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CANNEL 92I/14E

NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HERE- UNDER AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

DEPT. OF MINES AND PETROLEUM RESOURCES		
Rec'd JUL 5 1976		
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RECEIVED
 JUN 30 1976
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 OF BROKERS

YAMOTO INDUSTRIES LTD. (N.P.L.)

1029 - 510 West Hastings Street,
Vancouver, B.C.

92I/14E
PROPERTY FILE
92INWCFN-05

92INE044

PROSPECTUS

275,000 Shares Without Par Value

Price To Public	Commissions	Proceeds to company if all shares are sold.
Per Unit - 40 Cents	10 Cents	30 Cents
Total - \$110,000	\$27,500	*\$82,500

*Less the cost of issue estimated to be \$5,000

A purchase of the securities offered by this prospectus must be considered a speculation as the company's mining properties are still only in the exploration stage.

There is no market for the shares of the company.

No survey of any property or property interest held by the company has been made and, therefore, in accordance with the mining laws of the appropriate jurisdictions in which the properties are situate, the existence of and the area of the properties could be in doubt.

The shares offered by this prospectus represent 22.91% of the total number of shares to be issued and outstanding upon completion of this offering and the shares issued to promoters, directors and other insiders for cash and properties represent 68.74% of the total number of shares to be issued and outstanding upon completion of this offering.

The company's properties are without a known body of commercial ore and the proposed program is an exploratory search for ore.

Dated May 31, 1976.

YAMOTO INDUSTRIES LTD.

Prospectus

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THE COMPANY

Yamoto Industries Ltd. was incorporated on December 8, 1975 under the Companies Act, British Columbia. Upon the acceptance of this prospectus for filing by the Superintendent of Brokers, the Company shall be deemed to be a reporting company pursuant to the provisions of the Companies Act.

The registered and records office of the Company is 1190-700 West Georgia Street, Vancouver, B. C. and the head office of the Company is 1029-510 West Hastings Street, Vancouver, B. C.

PLAN OF DISTRIBUTION

The Company offers by this prospectus 275,000 shares in its capital stock at 40¢ per share. Shares of this issue may be sold by trading directors of the Company. No commission or other remuneration will be payable to the trading directors of the Company in connection with this offering of shares. Shares of this issue may also be sold by brokers or broker-dealers who may receive up to 25% commission.

CAPITALIZATION

The authorized capital of the Company is 3,000,000 shares without par value. There is only one class of shares and all rank equally as to dividends, voting rights and participation in assets. All shares of the Company issued to the date hereof and those issued pursuant to this prospectus are and shall be fully paid and non-assessable.

Designation of Security	Share Capital Authorized	Outstanding as of Jan. 21 1976	Outstanding as of May 31, 1976	Outstanding on completion of Offering
common	3,000,000	875,002	925,002	1,200,002

AUDITORS

The auditors of the Company are John C. Oswald & Co., of 789 West Pender Street, Vancouver, B. C.

REGISTRAR AND TRANSFER AGENT

The registrar and transfer agent of the Company is National Trust Company, Limited, 510 Burrard Street, Vancouver, B. C.

PRIOR SALES

Particulars of shares sold for cash during the past 12 months:

Number of Shares	Price	Commission	Cash Received
2	\$1.00	nil	\$ 2
200,000	.10¢	nil	\$ 20,000

50,000 of the above shares sold for cash are held in pool by National Trust Company, Limited and will be released 30 days after cessation of primary distribution to the public of the shares offered by this prospectus.

150,002 of the above shares sold for cash are held in pool by National Trust Company, Limited subject to release at the discretion of the Superintendent of Brokers.

Particulars of shares issued for other than cash during the past 12 months:

Number of Shares	Consideration
725,000	<u>Province of British Columbia Kamloops Mining Division</u> Cannel claim consisting of 20 units

The above 725,000 shares are held in escrow by National Trust Company, Limited, under the direction and control of the Superintendent of Brokers for British Columbia (See paragraphs "Business and Property" and "Escrowed Shares").

BUSINESS AND PROPERTY

The Company is a mining company engaged in searching for and developing mineral properties.

Province of British Columbia
Kamloops Mining Division

The Company is the recorded and beneficial owner of the following located mineral claim:

<u>Claim</u>	<u>Record Number</u>	<u>Expiry Date</u>
Cannel (20 units)	52 (6)	June 17, 1976

This claim is located approximately 24 miles by road north-west of Kamloops, B. C., within the Kamloops Mining Division in south-central British Columbia. Access to the property is by the gravelled Lac du Bois and Pass Lake Roads.

By an agreement dated January 15, 1976 between Rocco J. Balbo of 209-1088 West 12th Avenue, Vancouver, B. C. and the Company, the Company purchased the above claim for \$10,000 payable to Rocco J. Balbo as to \$5,000 upon execution of the agreement and \$5,000 on or before March 1, 1977 and 725,000 shares issued as follows:

Rocco J. Balbo	595,000
David George Mark	10,000
Mary E. Strome	10,000
A. Letitia Wilson	<u>110,000</u>
	725,000

Rocco J. Balbo is an insider of the Company by virtue of his shareholdings and David George Mark, Mary E. Strome and A. Letitia Wilson are directors and promoters of the Company.

No person is to receive a greater than 5% interest from Rocco J. Balbo in the 595,000 shares shown above.

Work Done

The Company has done no work on the claim. There is no underground or surface plant or equipment thereon.

This property is without a known body of commercial ore.

History

Previous Work

The Cannel claim includes property which was previously known as the Allies Group. An excerpt from G.S.C. Memoir 249 on the Allies group is as follows:

"The Allies group of eight claims, owned by E. T. Bathclor of Kamloops, is situated near the head of Cannel Creek, a tributary of Watching Creek, about 24 miles by road from Kamloops. The property was prospected extensively by Vancouver interests under the direction of D. B. Sterritt of Kamloops because of the discovery of high grade gold ore. This discovery was later proved to consist of float, but considerable work was done to try to find similar ore in place."

In 1967 a portion of the Allies Group was staked as the Bob claims and were held by South Oak Mines Ltd. (N.P.L.). Additional claims were staked adjacent to and surrounding the Bob claims and were known as the Dog group. The Cannel claim covers both the Bob and Dog claims.

In 1969 cat trenching was carried out around the old Allies workings.

In January and February, 1973, Geotronics Surveys Ltd. performed a ground magnetic and VLF-EM survey on the Dog group.

In May, 1973 a limited geochemical survey and some geological mapping was done.

The general area in the vicinity of the Iron Mask Batholith has seen intermittent exploration over the years. Production from the Iron Mask Mine which is 16 air miles south-south-east of the Cannel claim and 5 miles west of Kamloops, totalled 5,194,871 pounds of copper; 3,630 ounces of gold and 41,292 ounces of silver from 189,230 tons of ore between 1901 and 1928.

PRELIMINARY EXPENSES

Preliminary expenses since incorporation of the Company on December 8, 1975 for administrative and development matters have been \$7,647 and \$3,313 respectively. It is not expected that any further expenditures will be made for preliminary expenses.

USE OF PROCEEDS

The Company plans to carry out the exploration programme recommended by Laurence Sookochoff, P.Eng., contained in his report dated January 13, 1976 on the Cannel claim, a copy of which is attached hereto and forms part of this prospectus.

Geologic mapping	\$ 5,000
Geophysical survey	4,000
Geochemical survey	6,500
Diamond drilling, 2,200' @ \$12/ft	26,400
Assaying	3,500
Engineering and supervision	4,600
Contingencies	<u>4,000</u>
Total exploration programme	\$ 54,000

Additional expenditures contemplated are:

Accounts payable	\$ 1,000
Costs of this issue including legal, audit and printing	5,000
Vancouver Curb Exchange listing application fee	2,000
General corporate purposes	<u>20,500</u>
	\$ 82,500

Sale of shares \$ 82,500

Note: The reserve for listing fee, \$2,000, shall be lodged with and held by the National Trust Company, Limited

The proceeds from the sale of shares offered by this prospectus are intended to be used for the purposes set forth above and in carrying out the above program of work and the Company will not discontinue or depart from the recommended program of work unless advised in writing by its consulting engineer to do so. Should the Company contemplate any such change or departure, notice thereof will be given to all shareholders.

In the opinion of the directors of the Company, the proceeds of this offering will be sufficient to carry out the recommended programs of work and to maintain the Company's properties in good standing. In the opinion of the Company's directors it will be necessary that 275,000 shares offered by this prospectus be sold to net the Company \$82,500 in order to carry out the above recommendations and provide for administration, the Vancouver Curb Exchange listing fee and adequate working capital. All monies received from the sale of shares during the 120 day period following June 4, 1976, the date of acceptance for filing of this prospectus by the Superintendent of Brokers, shall be held in trust by the National Trust Company, Limited and if the objective of \$82,500 is not attained within the 120 days, all monies will be returned in full to the subscribers.

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 jurisdictions in which securities offered by this prospectus may lawfully be sold.

Should the Company intend to use the proceeds to acquire other than trustee type securities after the distribution of the securities offered by this prospectus, approval by the shareholders of the Company must first be obtained and notice of the intention filed with the regulatory securities bodies having jurisdiction over the sale of the securities offered by this prospectus.

PROMOTERS

The directors of the Company may be considered its promoters. As vendors of property to the Company, David George Mark, Mary E. Strome and A. Letitia Wilson received 10,000, 10,000 and 110,000 shares respectively. The cost of the property sold to the Company by the vendors was approximately \$2,500. The purchase price of the property to the Company was determined and approved by the board of directors.

DIRECTORS AND OFFICERS

Name	Address	Office Held
David George Mark	49 West 41st Ave. Vancouver, B. C.	Director
Mary E. Strome	782 Tweedsmuir St. Richmond, B. C.	Director & Secretary-Treasurer
A. Letitia Wilson	2672 Point Grey Rd. Vancouver, B. C.	Director & President

The principal occupations of the directors and officers during the past five years are as follows:

David George Mark	Geophysicist, Vice-President of Geotronics Surveys Ltd., consulting and contracting, mining and engineering work.
Mary E. Strome	Retired nurse - 1954 to 1973 owner of Glen Brae Private Hospital.
A. Letitia Wilson	Teacher - 1956 to 1966 Department Head with Vancouver School Board; 1966 to 1971 Secretary-Treasurer of D & B Noteholders Properties Ltd.

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

No remuneration has been paid to the directors or senior officers of the Company from the date of incorporation, December 8, 1975 to January 21, 1976 and it is not anticipated that any remuneration will be paid to directors or senior officers of the Company during the year ending January 21, 1977.

ESCROWED SHARES

As of May 31, 1976, 725,000 shares are held in escrow by National Trust Company, Limited, 510 Burrard St., Vancouver, B. C., subject to the direction or determination of the Superintendent of Brokers. 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 the shares without the consent of the Superintendent of Brokers.

In the event the Company loses or 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 of Brokers by way of directors resolution and the holders of such shares, the trustee thereof and the Company have agreed that such number of the said shares as the Superintendent of Brokers determines shall have become subject to cancellation, shall be surrendered to the Company by way of gift for cancellation. The complete text of the escrow agreement is available for inspection at the office of the National Trust Company, Limited.

Designation of Class	Number of Shares Held in Escrow	Percentage of Class
common	725,000	78.37%

PRINCIPAL HOLDERS OF SECURITIES

As of May 31, 1976 the following table sets forth the number of shares owned of record or beneficially, directly or indirectly, by each person who owns more than 10% of the Company's shares:

Name and Address	Type Of Ownership	Number Of Shares	Percentage Of Shares Outstanding
Rocco J. Balbo 209-1088 West 12th Ave. Vancouver, B. C.	Record and Beneficial	595,000	64.32%
A. Letitia Wilson 2672 Point Grey Rd. Vancouver, B. C.	Record and Beneficial	210,000	22.70%

All directors and senior officers of the Company beneficially own, directly or indirectly, 24.86% of the shares outstanding.

INTEREST OF MANAGEMENT AND OTHERS
IN MATERIAL TRANSACTIONS

All directors of the Company, who are also promoters of the Company (see paragraph "Promoters"), have received shares pursuant to an agreement for the sale of property to the Company.

MATERIAL CONTRACTS

The property acquisition agreement referred to in this prospectus may be inspected during normal business hours at the Company's records office at 1190-700 West Georgia Street, Vancouver, B. C.

STATUTORY RIGHTS OF WITHDRAWAL
AND RESCISSION

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

- (a) A purchaser has the 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, was not delivered to him or his agent prior to delivery to either of them of the written confirmation of the sale of securities. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell the security 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 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 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.

JOHN C. OSWALD & CO.
Chartered Accountants

Vancouver, Canada

January 23, 1976

Auditors' Report

To the Shareholders of
Yamato Industries Ltd.

We have examined the accompanying balance sheet of Yamato Industries Ltd. as at January 21, 1976 and the statements of deferred exploration and other expenditures and changes in financial position for the period from December 8, 1975 (date of incorporation) to that date. Our examination included a general review of the accounting procedures and such tests of the 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 the company as at January 21, 1976 and the results of its operations and the changes in financial position for the period then ended, in accordance with generally accepted accounting principles.


Chartered Accountants

YAMOTO INDUSTRIES LTD.

Balance sheet, January 21, 1976

(Incorporated under the B.C. Companies Act, December 8, 1975)

ASSETS

CURRENT:

Cash \$ 5,057

MINERAL PROPERTY (Note 2) 17,250

OFFICE FURNITURE, at cost 5,000

DEFERRED CHARGES:

Exploration and other expenditures,
per statement attached \$ 5,576

Cost of incorporation 384

5,960

\$ 33,267

LIABILITIES

CURRENT:

Payables \$ 1,015

Payable for mineral property 5,000

6,015

NON-CURRENT:

Payable for mineral property, March 1, 1977 5,000

11,015

SHAREHOLDERS' EQUITY

CAPITAL STOCK (Note 3):

Authorized -
3,000,000 shares, no par value

Issued -
875,002 shares

22,252

\$ 33,267

APPROVED on behalf of the Board:

"DAVID MARK"

Director

"A. LETITIA WILSON"

Director

To be read in conjunction with our report to
the Shareholders dated January 23, 1976.


Chartered Accountants

YAMOTO INDUSTRIES LTD.

Deferred exploration and other expenditures
for the period from December 8, 1975 (date of incorporation)
to January 21, 1976

EXPLORATION:

Consulting fee	\$ 2,500
Engineer's report	413
Government fees	400
	<hr/>
	3,313
	<hr/>

ADMINISTRATION:

Office salary and benefits	183
Office supplies and sundry	273
Legal	1,000
Accounting and audit	350
Government fees	350
Office rent and light	107
	<hr/>
	2,263
	<hr/>

TOTAL, to balance sheet	\$ 5,576
	<hr/>

YAMOTO INDUSTRIES LTD.

Notes to financial statements

for the period from December 8, 1975 (date of incorporation)
to January 21, 1976

1. SIGNIFICANT ACCOUNTING POLICIES

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

2. MINERAL PROPERTY

Under an agreement dated January 15, 1976 the company acquired the Cannel mineral claim which consists of 20 units held by location approximately 24 miles by road northwest of Kamloops in south central British Columbia.

Acquisition cost -

725,000 shares of the company's capital stock at a deemed price of 1¢ per share	\$ 7,250
Cash	<u>10,000</u>
	<u>\$ 17,250</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		2	\$1.00	\$ 2
		<u>150,000</u>	.10	<u>15,000</u>
	17.1	150,002		15,002
For mineral property	<u>82.9</u>	<u>725,000</u>	.01	<u>7,250</u>
	<u>100.0</u>	<u>875,002</u>		<u>\$ 22,252</u>

b) 100,002 of the shares issued for cash are to be held in pool by National Trust Company of Canada, Limited until 30 days after completion of the first public offering of shares.

YAMOTO INDUSTRIES LTD.

Notes to financial statements

for the period from December 8, 1975 (date of incorporation)
to January 21, 1976

3. CAPITAL STOCK (continued)

- c) 50,000 of the shares issued for cash are to be held in pool by National Trust Company of Canada, Limited subject to release at the discretion of the British Columbia Superintendent of Brokers.
- d) The 725,000 shares issued for mineral claims are to be held in escrow by National Trust Company of Canada, Limited under the direction and control of the British Columbia Superintendent of Brokers.

4. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

No direct remuneration was paid or payable to the directors and senior officers for services rendered to date.

YAMOTO INDUSTRIES LTD.

Statement of changes in financial position
for the period from December 8, 1975 (date of incorporation)
to January 21, 1976

SOURCE OF FUNDS:

Issue of 875,002 shares of capital stock \$ 22,252

USE OF FUNDS:

Deferred expenditures -
Exploration 3,313
Administration 2,263

Incorporation 5,576
384
5,960

Acquisitions -
Mineral property -
By issue of shares 7,250
By cash (plus \$5,000 payable on March 1, 1977) 5,000

Office furniture 12,250
5,000
17,250
23,210

WORKING CAPITAL DEFICIENCY, January 21, 1976 \$ 958

REPRESENTED BY:

Current liabilities \$ 6,015
Less current assets 5,057

As above \$ 958

GEOLOGICAL REPORT
on the
CANNEL CREEK PROPERTY
KAMLOOPS MINING DIVISION

YAMOTO INDUSTRIES LTD. (NPL)

²
941 14E 120° 50° NE

January 13, 1976
Vancouver, B.C.

Laurence Sookochoff, P.Eng.
Consulting Geologist

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ILLUSTRATIONS

	Scale
PROPERTY LOCATION	1" = 10,000 feet
SOIL GEOCHEMISTRY - Copper	1" = 400 feet
SOIL GEOCHEMISTRY - Gold	1" = 400 feet
SOIL GEOCHEMISTRY - Mercury	1" = 400 feet

SUMMARY

The Cannel claim, held by Yamoto Industries Ltd (NPL) consists of 20 units situated 14 miles northwest of the City of Kamloops within the Kamloops Mining Division in south-central British Columbia.

The property is accessible by the gravelled Lac du Bois and Pass Lake roads.

The topography is relatively gentle throughout with elevations ranging between 3,700 feet and 4,400 feet.

Sufficient water is available for all phases of exploration.

Diesel electric power will be required for initial phases of development. Hydroelectric power would be available if future requirements warrant it.

Railroad facilities are available in Kamloops where most supplies are obtainable.

Mineralization on the property is in quartz stringers within dark grey porphyry dykes cutting the Cache Creek group and are up to 80 feet wide.

Select grab samples from the property assayed up to 0.23 oz Au/ton, 1.63 oz Ag/ton and 1.30% Cu.

CONCLUSIONS

1. The canal claim is in a favorable geological environment conducive to potential economic mineralization.
2. The property in part covers the old Allies Group which contains known mineralization. Galena, chalcopyrite and bornite, along with gold values have been reported to be associated with quartz veins and stringers occurring in porphyry dykes.
3. An examination of government aeromagnetic maps by Mark, a director of the company, has indicated two cross faults which intersect on the property in the vicinity of the Allies workings.

From a ground magnetic and a VLF-EM survey on the property, Mark also concludes that four conductive

zones that have at least a partial correlation with magnetic lows increases the probability of sulphide mineralization.

4. From the general description of the mineralization, favourable geology and present economic conditions the Cannel claim is an attractive exploration target.

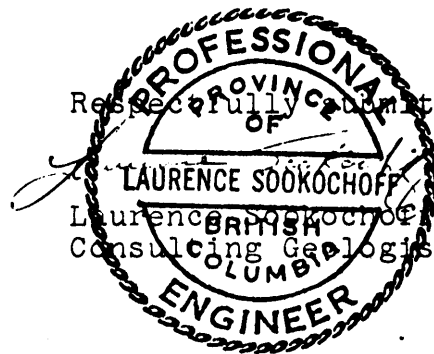
RECOMMENDATIONS

It is recommended that an initial phase of exploration, consisting of geological mapping, geochemical and geophysical surveys, and limited diamond drilling be carried out on the property.

It is also recommended that Yamoto Industries Ltd (NPL) allocate the sum of \$54,000.00 to implement and execute the recommended exploration programmes.

Respectfully submitted,

LAURENCE SOOKOCHOFF
Laurence Sookochoff, P.Eng.,
Consulting Geologist



January 13, 1976

Vancouver, B.C.

INTRODUCTION

The following report is based on information obtained by the writer during an examination and preliminary geologic survey of the property during 1973; from a study of available data; from Government and other publications and from the writer's personal experience in, and knowledge of, the area.

LOCATION (50° - 120° NE)

The claim is located approximately 14 miles northwest of Kamloops, B.C. The property lies within the Kamloops Mining Division in south-central British Columbia.

ACCESS

The property is accessible by the gravelled Lac du Bois and Pass Lake roads.

TOPOGRAPHY

The main topographic features of the area is of broad upland areas separated by deeply incised valleys. The property is located on the eastern flank of the Tranquille Plateau

which forms part of the belt of Interior Plateaux.
The elevation of the property varies between 3700 and
4400 feet. The relief is approximately 700 feet.

WATER, POWER AND TIMBER

Sufficient water is available for all phases of exploration
from Cannel Creek, which flows through the property. Diesel
electric power will be required for initial phases of
development. Hydroelectric power would be available in the
area if future requirements warrant it. Finished lumber
is available from local sawmills.

TRANSPORTATION AND SUPPLIES

Railroad facilities are available in Kamloops, fourteen
miles southeast, where most supplies are procurable.

PROPERTY

The property is comprised of one claim consisting of 20 units
held by location as follows:

<u>Claim Name</u>	<u>Record Number</u>	<u>Expiry Date</u>
Cannel	52 (6)	June 17, 1976

OWNERSHIP

The claim is owned by Yamoto Industries Ltd (NPL) of Vancouver, British Columbia.

AREA HISTORY

The deposits associated with the Iron Mask Batholith were initially discovered during the late 1800's, and early 1900's and generally worked to around 1930. The Iron Mask Mine produced some 5,194,871 pounds of copper, 3,630 ounces of gold and 41,292 ounces of silver during the period between 1901 and 1928. This was by far the largest production for the area and was extracted from 189,230 tons of ore.

In recent years the area has seen intermittent exploration of varying degrees of intensity.

PREVIOUS WORK

This property in part was previously known as the Allies Group. An excerpt from G.S.C. Memoir 249 on the Allies Group is as follows:

"The Allies group of eight claims, owned by E.T. Batchlor of Kamloops, is situated near the head of Cannel Creek, a tributary of Watching Creek, about 24 miles by road from Kamloops. The property was prospected extensively by Vancouver interests under the direction of D.B. Sterritt of Kamloops because of the discovery of high grade gold ore. This discovery was later proved to consist of float, but considerable work was done to try and find similar ore in place.

The claim lies in a small basin near the head of the creek where older rocks are exposed, capped by relatively flat-lying Tertiary basalt. The older rocks exposed consist of serpentine cut by dykes of grey porphyry. The porphyry dykes do not, so far as has been observed, cut the basalt. Quartz veins and stringers within the porphyry carry pyrite, galena, and chalcopyrite, and constitute the ore.

At the original discovery extremely large blocks of porphyry projecting from the surface of the ground give the appearance of an outcrop, but a shaft with a drift underneath these in boulder clay showed the blocks to be float.

The porphyry at this point is a dark grey, dense rock with phenocrysts of hornblende and feldspar. It carries considerable quartz in small veins and stringers. Two samples across stringers of 5 inches and 8 inches are reported to have yielded 1.42 ounces and 1.32 ounces of gold to the ton respectively.

From this discovery on No. 1 shaft float consisting of brownish earth with quartz and blocks of porphyry was followed westerly up the hill. This brown earth when panned is reported to have shown many colours of free gold. A group of pits 300 feet west of the discovery shaft prospected a small ridge showing this brown earth with quartz and porphyry, and a shallow shaft proved that the material was float resting on top of the clay.

About 200 feet farther west pits were made on a similar showing where the brown soil with quartz and porphyry was thickest. This rich material was not found farther west so an adit was started into the hill and driven 175 feet. It penetrated blue clay. A second adit was then commenced 240 feet westerly from the first adit, and was driven 105 feet into the hill with a crosscut 30 feet long at the face. This working encountered serpentine. A crosscut driven northwest at 105 feet encountered a porphyry dyke, lighter in colour than the ore porphyry at the original discovery and carrying very little

quartz or sulphide minerals.

A third adit was started about 50 feet northwest of the face of the second adit, and was driven southwesterly into the hill 158 feet. It penetrated 3 feet into a dark grey porphyry. A crosscut was run 20 feet northwest at 105 feet, but failed to encounter the porphyry.

A shaft was sunk in the overburden in the area lying between the face of the second adit and the portal of the third. This encountered the same band of porphyry as appeared in the adit below. A crosscut was run for 13 feet in the glacial drift on top of the porphyry, but did not disclose high-grade ore.

Some 1,500 feet southwest of the discovery shaft a second group of workings has located porphyrydykes with low-grade ore. Between the two groups of workings the surface is covered with fairly thick superficial deposits, but near the southwest workings a ridge of float similar to that of the original discovery, but much lower in grade, was found. A series of pits showed the source of this float to lie higher up the hill, and an adit 215 feet long was then driven southwest into the hill. It encountered alternating serpentine and porphyry. The largest of these porphyry bodies

is 80 feet wide, with the others ranging to 2 or 3 feet. Although some of this rock appears identical with that of the original discovery, only low values were obtained. A cut in the hillside above the adit shows heavily silicified and pyritized rock, but assays showed only low grade values.

The source of the high-grade float at the No. 1 shaft has, consequently not been found. It seems highly probable that the float originated within the basin, which is not large. However, a considerable part of it is covered with gravel, sand and clay, thus making the task of finding the point of origin of this rich float difficult. The porphyry dykes found at the different showings, although differing in appearance, are probably related."

In 1967 a portion of the Allies Group was staked as the Bob claims and were held by South Oak Mines Ltd (NPL). Additional claims were staked adjacent to and surrounding the Bob claims and were known as the Dog Group.

In 1969 cat trenching was carried out around the old Allies workings.

In January and February 1973, Geotronics Surveys Ltd. performed a ground magnetic and VLF-EM Survey on the Dog Group.

In May 1973 a limited geochemical survey and some geological mapping was done.

The general area in the vicinity of the Iron Mask Batholith has seen intermittent exploration over the years. Production from the Iron Mask Mine totalled 5,194,871 pounds of copper; 3,630 ounces of gold and 41,292 ounces of silver from 189,230 tons of ore between 1901 and 1928.

The property is underlain by Palaeozoic rocks of the Cache Creek group, mainly serpentine which has been intruded by grey porphyry dykes which contain pyrite, galena and chalcopryite mineralization. An Iron Mask intrusion occurs on the north side of Kamloops Lake and is eight miles south of the property.

The property was originally explored for gold during the 1920's and early 1930's. There has not been any extensive exploration carried out on the property since that time.

A ground magnetometer and VLF EM survey was completed over a portion of the property by Geotronics Surveys Ltd in 1973.

A limited geochemical survey and geological mapping was also completed over a portion of the property during 1973.

A government airborne magnetometer survey over the property area reveals two intersecting structures which cross on the Cannel claims.

GENERAL GEOLOGY

The geology of the area is shown on Maps 886A Nicola (East Half) of the Geological Survey of Canada. The area is underlain by the volcanic sequences of the Miocene Kamloops Group and the Upper Triassic Nicola Group which have been intruded by the elliptical-shaped Iron Mask Batholith. The rocks comprising the batholith are syenites, monzonites, diorites and gabbros and are usually deficient in quartz and orthoclase. Magnetite and apatite are present in most of the rocks which are gabbros and diorites. A number of mineralized occurrences including the Afton orebody are associated with the batholith.

The batholith also outcrops on the north side of Kamloops Lake where to the north are mainly Miocene Kamloops volcanics with windows of the Carboniferous Cache Creek group.

PROPERTY GEOLOGY

Underlying much of the Cannel claim are rocks of the Carboniferous Cache Creek group which occur as a "window" within the Tertiary volcanics. The group in this area consists of mainly serpentine with argillite, quartzite, hornstone, limestone, sheared conglomerate, breccia and greenstone. The units are trending northwest with varied dips.

Cutting the Cache Creek rocks but not the Kamloops volcanics are light grey and dark grey porphyry dykes. The dark grey porphyry carries considerable quartz with gold mineralization in small veins and stringers.

MINERALIZATION

The mineralization on the Dog group of claims is of pyrite, chalcopyrite, bornite, galena and gold within quartz veins which occur within the dark grey porphyry dykes.

RESULTS OF PREVIOUS WORK

SAMPLING

Grab samples taken from trench cuts to the south of the main workings assayed 0.68% Cu, 0.058 oz/Au, 0.5802 oz/Ag and 0.13% Pb.

Grab samples from the main workings selected by Tough in 1973 assayed as follows:

	<u>% Cu</u>	<u>Ag oz/ton</u>	<u>Au oz/ton</u>
1.	0.67	0.58	0.058
2.	0.46	0.45	0.08
3.	1.30	1.63	0.23
4.	0.07	tr.	0.07

The writer took grab and chip samples from the dumps and from outcrops.

The only visual mineralization in these samples was occasional pyrite. The assays ranged from Tr. to 0.05 oz/Au.

MAGNETIC SURVEY

Mark, a director of the company, in his report on the magnetic survey of the Dog Group, concludes that broad magnetic lows appear to be reflecting the Cache Creek rocks and smaller magnetic lows within the broad lows correlate with zones of mineralization.

VLF-EM SURVEY

The conductive zones as outlined by this survey may be either shear or fracture zones as well as magnetite-mineralized rocks. Some of these conductive zones have at least partial correlation with magnetic lows. Mark states that this correlation increases the probability of sulphide mineralization.

GEOCHEMICAL SURVEYS

Copper:

The results of this survey were very informative in that a definitive northwesterly trending anomaly, with values ranging from 20 to 57 ppm Cu. within a background of 10 ppm

indicates the trend towards the source of the large blocks of float or subsurface bedrock mineralization. The anomaly covers the area of the main zone as well as being adjacent to the area of the northwest workings.

The magnetic survey indicates a series of magnetic lows within the copper geochemical anomaly.

A second copper anomaly trends northwesterly from below the main workings toward the southwest workings. There is also a magnetic low in the area of the southwest workings.

Gold:

The general anomalous zone as outlined by the gold values in ppb correlates with the anomalous copper zone—with the gold anomaly to the northwest of the main zone bounding the copper anomaly to the north.

The main anomaly is centered on and south of the main workings and trending to the south and southwest to the southwest workings.

Mercury:

Selected samples over a localized area around the main workings were checked for mercury to determine the possible effect of a halo from the porphyry intrusions. This could have helped localize the area of interest. The results were inconclusive.

AIRBORNE MAGNETOMETER SURVEY

The government aeromagnetic survey over the property area shows two lineations, one of which strikes northwest and may be a fault contact. The rocks underlying the Tertiary volcanic capping are felt to be Cache Creek sediments to the northeast of the fault contact and possibly Iron Mask intrusive or rocks of similar magnetic intensity to the southwest. The other lineation is interpreted by Mark to be a fault striking northeast with it crossing the aforementioned fault contact in the area of the Allies workings within the Dog Group.

RECOMMENDED EXPLORATION PROGRAMME

As the previous generalized soil and geophysical surveys were successful in outlining areas of potential mineralization more detailed and expanded surveys are warranted.

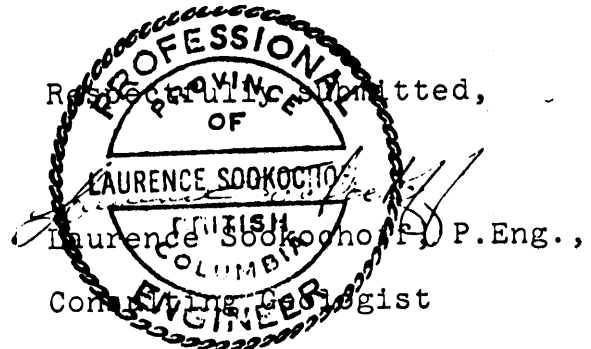
In conjunction with the above surveys, detailed geological mapping should be carried out to aid in the interpretation of the surveys.

Upon the successful completion of the initial exploration program, areas of correlative significance would be tested by diamond drilling.

COST OF RECOMMENDED EXPLORATION PROGRAMME

Geologic mapping	\$ 5,000
Geophysical Survey	4,000
Geochemical Survey	6,500
Diamond drilling 2,200 ft at \$12/ft	26,400
Assaying	3,500
Engineering and Supervision	4,600
Contingencies	4,000
	<hr/>
	\$54,000
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It is estimated that the recommended exploration programme would take three months to complete.



January 13, 1976

Vancouver, B.C.

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- Cockfield, W.E. Geology and Mineral Deposits of Nicola Map-Area, British Columbia, Memoir 249, G.S.C. 1961
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- Tough, T.R. Geological Report on the Cannel Creek Property for Bon-Val Mines Ltd (NPL) April 2, 1973.

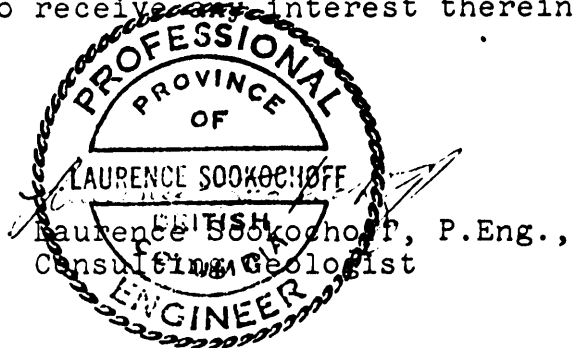
CERTIFICATE

I, Laurence Sookochoff, of the City of Vancouver, in the Province of British Columbia, do hereby certify:

That I am a Consulting Geologist and an associate with T.R. Tough & Associates Ltd., with offices at 500-1075 Melville Street, Vancouver, B.C.

I further certify that:

1. I am a graduate of the University of British Columbia (1966) and hold a B.Sc. degree in Geology.
2. I have been practising my profession for the past ten years.
3. I am registered with the Association of Professional Engineers of British Columbia.
4. The information for the accompanying report is based on a personal examination of the property during 1973 and from Memoir 249 by the Geological Survey of Canada.
5. I have no direct interest or indirect interest whatsoever in the property described herein, nor in the securities of Yamoto Industries Ltd (NPL) and do not expect to receive any interest therein.



January 13, 1976

No

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 hereunder.

Patricia Wilson
Director & Promoter

Wm. H. [unclear]
Director & Promoter

Mary E. Strano
Director & Promoter

DATED: MAY 31, 1976.