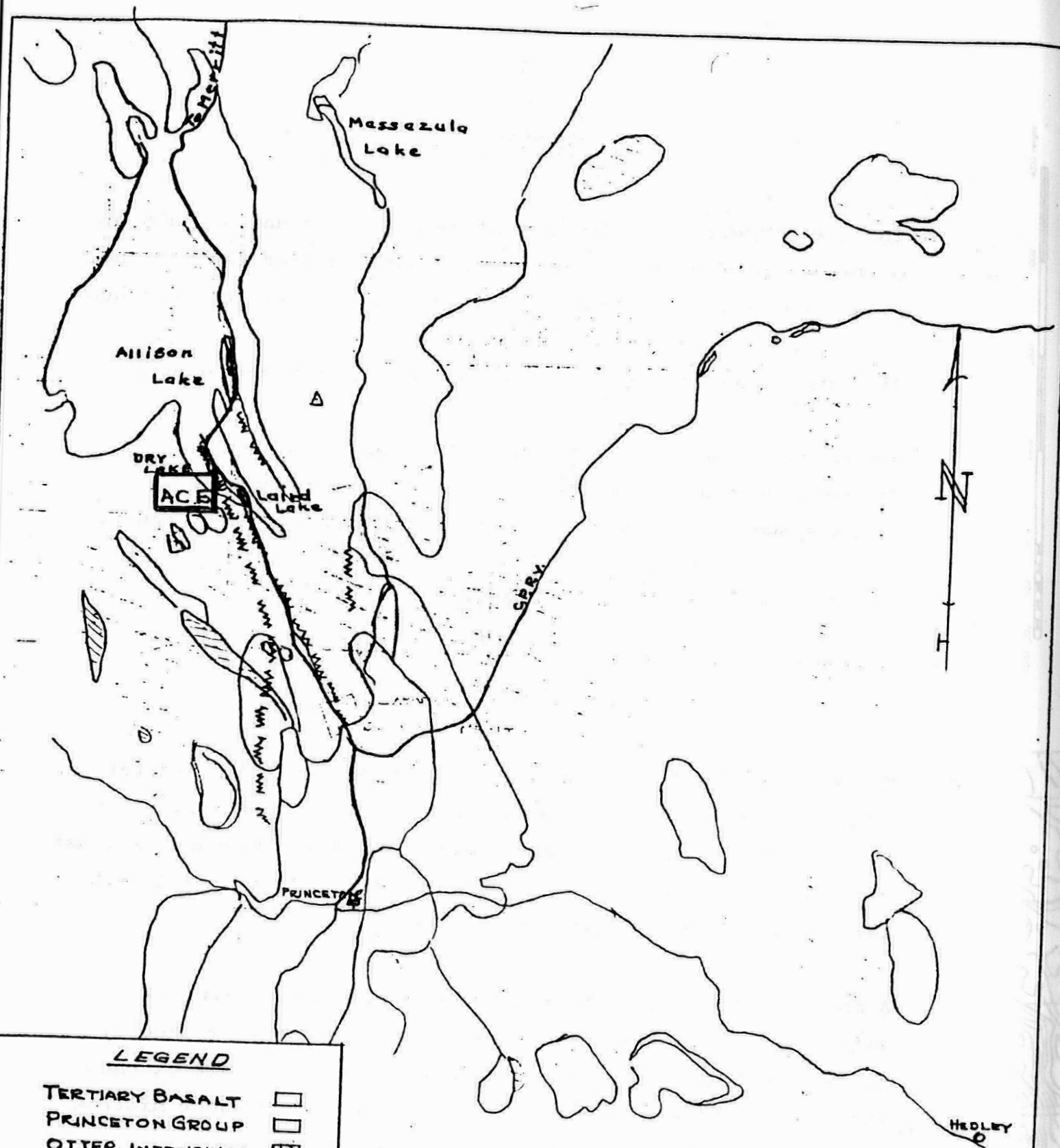
It is shown on the maps 2, 3 and 4 accompanying this report.

GEOLOGY

The Allison Creek area in the vicinity of Dry and Laird Lakes is underlain by volcanic rocks ranging from Upper Triassic to Lower Cretaceous. Middle Jurassic to Lower Cretaceous Coast intrusives composed mainly of granodiorite and quartz diorite have intruded the Triassic volcanics.

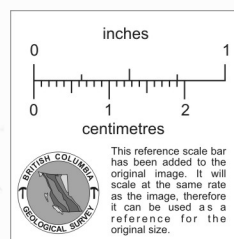
A major fault extends from Liard Lake southerly along the Allison Creek valley to Summers Creek where it is masked by Miocene sediments. A second, nearly parallel, fault extends along the east aide of Dry Lake and also passes under Miocene sediments north of Princeton.

The Ace property is underlain largely by the Upper Jurassic volcanic rocks designated the Nicola group. Outcrops observed on the property are dark green andesite, agglomerate and basalt. Chloritic alteration is evident.



LEGEND

- TERTIARY BASALT
- PRINCETON GROUP
- OTTER INTRUSIVES
- KINGSVALE GROUP
- SPENCER BRIDGE GROUP
- COPPER MT. INTRUSIVES
- COAST INTRUSIVES
- NICOLA GROUP
- FAULTS



CARDERO RESOURCES LTD.	
PROPERTY	LOCATION
GEOLOGY	
0 4 8 SCALE MILES	
MAP-3 NOV 4, 1976	ALLEN GEOLOGICAL ENGINEERING LTD.

FROM: PRINCETON SHEET # 885A

4.

A small section of the southeast corner of the Ace property is underlain by volcanic breccia of the Lower Cretaceous Kingsvale group.

The easterly part of the property is underlain by granodiorite and quartz diorite of the Coast intrusives. The contact between these igneous rocks and the Nicola group extends from the west central shore of Liard Lake, northwest. It crosses the north boundary of the property 1,000 feet west of the south end of Dry Lake. Numerous dykes extend from the igneous contact into the volcanic rocks.

Because of limited outcrops the significance of the fault which cuts the northeast corner of the Ace property is unknown.

The sheared and altered zones of mineralization, west of the fault and contact area, have a similar attitude however, and could possibly be associated mineralogically and/or structurally.

EXPLORATORY WORKINGS

In the early 1970's, copper mineralization was discovered on the steep west bank of the small creek that flows northerly into Dry Lake.

Five open cuts and rock trenches, amounting to 1,400 feet in total length, have been excavated on the steep slopes.

Chalcopyrite, pyrite and malachite occur in chloritized andesitic rock which have been sheared and silicified. The general trend of the mineralization is 15 to 25 degrees west of north. Considerable additional exploratory work will be required to ascertain the potential of the property.

RECOMMENDATIONS

It is herewith recommended that the following field programme be conducted over the Ace property.

	<u>Estimated Costs</u>
1. Establish a surveyed grid over the property with lines spaced at 400-foot intervals and stations every 200 feet along the line,	\$ 5,500.00
2. Rehabilitate the access road from Dry Lake to the workings,	1,500.00
3. Map the geology,	1,000.00
4. Conduct a geochemical survey over the grid area,	2,000.00
5. Conduct a magnetometer survey over the grid area,	1,500.00
6. Clear out and sample the trenches and rock cuts	1,000.00
7. Strip to expose bedrock where necessary to check anomalous areas,	4,000.00
8. Office, overhead and supervision,	3,500.00
9. Contingencies fund,	<u>2,000.00</u>
Total estimated costs,	\$22,000.00

It is estimated that completion time for the full programme will be three months.

Respectfully submitted,

ALLEN GEOLOGICAL ENGINEERING LIMITED

Per Alfred R. Allen P.Eng.

Alfred R. Allen

B101-325 Howe Street
Vancouver, B.C.

November 9, 1976.

REFERENCES

Rice, H.M.A., G.S.C., Mem. 243

Geology, Exploration and Mining, B.C. Dept. Mines 1971-72

Claims Map, B.C. Dept. Mines 92 H : 10E (M)

Allen Geological Engineering Limited

601-325 HOWE STREET, VANCOUVER 1, B.C.

Office 682-5747 Residence 922-027

CERTIFICATE

November 9, 1976.

I, Alfred R. Allen, certify that:

I am a graduate of the University of British Columbia and hold the following degrees therefrom:

BASc Geological Engineering 1939

MASc Geological Engineering 1941

I am a member of the Association of Professional Engineers of the Province of British Columbia.

I have practised my profession for the past thirty years.

I hold no interest in the properties or securities of Cardero Resources Ltd., or affiliates thereof, nor do I expect to receive any, directly or indirectly.

The report on the Ace property, Similkameen M.D., B.C., is based upon an examination of the property by the writer on October 30, 1976.

I consent to this report being filed with the British Columbia Securities Commission.

Alfred R. Allen

Alfred R. Allen

Allen Geological Engineering Limited

601-325 HOWE STREET, VANCOUVER 1, B.C.

Office 682-5747 Residence 922-0227

November 9, 1976.

British Columbia Securities Commission
756 Fort Street
Victoria, B.C.

Dear Sirs:

Re: Cardero Resources Ltd.

I hereby consent to the use of my report dated November 9, 1976, on the Ace Property, Similkameen M.D., B.C., in any prospectus or Statement of Material facts or other material to be filed with the British Columbia Securities Commission or the Vancouver Stock Exchange by Cardero Resources Ltd.

Yours very truly,

Alfred R. Allen P.Eng.

Alfred R. Allen

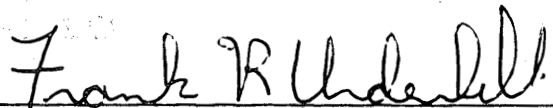
For:

ALLEN GEOLOGICAL ENGINEERING LIMITED

CERTIFICATE

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

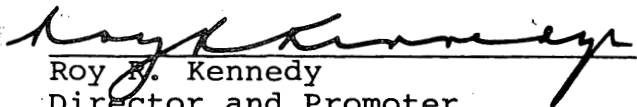
DATED the 4th day of May, 1977, at the city of Vancouver, in the province of British Columbia.



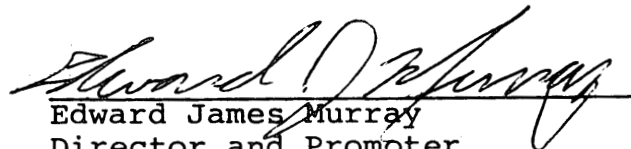
Frank R. Underhill
Director and Promoter



Herbert A. Smith
Director and Promoter



Roy R. Kennedy
Director and Promoter



Edward James Murray
Director and Promoter