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DALTON RESOURCES LTD. (N.P.L.)

4075 Union Street, North Burnaby, B.C. PROPERTY FILE (I)

PROSPECTUS

NEW ISSUE

250,000

COMMON SHARES

	Price to Public	Commission	Proceeds to Issuer
Per Unit	.25¢	6.25¢	18.75¢
Total	\$62,500.00	\$15,625.00	\$46,875.00

THERE IS NO EXISTING MARKET FOR THE COMPANY'S SECURITIES IN THE PROVINCE OF BRITISH COLUMBIA, OR ELSEWHERE.

A PURCHASE OF THE SHARES ISSUED BY THIS PROSPECTUS MUST BE CONSIDERED A SPECULATION, SINCE THE COMPANY'S MINERAL CLAIMS ARE STILL ONLY IN THE EXPLORATORY STAGE. REFER – ENCE SHOULD ALSO BE MADE TO THE CAPTION "PRINCIPAL HOLDERS OF SHARES", AND THE COM– PARISON OF THE PERCENTAGE OF SECURITIES BEING OFFERED TO THE PUBLIC FOR CASH TO THOSE ALREADY ISSUED BY THE COMPANY TO ACQUIRE ITS 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 CON-TRARY IS AN OFFENCE.

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

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PROPERTY FIL

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TABLE OF CONTENTS

	Pag	je No
Plan of Distribution		3
Use of Proceeds to Issuer		3
Share Capital Structure		3
Name and Incorporation of Issuer	•	4
Description of Business and Property of Issuer	•	4
Preliminary Expenses		6
Promoters		6
Directors and Officers		6
Remuneration of Directors and Senior Officers	•	6
Escrowed Shares		6
Principal Holders of Shares		7
Interest of Management and Others in Material Transactions		7
Auditors, Transfer Agents, and Registrars	•	7
Other Material Facts		7
Purchaser's Statutory Right of Rescission	. 7 -	8
Certificate	•	8
Engineer's Report – Gordon-D.C. Nickel Group	9-1	6
Maps	17-2	21
Auditors' Report	2	22
Financial Statements and Notes to Financial Statements	23-2	26

May 3, 1971 Vancouver, B. C.

8

688-4226

T. R. TOUGH & ASSOCIATES LTD.

CONSULTING GEOLOGISTS 302 - 475 HOWE STREET, VANCOUVER 1, B. C.

GEOLOGICAL REPORT on the GORDON - D. C. NICKEL PROPERTY New Westminster Mining Division British Columbia Dalton Resources Ltd (N.P.L.)

- 9 -

Thomas R. Tough P. Eng., Consulting Geologist

MAPS

LOCATION MAP CLAIMS MAP GEOLOGY GEOLOGY PROPERTY MAP Scale 1" = 137 miles 1" = 3000 feet 1" = 1500 feet 1" = 50 feet 1" = 1 mile

SUMMARY

The Gordon - D. C. Nickel group of claims, owned by Dalton Resources Ltd, (N.P.L.), consists of 40 contiguous mineral claims and one fraction located approximately 10 miles north of Hope, B. C., and is accessible by paved highway and gravel road. The property is located some three miles north of the producing mine of Giant Mascot Mines Ltd.

The topography is relatively steep but not precipitous with elevations varying from 3,000 feet to 4,200 feet. The average relief in the area is 4,000 feet. Dense stands of fir, cedar, hemlock and spruce occur on the slopes.

Water is available for all phases of exploration, development and domestic use. Hydroelectric power would be available in the area if future requirements warrant it. Diesel electric power will be necessary for initial phases.

Year-round logging and mining operations are carried on in the general area which experiences moderate winters with a fairly heavy snowfall. Summers are pleasant with moderate to heavy rainfall.

Railroad facilities are available in Yale and the Trans Canada Highway provides an excellent trucking route to Vancouver, some 120 miles west, where most supplies are available.

During 1934 to 1940 Western Nickel Corporation Ltd., carried out programmes of trail and road building, geological mapping, limited underground drifting and 973 feet of X-ray diamond drilling.

Diamond drill hole DDH No. 4 encountered six feet averaging 0.73% Ni, 0.10% Cu, and 0.34% Cr_2O_3 from 119' to 125'. A 2 - foot section from 164 - 166 feet assayed 0.14% Ni.

A grab sample from the adit ran 0.06% Ni whereas another such sample from a recent trench gave 0.37% Ni.

There are no records of previous production from the property.

Dalton Resources Ltd (N.P.L.), during the 1970 field season, carried out a programme of road building and renovation and trenching.

The various ultramafic rocks on the property contain varying amounts of disseminated to massive pyrrhotite, pentlandite, chalcopyrite and pyrite. Pyroxenite and hornblendic pyroxenite are the most favourable host rocks. Coast Range quartz diorite occurs as small stocks, bosses and apophyses cutting the ultramafic rocks. It is near the contact of such intrusive and ultramafic rocks that the nickel - copper - chrome ore bodies at the Giant Mascot mine occur.

With proper preparation, work could be carried out on a year - round basis.

CONCLUSIONS

From the results of the previous geological mapping, drifting, diamond drilling and recent trenching it is concluded that the property warrants further work to fully assess its potential. The close proximity of the producing mine of Giant Mascot Mines Ltd., with its similar geological environment, further justifies a more detailed exploration programme

RECOMMENDATIONS

It is recommended that a geochemical survey, a magnetometer survey and a geological survey be carried out over the entire property in conjunction with road building and trenching.

It is also recommended that Dalton Resources Ltd (N.P.L.) allocate the sum of \$40,000.00 to implement and execute the recommended exploration and development programmes.

May 3, 1971.

Respectfully submitted, Thomas R. Tough, P. Eng.

- 11 -

INTRODUCTION

The following report is compiled from information obtained by the writer during an examination of the property on April 26, 1971 and from previous reports by F. J. Crossland, P. Eng., 1934, 1937, 1940; H. M. Wright P. Eng., 1935; H. C. Horwood, Geological Survey of Canada Paper 36 - 4. 1936 and Memoir 190, 1936; A. J. Gaul, P. Eng., 1938; and J. W. H. Monger, Geological Survey of Canada Paper 69 - 47, 1970.

The purpose of the examination was to investigate the various workings and mineralized occurrences and to assess the potential of the property. Unfortunately, snow coverage prevented the writer from examining the surface workings.

Mr. H. M. Meixner, geologist, provided able assistance and information to the writer during the visit to the property.

Mr. L. DeRoux, chief geologist at the Giant Mascot Mine, provided much information on the mineral occurrences and rock types which occur on their property and the exploration methods found most successful to date.

PROPERTY

The property cosists of 40 contiguous mineral claims and one fraction held by location. The claims are staked in accordance with the British Columbia Mineral Act and are as follows:

Claim Name	с. х	Record No.	Expiry Date
Gordon No. 5 - 22	-	22413 - 30 incl.	June 16 1973
Gordon No. 23		22431	June 16, 1971
Gordon No. 24 - 37		22432 - 45 incl.	June 16, 1973
D.C. Nickel No. 1		19741	September 26, 1972
D.C. Nickel No. 2 - 4		19745 - 47 incl.	September 26, 1972
D.C. Nickel No. 5 - 8	ι.	20576 - 79 incl.	July 30 1972

The claims are three miles north of the producing mine of Giant Mascot Mines Ltd.

OWNERSHIP:

The claims are owned outright by Dalton Resources Ltd. (N.P.L.)

LOCATION: $(49^\circ - 121^\circ \text{ S.E.})$

The claims are situated on Gordon Creek approximately 10 miles N.N.W. of the town of Hope in the New Westminster Mining Division in southwestern British Columbia.

ACCESS:

The property is accessible by means of a gravelled logging road west from the Trans Canada Highway at a point some 10 miles north of Hope. The road follows along a north branch of Emory Creek and along the south bank of Gordon Creek and thence to the area of the Audrey Adit on the D.C. Nickel No. 3 claim for a total distance of approximately seven miles.

TOPOGRAPHY AND TIMBER:

The topography is relatively steep and generally typical of the Coast Range Mountains with an average local relief of 4,000 feet. Peaks in the area attain altitudes of up to 7,000 feet.

Slopes are covered with dense stands of fir, cedar, hemlock and spruce.

WATER AND POWER

Sufficient water for all phases of exploration, development and domestic use, is available from numerous streams which traverse the property and feed into Gordon Creek which drains into the Fraser River near

WATER AND POWER (Cont'd.)

Yale. Hydroelectric power would be available in the area, but for initial development phases diesel electric power will be necessary.

CLIMATE

Winters are moderate with a fairly heavy snowfall whereas the summer months are warm with moderate to heavy rainfall.

TRANSPORTATION AND SUPPLIES

Rail service is available at Yale which is serviced by the Canadian Pacific Railway. The Trans Canada Highway provides an excellent trucking route to and from Vancouver where most supplies would be obtainable.

HISTORY

During 1934 Western Nickel Corporation Ltd carried out a programme of trail cutting for property access from Yale, and some surface trenching. By 1937 an adit was driven for 67 feet with the aim of crosscutting contact areas between pyroxenite and diorite. The adit was stopped short of its goal. In the latter part of 1939 and early 1940 a total of 973 feet were drilled with an X - ray diamond drill in five holes collared in the portal of the adit.

Some geological mapping of a reconnaissance nature was also carried out over portions of the property. There is no record of previous production from the property.

PRESENT WORK

Dalton Resources Ltd, during 1970, improved 9,000 feet of the existing gravel road which leads to the property and in addition constructed a new road to the Audrey Adit. The new road is some 4,000 feet long. Trenching and blasting was carried out in a number of places and a campsite was cleared near the adit site.

GENERAL GEOLOGY

The geology of the area is shown on Map 12 - 1969 Hope (West Half) of the Geological Survey of Canada. The area is mainly underlain by granodiorite and quartz diorite of the Coast Range intrusives which trend N - S. On the western extremities of the intrusives lie the rocks of the Chilliwack Group of Pennsylvanian and Permian age. The Chilliwack Group consists of basic volcanic rocks, pelites, siltstone, sandstone, conglomerate, and limestone. To the east lie pelitic schists, amphibolite, hornblendite, pyroxenite, peridotite, dunite, and locally associated diorite and gabbro. It is the ultramafic rocks above that contain economic nickel-copper-chrome deposits at the Giant Mascot Mine near the headwaters of Stulkawhits Creek 7 miles northwest of Hope.

The main faults in the region are the Hope Fault, Yale Fault, and Ruby Creek Fault which trend N. - S Faulting in the vicinity of The Old Settler Mountain trends northwesterly. Less than one mile south of the property boundary is the axis of a syncline which plunges northwest.

LOCAL GEOLOGY

The property is underlain by crystalline pelitic schists, pyroxenite, hornblendite, garnetite and quartz diorite. The lack of outcrop in the area makes rather difficult to map definite contacts. The pyroxenite generally grades into hornblendite and peridotite, and is a grey-green to black rock composed of bronzite, augite, hornblende, olovine and minor biotite. The pyroxenite and hornblendite vary in grain size from course to fine.

The quartz diorite is generally medium-grained and occurs as small stocks and apophyses cutting the various phases of ultramafic rocks and schist.

Garnetite occurs as sills in contact with the ultramafic and dioritic rocks. Generally associated with the pyroxenite and hornblendite are disseminated grains and blebs of pyrrhotite, which contains inclusions of pentlandite, and lesser amounts of chalcopyrite and pyrite.

- 13 -

GEOLOGY OF GIANT MASCOT MINES

The rocks which occur on the Giant Mascot property have been identified as hornblendite, hornblendic pyroxenite, pyroxenite peridotite, diorite norite and dunite. Talcose alteration generally occurs along fractures and faults. The rocks mainly are pyroxenite with cores of peridotite and patches of hornblendic pyroxenite with a periphery of hornblendite. Generally the orebodies in the mine occur as disseminations, massive blocks, and vein type. The sulphides present are pyrrhotite, pentlandite and chalcopyrite. Chromite and magnetite also occur. The orebodies have a steep plunge to the northwest at approximately 65°, and occur close to contacts between diorite and pyroxenite, but in the pyroxenite and hornblendic pyroxenite. Massive sulphide zones of limited size occur in hornblendite. Faulting occurs in a northwesterly and northeasterly direction with slight movement in most cases. The dip of the faults varies from about 30° to 70° NW or NE.

The ratio of nickel to copper is approximately 3:1.

MINERALIZATION

Sulphide mineralization occurs as disseminations in almost all the ultramafic rocks with greater concentrations in hornblendic pyroxenite. A massive sulphide zone was encountered in an early diamond drill hole in the portal of the Audrey Adit. The zone assaved 0.73% Ni. 0.10% Cu and 0.35% CR₂O₂ across 6 feet. Another 2 - foot section in the same hole ran 0.14% Ni. A grab sample taken by H.M. Wright from the face of the adit gave 0.06% Ni.

A grab sample selected by H.M. Meixner from a trench approximately 150 feet below the adit assayed 0.37% Ni. 1.1

DIAMOND DBILLING

During 1939 and early 1940 a total of 973 feet of X - Ray diamond drilling was carried out from the portal of the Audrey Adit. The following information is taken from a report by F.J. Crossland in which he describes the drill core:

D. D. H. No. 1

Bearing	S 20 ⁰ W
Dip:	-82 ⁰
Length:	201 feet

" The core extracted is almost entirely pyroxenite, blending from coarse - to fine grained, with a few narrow sections at irregular intervals of quartz and quartz diorite.

Metallic sulphides in the form of pyrite appear in blotches of fine crystals intermittently and sparingly throughout the core extracted which is not of commercial importance."

D. D. H. No. 2	
Bearing:	S 20 ⁰ W
Dip:	000
Length:	203 feet

"... the core consisting mostly of coarse hornblendite with irregularly spaced ribs of diorite."

D. D. H. No. 3

Bearing:	S 65 ⁰ W
Dip:	20 ⁰
Length:	201 feet

"... for 119 feet, pyroxenite, the texture being both coarse and fine-grained, then some blending of quartz diorite with garnetite for five feet followed by coarse olivine-green pyroxenite (with heavy crystals of hornblende) for 15 feet, which gradually became mixed or blended with quartz for a few feet - the balance of the core, about 50 feet being the typical quartz diorite of the locality".

DIAMOND DRILLING (Cont'd.)

D. D. H. No. 4		
Bearing:	S 25 ⁰ E	
Dip:	-20 ⁰	
Length:	200'	

"The first 5 or 6 feet of core is an altered diorite mixed with hornblende. Then about three inches of guartz appears mineralized with fine crystals of pyrite. For the next 100 feet the core is the typical pyroxenite - showing metallic minerals in places, though not heavy or dense until at 119 feet the core became heavily mineralized with pyrrhotite, pyrite, and highly altered garnetite. At 128 feet, this mineralized section gave place to a calcerous mixture, less mineralized pointing to the evidence of contact metamorphism, as it is followed within a few feet by an intrusive rib of hard fine-grained quartz diorite . . . the section being about 5 feet thick. The balance of the drill hole showed pyroxenite - - sparingly mineralized throughout, with one narrow section of the core at 164 feet rather densely mineralized for 24 inches . . . the sulphide, chiefly pyrrhotite . . . being about 50% by volume.

D. D. H. No. 5	
Bearing:	S 20 ⁰ W
Dip:	-40 ⁰
Length:	168 feet

"An interesting feature of the core extracted was the occurrence of several bands of clear crystocrystalline guartz first appearing at 113 feet, alternating with a mixed diorite to 127 feet. Some of the guartz shows iron stain, the section is badly fractured. (the best core extraction being 3 inches thick), heavily pyritized, which was marked for assay. This is evidently a fault plane. The remainder of the core being in quartz diorite."

Diamond drill hole D. D. H. No. 4 was the only hole to encounter significant sulphide mineralization.

EXPLORATION AND DEVELOPMENT PROGRAMME

A systematic programme of soil sampling in conjunction with a magnetometer, and geological survey will be necessary to elucidate structure and rock types as well as locate possible mineralized zones. Some road construction and renovation will be necessary to provide adequate access to portions of the property. A limited amount of bulldozer trenching will be required to check geophysical and geochemical anomalies when overburden is not deep.

ESTIMATE OF COSTS OF EXPLORATION AND DEVELOPMENT PROGRAMMES

Road construction, renovation

Geochemical Survey 2000 samples Assaying 2000 samples at \$1.65/sample Magnetometer Survey 40 line miles at \$75/line mile

Geological mapping Head Office, Legal and Administration

Engineering and supervision

Travel and Living Expenses

Contingencies

4

It is estimated that the above programmes should take approximately four months to complete.

\$ 10,000.00 4,000.00 3,300.00 3.000.00 17.000.00 5,000,00 3,000.00 1,700.00 3,000.00 \$ 40,000

Respectfully submitted,

R. Tough, P. Eng.

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ALTAIR drafting services Itd.

I, Thomas R. Tough of the City of Vancouver, in the Province of British Columbia, do hereby certify: a solution the control of the solution of the sol

The first 5 or 8 fetual advectospatienedution termined twints thromblended. Theorebeat thirde interestion takes That I am a Consulting Geologist and an associate with T. R. Tough & Associates Ltd., with offices at 302 - 475 Howe Street, Vancouver I, B. C. alized section gave place to a calcerous mixture, less mineralized pointing to the evidence of contact metamorphism, as it is followed within a few feet by an intrusive high that the transmission of the section being about 5 feet thick. The balance of the drill state that the section being about 5 feet thick. The balance of the drill state that the section being about 5 feet thick. mineralized throughout, with one narrow section of the core at 164 feet rather densely mineralized/favSLIARARIM I am a graduate of the University of British Columbia (1965) and hold a Sutelinia min in home finding on B. Sc. degree in Geology. 2. I have been practising in my profession for the past five years and have been A grade sample state active in the mining industry for the past twelve years. An interesting feature of the core extracted was the occurrence of several bands of clear crystocrystalline in %76.0 with a mixed diorite to 127 feet. Some of the quartz shows quartz first appearing at 113 fast alternation

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a norite and dunite. Taleons elteration departally, occurs slong fract- inninee-

5. I have no direct or indirect interest whatsoever in the property described throughout the come share herein, nor in the securities of Dalton Resources Ltd., (N. P. L.) and do on onot expect to receive any interest therein. Geochemical Survey 2000 samples Thomas R. Tough, P. Eng., Consulting Geologist exact privil ons leven May 3, 1971 000 00 2

It is estimated that the above programmes showing any expression and the second the second stance at a refeet - / the balance of the core, about 50 feet being the typical que



ADOREA & HOUOT TR TOUGH & ASSOCIATES LTD. DALTON RESOURCES LTD. (N.P.L.)

LOCATION MAP

D.C. NICKEL, GORDON CLAIMS YALE AREA NEW WESTMINSTER M.D., B.C. SCALE

- 17 -

1" = 137 MILES





TELEPHONE 581-4656

THORNE, BIAGI & LITTLE

MERVIN J. THORNE, C. A. Eric A. Biagi, C. A. T. Murray Little, C. A. WHALLEY PROFESSIONAL CENTRE 13639 - 108 AVENUE, SURREY, B.C.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Dalton Resources Ltd. (N.P.L.) as at March 31, 1971 the statement of deferred exploration and other expenditures and the statement of source and application of funds for the period then ended and have obtained all the information and explanations we have required. 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.

In our opinion, these financial statements, present fairly the financial position of Dalton Resources Ltd. (N.P.L.) as at March 31, 1971 and the results of its operations for the period ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

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22

CHARTERED ACCOUNTANTS

May 17, 1971