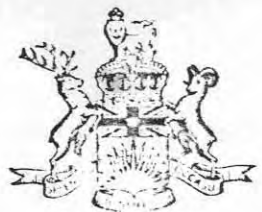


92INE098-05

PROPERTY FILE



THE GOVERNMENT OF THE PROVINCE OF BRITISH COLUMBIA

Form 12  
Securities Act

SUPERINTENDENT OF BROKERS  
AND  
VANCOUVER STOCK EXCHANGE  
VANCOUVER CURB EXCHANGE

STATEMENT OF MATERIAL FACTS

D.B

009940

1000 MAX  
Date Accepted  
For Filing July 26, 1977

(9w)

92INE098 FEB

VANCOUVER STOCK EXCHANGE  
Name of Exchange

BRENDEX RESOURCES LTD.  
Name of Issuer

857 Runnymede Avenue, Coquitlam, B.C.  
Address of Head Office of Issuer

#202-900 West Pender Street, Vancouver, B.C.  
Address of Registered Office of Issuer

#202-900 West Pender Street, Vancouver, B.C.  
Address of Records Office (Section 38 - Companies Act)

National Trust Company, Limited 510 Burrard Street, Vancouver, B.C.  
Name & address of Registrar & Transfer Agent  
for Issuer's shares in British Columbia.

PROPERTY FILE

Neither the Superintendent of Brokers nor the Vancouver Stock Exchange/Vancouver Curb Exchange has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

010000  
 I. DETAILS OF THE CIRCUMSTANCES RELATING TO THE OFFERING OF SECURITIES.

New Offering

Pursuant to an Underwriting and Option Agreement dated for reference July 7th, 1977, Canarim Investment Corporation Ltd. of #1350-409 Granville Street, Vancouver, B.C. ("the Underwriter") agreed to underwrite 200,000 shares of Brendex Resources Ltd. ("the Company") at 15¢ per share to net the Company \$30,000.00 and was granted an option to purchase 200,000 shares of the Company at 20¢ per share and 200,000 shares of the Company at 25¢ per share, exercisable 90 and 180 days respectively after acceptance of this Statement of Material Facts by the Vancouver Stock Exchange. The shares underwritten and acquired pursuant to the options will be for primary distribution to the public in British Columbia at the market price at the time of offering through the facilities of the Vancouver Stock Exchange.

The closing bid price for the shares of the Company on the last trading day prior to the date of the certificates of this Statement of Material Facts was \$.18 per share and, therefore, underwritten shares are being purchased at a discount of \$.03 per share from that price.

The range of the market price of the shares of the Company and the volume of sales for each of the four weeks immediately preceding the date of the certificates to this Statement of Material Facts, on the Vancouver Stock Exchange, is as follows:

<u>WEEK</u>	<u>MARKET RANGE</u>	<u>VOLUME</u>
July 4 - July 8	\$.18 - \$.25	3,500
June 27 - June 30	\$.18 - \$.20	2,040
June 20 - June 24	\$.18 - \$.21	26,000
June 13 - June 17	\$.20 - \$.25	17,000

The following beneficially own, directly or indirectly, in excess of 5% of each class of issued shares of the Underwriter:

<u>NAME AND ADDRESS</u>	<u>NUMBER OF SHARES</u>	<u>PERCENTAGE</u>
ALFRED E. TURTON 1 Lakeview Square Winnipeg, Manitoba	24,119	54%
PETER M. BROWN 409 Granville Street Vancouver, B.C.	15,212	34%
BRIAN D. HARWOOD 409 Granville Street Vancouver, B.C.	5,625	12%

Ivan Jacobson, a registered representative with Canarim Investment Corporation Ltd., Whitehorse, Yukon Territory, may be considered the "market maker" for the shares of the Company. Jacobson has approximately 300,000 shares of the Company under his control at the present time.

Subject to the By-laws of the Vancouver Stock Exchange the Underwriter may make purchases or sales of the shares of the Company for the purpose of maintaining an orderly market for the shares and to assist in the distribution thereof. Directors, Officers and Promoters of the Company may purchase shares from the Underwriting and Option Agreement for their own account.

The number of and percentage of the issued and outstanding securities of each class of the Company beneficially owned, directly or indirectly, by Promoters, Directors, Senior Officers and persons holding 10% or more of the issued shares, as a group, is nil.

The Company has agreed with the Underwriter to grant to the Underwriter the first right of refusal on any further equity or debt financing until March of 1978.

2. PARTICULARS CONTRIBUTING TO THE SPECULATIVE  
NATURE OF THE SECURITIES BEING OFFERED

The properties of the Company in which the proceeds from the sale of securities offered by this Statement of Material Facts are to be spent are without a known body of commercial ore.

The shares of the Company must be considered speculative securities as the Company's mining properties are in the exploration and development state.

No survey has been made of the Company's located mineral claims and, therefore, in accordance with the mining laws of the jurisdiction in which such claims are situate, their existence and area could be in doubt.

3. DETAILS OF ANY MATERIAL CHANGES OR PROPOSED MATERIAL  
CHANGES IN THE AFFAIRS OF THE COMPANY

None.

4. HOW THE ESTIMATED NET PROCEEDS OF THE COMPANY  
ARE TO BE SPENT

The principal purposes for which the estimated net proceeds from the sale of the securities offered by this Statement of Material Facts are to be spent are as follows:

(a)	To complete property payments to George Wing pursuant to Agreement dated for reference June 29th, 1977	\$ 10,000.00
(b)	To carry out exploration program recommended for the FEB Claim by L. Sookochoff, P. Eng., in his Report dated April 5th, 1977, a copy of which is attached hereto	\$ 11,000.00
(c)	To provide for corporate expenses	<u>\$ 9,000.00</u>
	TOTAL:	\$ 30,000.00

5. GIVE THE FULL NAME, HOME ADDRESS AND CHIEF OCCUPATION, THE NUMBER OF SHARES OF THE COMPANY BENEFICIALLY OWNED, DIRECTLY OR INDIRECTLY, BY EACH SENIOR OFFICER OR DIRECTOR OF THE COMPANY AND IF EMPLOYED DURING THE PAST FIVE YEARS THE NAME OF EACH EMPLOYER

<u>NAME AND ADDRESS</u>	<u>CHIEF OCCUPATION</u>	<u>NUMBER OF SHARES OF COMPANY BENEFICIALLY OWNED</u>
DAVID FLADGATE 501 Scharbauer Midland, Texas DIRECTOR	Self-employed Mortgage broker	Nil
JULES L. E. SWANNER R.R. #1 Ganges, B.C. DIRECTOR/PRESIDENT	President of Brendex Resources Ltd.	Nil
NANCY HORRELL 857 Runnymede Avenue Coquitlam, B.C. DIRECTOR/SECRETARY/TREASURER	Self-Employed corporate secretary	Nil

6. PARTICULARS OF THE CORPORATE STANDING OF THE COMPANY

The Company was incorporated in British Columbia on June 5th, 1962 by Memorandum.

The last Annual Report was filed with the Registrar of Companies of British Columbia on June 22nd, 1977. All filings required to be made by the Company under the Securities Act and Companies Act of British Columbia are up-to-date.

The latest audited financial statements of the Company are dated May 31st, 1976 and the last Annual General Meeting for the Company was held on July 27th, 1976.

There is no business which the Company is restricted from carrying on, however, the Company is primarily engaged in the business of acquiring and developing natural resource properties.

7. THE AUTHORIZED AND ISSUED SHARE CAPITAL OF THE COMPANY

The authorized capital of the Company consists of 6,000,000 shares without par value and, at the date hereof, there are issued and outstanding 867,815 shares as fully paid.

8. THE PRICES AT WHICH SECURITIES OF THE COMPANY  
HAVE BEEN ISSUED DURING THE PAST YEAR

400,000 shares at a minimum price of 20¢ per share.

9. PARTICULARS OF ANY BONDS, DEBENTURES, NOTES, MORTGAGES,  
CHARGED, LIENS OR HYPOTHECATIONS OF COMPANY

None.

10. PARTICULARS OF IMPORTANT PROPERTIES PRESENTLY OWNED,  
LEASED, HELD UNDER OPTION OR OPERATED BY THE COMPANY OR  
ANY SUBSIDIARY THEREOF OR PROPOSED TO BE OWNED, LEASED,  
HELD UNDER OPTION OR OPERATED BY THE COMPANY OR ANY SUB-  
SIDIARY THEREOF

A.

The Company holds the right to purchase all interest in the Leach 1 - 96 mineral claims having record numbers YA10258 - YA12153, both inclusive, and the Fault 1 - 18 mineral claims having record numbers YA12154 - YA12171, both inclusive, situate in the Whitehorse Mining District, Yukon Territory.

No work has been done on the Property during the past year.

B.

The Company holds the right to purchase all interest in the FEB mineral claim bearing record No. 205 and being located 5 miles southwest of Kamloops, in the Kamloops Mining Division of B.C.

During the past year the Company has spent no monies on exploring or developing the FEB claim but it intends to carry out the program recommended for the claim by L. Sookochoff, P. Eng., in his Report of April 5th, 1977, attached hereto.

Neither of the above properties has a known body of commercial ore.

11. PARTICULARS OF THE COST OF PROPERTIES ACQUIRED BY THE  
COMPANY OR ANY SUBSIDIARY THEREOF WITHIN THE PAST THREE  
YEARS OR PROPOSED TO BE ACQUIRED BY THE COMPANY OR ANY  
SUBSIDIARY THEREOF

A.

The Company entered into an agreement dated for reference the 10th day of February, 1977, with Glenn L. Harris, Prospector, of 707 Black Street, Whitehorse, Yukon Territory, and Allen Carlos, Prospector, of 13 Aspen Drive, Whitehorse, Yukon Territory, in respect to the purchase of certain mineral claims located at or near Whitehorse, in the Yukon Territory. The claims are parti-

cularized as the Leach 1 - 96 having record numbers YA10258 - YA12153, both inclusive and Fault 1 - 18 having record numbers YA12154 - YA12171, both inclusive.

The full purchase price payable by the Company to the Vendors for the claims is the sum of \$12,000.00 and the allotment and issue of 500,000 fully paid and non-assessable free trading shares in the capital of the Company all of which shall be paid as follows:

- (a) \$12,000.00 on or before March 31st, 1977 (paid);
- (b) 50,000 shares of the Purchaser following the execution date (completed);
- (c) 50,000 shares of the Purchaser at intervals of not less than every ninety (90) days thereafter, upon the submission to the Vancouver Stock Exchange of an Engineering Report suitable to the Vancouver Stock Exchange.

The Company has been advised that the cost to the Vendors for staking amounts to approximately \$7,000.00. Phase I of the work program recommended for the Property is being carried out at the present time. Results are not yet available for evaluation.

B.

The Company has entered into an Agreement dated for reference June 29th, 1977 between George Wing, of Box 1015, Lillooet, B.C., of the First Part, and the Company, of the Second Part, whereby the Company acquired the right to purchase the FEB mineral claim located in the Kamloops Mining Division of B.C. The purchase price for the FEB claim is the sum of \$11,000.00 together with the allotment and issue of 300,000 shares in the capital of the Company to Wing as fully paid and non-assessable as follows:

- (a) \$11,000.00 upon the effective date;
- (b) 75,000 shares in the capital of the Company upon the completion of Phase I of the recommendations of L. Sookochoff, P. Eng., and the filing of an Engineering Report satisfactory to the Vancouver Stock Exchange;
- (c) 75,000 shares in the capital of the Company no sooner than 90 days from the effective date hereof, subject to the prior filing with the Vancouver Stock Exchange of a satisfactory Engineering Report containing details of work carried out on the FEB claim by the Company;
- (d) 75,000 shares in the capital of the Company no sooner than 180 days from the effective date hereof, subject to the prior filing with the Vancouver Stock Exchange of a satisfactory Engineering Report containing details of work carried out on the FEB claim by the Company;
- (e) 75,000 shares in the capital of the Company no sooner than 270 days from the effective date hereof, subject to the prior filing with the Vancouver Stock Exchange of a satisfactory Engineering Report containing details of work carried out on the FEB claim by the Company.

The FEB mineral claim was acquired by Wing at nominal cost.



C.

The Company entered into an Agreement dated March 12th, 1974, with Strom Energy Ltd. and Paramount Oil and Gas Ltd., both Alberta companies having offices in Calgary, Alberta, and hereinafter referred to collectively as the Farmor. Pursuant to the Agreement the Company has agreed to acquire an undivided 100% interest of the Farmor's right, title, estate and interest in and to the petroleum substances underlying and petroleum and natural gas lease 34307 covering sections 20, 21, 28 and 29, Township 27, Range 14, West 4th Meridian, (except natural gas in the Viking Zone and the Blairmore Zone) containing 2,560 acres more or less. To earn the interest the Company has:

- (a) deposited with and paid to the Farmor the sum of \$10,000.00 as consideration of preparation of the Farmout Agreement;
- (b) deposited with and paid to Strom Energy Ltd. the sum of \$100,000.00 as an advance towards cost of drilling a Farmout Well.

The advance referred to in sub-paragraph (b) hereof is an advance towards the costs of drilling a Farmout Well, the completion of which will earn the Company the interest aforesaid. The sum of \$100,000.00 is an estimate of the cost of the well and the Company shall be responsible for all costs of drilling the test well.

The interest earned is subject to gross overriding royalties reserved to the Crown and to the Farmor, such gross overriding royalties to the Farmor consisting of:

1. the greater of 2¢ per m c f or 15% of the value of all natural gas produced from wells classified as gas wells;
2. 15% of the value of all natural gas and liquid hydrocarbons or other products collected or separated therefrom which is produced in association with crude oil from wells classified as oil wells;
3. 15% of the value of all crude oil, condensate and liquid hydrocarbons or other products collected or separated therefrom which is produced in association with natural gas from wells classified as gas wells;
4. 15% of the value of all crude oil and condensate produced from wells classified as oil wells;
5. 15% of the value of all other petroleum substances.

D.

With respect to the farmout agreement referred to in sub-paragraph 11C hereof, the Company entered into the following Participation Agreements:

1. Participation Agreement between the Company and NewCoast Silver Mines Ltd. (N.P.L.) (formerly Consolidated Coast Silver Mines Ltd. (N.P.L.) of Vancouver, B.C.
2. Participation Agreement between the Company and Consolidated Beaumont Resources Ltd. of Vancouver, B.C.

3. Participation Agreement between the Company and Gladiator Resources Ltd. of Vancouver B.C.

4. Participation Agreement between the Company and Adar Resources Ltd. of Vancouver, B.C.

The drilling of this well referred to in 11C and D was deferred and funds advanced pursuant to this agreement were used to drill the well referred to in Item 11E hereof.

E.

The Company entered into a letter agreement dated May 13th, 1974 with Strom Energy Ltd. ("Strom") an Alberta Company having offices in Calgary, Alberta. Pursuant to the Agreement the Company agreed to acquire an undivided 100% interest in Strom's right, title, estate and interest in and to the petroleum substances underlying those lands located in the Bullocksville Area, in the Province of Alberta, Sections 33, 35, Township 38, Range 23, West 4th Meridian and Sections 1, 3, 13 and 15 Township 39, Range 23, West of the 4th Meridian; excepting thereout unitized 8, and 9 in Section 1, and pursuant to a letter agreement between the Company and Strom dated April 3, 1974, the Company agreed to acquire an undivided 100% interest in Strom's right, title, estate and interest in certain freehold leases.

To earn the interest the Company:

(a) deposited with and paid to Strom the sum of \$4,000.00 as consideration for Strom's cost of acquisition of the leases;

(b) deposited with and paid to Strom the sum of \$100,000.00 as an advance towards the cost of drilling a Farmout Well;

(c) the advance referred to in sub-paragraph (b) hereof was an advance toward the cost of drilling the Farmout Well. The completion of which earned the Company the 100% interest aforesaid. The sum of \$10,000.00 was an estimate of the cost of the test well and the Company was responsible for all costs of drilling the test well.

The interest earned was subject to gross overriding royalties reserved to the Crown and to Strom, such gross overriding royalties to Strom consisting of:

1. a 25% royalty payable to Strom until payout of the Farmout Well;
2. a 15% gross overriding royalty to Strom on the lands aforesaid.

With respect to the Agreement referred to in this item, the Company entered into the following participation agreements:

1. Participation Agreement between the Company and NewCoast Silver Mines Ltd. (formerly Consolidated Coast Silver Mines Ltd. (N.P.L.)), of Vancouver, B.C. (hereinafter called the "Participant") whereunder the Participant agreed to bear and be responsible for 25% of the cost, risk and expense of drilling and testing the test well and 17½% of the



cost, risk and expense at the casing point. In consideration for such payment aforesaid, and upon the Company earning its interest in the said lands pursuant to the Farmout Agreement, the Participant earned 17½% of the Company's interest in the said lands.

As additional consideration, the Participant agreed to issue, allot and deliver to the Company, the number of shares in the capital of the Participant set out hereunder on the noted dates;

- (a) forthwith upon spudding in of the test well 50,000 shares as fully paid and non-assessable;
- (b) upon successful completion for production of the test well, 50,000 shares as fully paid and non-assessable.

2. Participation Agreement between the Company and Consolidated Beaumont Resources Ltd. of Vancouver, B.C. (hereinafter called the "Participant") whereunder the Participant agreed to bear and be responsible for 25% of the cost, risk and expense of drilling and testing the test well and 17½% of the cost, risk and expense at the casing point. In consideration for such payment aforesaid, and upon the Company earning its interest in the said lands pursuant to the Farmout Agreement, the Participant earned 17½% of the Company's interest in the said lands.

As additional consideration, the Participant agreed to allot, issue and deliver to the Company, the number of shares in the capital of the Participant set out hereunder on the noted dates:

- (a) forthwith upon spudding in of the test well 50,000 shares as fully paid and non-assessable;
- (b) upon successful completion for production of the test well, 50,000 shares as fully paid and non-assessable.

3. Participation Agreement between the Company and Gladiator Resources Ltd., of Vancouver, B.C. (hereinafter called the "Participant") whereunder the Participant agreed to bear and be responsible for 25% of the cost, risk and expense of drilling and testing the test well and 17½% of the cost, risk and expense at the casing point. In consideration for such payment aforesaid, and upon the Company earning its interest in the said lands pursuant to the Farmout Agreement, the Participant earned 17½% of the Company's interest in the said lands.

As additional consideration, the Participant agreed to issue, allot and deliver to the Company the number of shares in the capital of the Participant set out hereunder on the noted dates:

- (a) forthwith upon spudding in of the test well 50,000 shares as fully paid and non-assessable;
- (b) upon successful completion for production of the test well, 50,000 shares as fully paid and non-assessable.

4. Participation Agreement between the Company and Cadet Resources Ltd. of Vancouver, B.C. (hereinafter called the "Participant") whereunder the Participant agreed to bear and be responsible for 25% of the cost, risk and expense of drilling and testing the test well and 17½% of the cost, risk and expense at the casing point. In consideration for such payment aforesaid, and upon the Company earning its interest in the said lands pursuant to the Farmout Agreement, the Participant earned 17½% of the Company's interest in the said lands.

As additional consideration, the Participant agreed to issue, allot and deliver to the Company, the number of shares in the capital of the Participant set out hereunder on the noted dates:

- (a) forthwith upon spudding in of the test well 50,000 shares as fully paid and non-assessable;
- (b) upon successful completion for production of the test well, 50,000 shares as fully paid and non-assessable.

The well was drilled but was not successful and the obligation to advance the funds was the responsibility of the Participant.

The 50,000 shares of each of the Participants was issued to the Company.

12. THE NAME AND ADDRESS OF ANY PERSON OR COMPANY WHO OR THAT IS OR HAS BEEN A PROMOTER OF THE COMPANY WITHIN THE PRECEDING TWO YEARS AND THE NATURE AND AMOUNT OF ANYTHING OF VALUE RECEIVED OR TO BE RECEIVED FROM THE COMPANY

Jules L. E. Swanner, Nancy Horrell and David Fladgate, being the Directors of the Company, may be considered to be the Promoters of the Company. Richard Scott Lennie, a former Director and President of the Company has been a Promoter of the Company within the preceding two years. None of the present Promoters has received anything from the Company for acting as a Promoter although Horrell has received \$3,500.00 for services as the Company's corporate secretary and she has also been paid \$3,475.62 for services rendered and \$250.00 for storage fees. Fladgate and Swanner have each received \$500.00 for Directors Fees while Swanner has also received \$800.00 for services rendered.

13. THE NUMBER OF THE SHARES OF THE COMPANY HELD IN ESCROW OR IN POOL AND A BRIEF STATEMENT OF THE TERMS OF THE ESCROW OR POOLING AGREEMENTS

There are no shares of the Company held in escrow or in pool.

14. THE NUMBER OF EQUITY SHARES OF THE COMPANY OWNED BENEFICIALLY, DIRECTLY OR INDIRECTLY, BY EACH PERSON OR COMPANY WHO OWNS, OR IS KNOWN BY THE SIGNATORIES HERETO TO OWN BENEFICIALLY, DIRECTLY OR INDIRECTLY, MORE THAN 10% OF THE EQUITY SHARES OF THE COMPANY

None.

15. A BRIEF STATEMENT OF ANY MATERIAL LEGAL PROCEEDINGS TO WHICH THE COMPANY OR ANY OF ITS SUBSIDIARIES IS A PARTY OR WHOSE PROPERTY IS THE SUBJECT OF SUCH PROCEEDINGS

(1) An action has been commenced in the Supreme Court of British Columbia against the Company by Ash Enterprises Ltd. of 304-717 West Pender Street, Vancouver, B.C. claiming against the Company the sum of \$4,729.50 allegedly payable by the Company to Ash Enterprises Ltd., for monies received by the Company for the use of Ash Enterprises Ltd. The Company has entered an Appearance and filed a Defence in the action. No further proceedings have been taken by the Plaintiff, Ash Enterprises Ltd.

(2) An action was commenced in the County Court of Vancouver # F60241 on the 28th day of January, 1976, by Hazeldine Press Limited against the Company claiming the sum of \$2,347.14 plus interest for printing services rendered to the Company. The Company entered an Appearance on February 3rd, 1976.

16. THE AGGREGATE, DIRECT OR INDIRECT, REMUNERATION PAID OR PAYABLE BY THE COMPANY AND ITS SUBSIDIARIES DURING THE PAST YEAR TO INSIDERS OF THE COMPANY

Nancy Horrell, a Director and Officer of the Company, has received \$3,500.00 for services as the Company's corporate secretary and she has also been paid \$3,475.62 for services rendered and \$250.00 for storage fees. David Fladgate and Jules L. E. Swanner, both Directors of the Company, have each received \$500.00 for Directors fees while Swanner has also received \$800.00 for services rendered.

17. BRIEF PARTICULARS OF ALL OPTIONS TO PURCHASE SECURITIES OF THE COMPANY UNLESS OTHERWISE DISCLOSED HEREIN

None.

18. DATED OF AND PARTIES TO AND THE BENEFICIAL NATURE OF EVERY MATERIAL CONTRACT ENTERED INTO BY THE COMPANY OR ANY SUBSIDIARY IN THE PRECEDING TWO YEARS WHICH IS STILL IN EFFECT AND NOT PREVIOUSLY DISCLOSED HEREIN

None, except those entered into in the ordinary course of business of the Company. All material contracts of the Company are on file at the Company's Records' Office, #202-900 West Pender Street, Vancouver, B.C. during normal business hours.

19. PARTICULARS OF ANY OTHER MATERIAL FACTS RELATING TO THE SECURITIES BEING OFFERED AND NOT DISCLOSED UNDER ANY OTHER ITEM

None.

# COLLINS BARROW

CHARTERED ACCOUNTANTS

1030 WEST GEORGIA STREET

VANCOUVER, CANADA V6E 3B9

## AUDITORS' REPORT

To the Shareholders of  
Brendon Resources Ltd.

We have examined the balance sheet of Brendon Resources Ltd. as at May 31, 1976 and statements of deferred expenditures, deficit and changes in financial position for the year then ended. 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.

The company's current liabilities exceeds the net realizable value of its assets and the ability of the company to continue on a going concern basis is dependant upon satisfactory future financing being arranged.

In our opinion, subject to the arrangement of satisfactory financing referred to in the preceding paragraph, these financial statements present fairly the financial position of the company as at May 31, 1976 and the results of its activities and the changes in its financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Collins Barrow*

CHARTERED ACCOUNTANTS

Vancouver, British Columbia  
June 17, 1976

BRENDON RESOURCES LTD.

(Incorporated under the laws of British Columbia)

BALANCE SHEET

MAY 31, 1976

<u>ASSETS</u>	<u>1976</u>	<u>1975</u>
Current assets		
Cash	\$ 383	\$ 17,487
Accounts receivable	<u>11,839</u>	<u>66,205</u>
	12,222	83,692
Marketable securities	-	20,800
Mineral properties (note 2)	-	20,000
Deferred expenditures (note 2)	-	101,292
Agreement receivable	-	1
Fixed assets (note 3)	<u>1,303</u>	<u>3,628</u>
	<u>\$ 13,525</u>	<u>\$ 229,413</u>

LIABILITIES

Current liabilities		
Accounts payable	<u>\$ 32,759</u>	<u>\$ 57,137</u>

SHARE CAPITAL AND DEFICIT

Share capital (note 4)	2,007,499	2,007,499
Deficit	<u>(2,026,733)</u>	<u>(1,835,223)</u>
	<u>(19,234)</u>	<u>172,276</u>
	<u>\$ 13,525</u>	<u>\$ 229,413</u>

On behalf of the Board,

"Ronald J. Smith", Director

"David W. Fladgate" Director

The accompanying notes are an integral part of this financial statement.

BRENDON RESOURCES LTD.

STATEMENT OF DEFERRED EXPENDITURES

FOR THE YEAR ENDED MAY 31, 1976

	<u>1976</u>	<u>1975</u>
Exploration and development		
New Westminster Mining Division		
Exploration and development	\$ <u>-</u>	\$ <u>280</u>
LaSarre Township, Abitibi West, Quebec	<u>18,350</u>	<u>-</u>
Whitehorse Mining Division		
Survey and exploration	<u>-</u>	<u>1,885</u>
Dawson Mining Division		
Survey and exploration	1,167	52,452
Travel	<u>-</u>	<u>565</u>
	<u>1,167</u>	<u>53,017</u>
Advances from staking	<u>-</u>	<u>6,000</u>
Oil and gas leases	<u>-</u>	<u>25,731</u>
Total exploration and development	<u>19,517</u>	<u>86,913</u>
Administrative		
Bad debts	52,284	-
Depreciation	326	907
Finance charges and interest	-	1,857
Interest and other income	-	(5,496)
Legal, audit and accounting	6,270	12,041
Office and management fees	9,450	9,000
Office expense and sundry	4,437	1,492
Share issue expense and		
shareholders' information	4,057	9,508
Telephone and telegraph	-	1,405
Travel	121	402
Write down of investments	<u>6,800</u>	<u>-</u>
	<u>83,745</u>	<u>31,116</u>
Total expenditures for the year	103,262	118,029
Deferred expenditures,		
beginning of the year	<u>101,292</u>	<u>787,952</u>
	204,554	905,981
Less: Expenditures transferred		
to deficit on property abandoned	<u>204,554</u>	<u>804,689</u>
Deferred expenditures,		
end of the year	<u>\$ -0-</u>	<u>\$101,292</u>

The accompanying notes are an integral part of this financial statement.

BRENDON RESOURCES LTD.

STATEMENT OF DEFICIT

FOR THE YEAR ENDED MAY 31, 1976

	<u>1976</u>	<u>1975</u>
Balance, beginning of the year	<u>\$1,835,223</u>	<u>\$ 571,377</u>
Add: Cost of mineral claims abandoned	10,000	473,451
Exploration costs written off, net of proceeds	73,457	480,939
Administration costs written off	108,053	277,644
Equipment and related debt written off pursuant to the sale	<u>-</u>	<u>61,812</u>
	<u>191,510</u>	<u>1,293,846</u>
	2,026,733	1,865,223
Less: Shares received pursuant to a participation agreement	<u>-</u>	<u>30,000</u>
Balance, end of the year	<u><u>\$2,026,733</u></u>	<u><u>\$1,835,223</u></u>

The accompanying notes are an integral part of this financial statement.



BRENDON RESOURCES LTD.

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED MAY 31, 1976

	<u>1976</u>	<u>1975</u>
Financial resources generated		
Proceeds from sale of marketable securities	\$ 14,000	\$ 10,000
Proceeds from sale of fixed assets	2,000	-
Proceeds from sale of mineral claim	-	50,750
Notes payable	-	25,000
Reversal of prior year's accounts payable	<u>10,000</u>	<u>4,000</u>
	26,000	89,750
Decrease in working capital during the year	<u>47,092</u>	<u>81,775</u>
Total financial resources generated	<u>\$ 73,092</u>	<u>\$171,525</u>
Financial resources applied		
Cost of mineral properties	\$ -	\$ 2,000
Deferred expenditures, net	73,092	119,339
Additions to fixed assets	<u>-</u>	<u>50,186</u>
Total financial resources applied	<u>\$ 73,092</u>	<u>\$171,525</u>

The accompanying notes are an integral part of this financial statement.

( BRENDON RESOURCES LTD. )

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 1976

1. General information and accounting policies

The company is a mineral and resources exploration company. Mining claims and resources properties in an active exploration stage are recorded at cost. Acquisition costs related to property that, in the opinion of management, do not warrant future exploration and will be abandoned are written off to deficit at the earlier of the decision to abandon the property or the expiry date of the assessment work on the property.

Deferred exploration expenditures on active properties and general and administrative expenditures are capitalized as incurred. Expenditures attributable to properties abandoned in the year are written off in proportion to the active mineral properties maintained by the company.

2. Mineral properties

The company has abandoned all mineral claims previously held. In keeping with the company's policy all deferred expenditures have been written off to deficit.

3. Fixed assets

Fixed assets and related accumulated depreciation are as follows:

	<u>1976</u>			<u>1975</u>
	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net</u>	<u>Net</u>
Furniture	<u>\$4,268</u>	<u>\$2,965</u>	<u>\$1,303</u>	<u>\$3,628</u>

4. Share capital

a) Authorized  
6,000,000 common shares, no par value

b) Issued and fully paid

	<u>Number of shares</u>	<u>Amount</u>
For cash	1,834,432	\$1,432,661
For mineral properties	<u>254,647</u>	<u>574,838</u>
	<u>2,089,079</u>	<u>\$2,007,499</u>

BRENDON RESOURCES LTD.

NOTES TO THE FINANCIAL STATEMENTS

MAY 31, 1976

4. Share capital (continued)

c) At May 31, 1975 shares of the company were reserved as follows:

	<u>Number of shares reserved</u>
i) for agreements to acquire mineral properties	100,000
ii) for payment of services rendered by a director (note 4(d))	<u>50,000</u>
	<u>150,000</u>

d) In recognition of the work performed by a present director of the company in negotiating an agreement whereby the company could acquire an 8% interest in petroleum and natural gas permits 2394 and 1877 in British Columbia, the company agreed to issue up to 150,000 shares to him in various stages. As the company abandoned its interest in these permits, the company is required to issue to him 50,000 shares.

5. Statutory information

During the year the company did not pay any remuneration to senior officers; however, \$9,000 was paid during the year, for office services, to a company affiliated with a director. Total directors fees paid were \$450.

BRENDEX RESOURCES LTD.

Balance Sheet --- June 30, 1977

Unaudited

ASSETS

Current Assets

Bank	\$36,754.18	
Accounts Receivable	<u>5,500.00</u>	\$42,254.18
Furniture and Equipment		1,580.75
Mineral Claims		17,000.00
Deferred Expenditures		<u>66,325.06</u>
		<u>\$127,159.99</u>

LIABILITIES

Current Liabilities

Accounts Payable		\$23,916.85
------------------	--	-------------

SHAREHOLDERS' EQUITY

Share Capital

Authorized: 6,000,000 shares  
of no par value

Issued:		
867,816 shares	\$2,105,849.75	
less Deficit	<u>2,002,606.61</u>	<u>103,243.14</u>
		<u>\$127,159.99</u>

Nancy Arnold  
Director

J. E. Swanson  
Director

BRENDEX RESOURCES LTD.

Statement of Deferred Expenditures

For Six Months Ended June 30, 1977

Unaudited

Exploration

Transportation	\$2,579.86	
Wages and Accommodation	4,212.26	
Claim Registration	136.50	
<u>Leach Claims</u>		
Truck Rental	311.34	
Engineer reports	1,582.50	
<u>Feb Claims</u>		
Consulting and		
Engineer reports	2,066.50	
Truck Rental	285.55	
Sundry	100.00	
Bear Creek Claims	<u>2,000.00</u>	\$13,274.51

Administrative

Advertising and Promotion	892.77	
Directors Fees	1,000.00	
Legal, Audit and		
Accounting	9,381.77	
Office Expense and Sundry	1,005.50	
Secretary and Management	8,325.62	
Share Issue Expense and		
Shareholders Information	3,039.01	
Telephone	1,116.56	
Transfer Agent	1,547.46	
Travel	<u>1,310.24</u>	27,618.93

Total Expenditures for the Period 40,893.44  
Deferred Beginning of Period 25,431.62

Deferred Expenditures End of Period \$66,325.06

BRENDEX RESOURCES LTD.

Statement Source and Application of Funds

For Six Months Ended June 30, 1977

Unaudited

Source of Funds

Sale of Treasury Shares	\$101,190.00
Less brokers commission	<u>7,839.25</u>
	93,350.75

Application of Funds

Purchase Mineral Claims	\$17,000.00	
Less issue of 50,000 shares	<u>5,000.00</u>	
	12,000.00	
Furniture and Equipment	278.04	
Deferred per Statement	<u>40,893.44</u>	<u>53,171.48</u>
Increase in Working Capital		40,179.27
Deficiency beginning of period		<u>21,841.94</u>
Working Capital June 30, 1977		<u>\$18,337.33</u>

Report on the

FEB CLAIM

for

BRENDEX RESOURCES LTD.

KAMLOOPS M.D. N.T.S. 9219W

April 5, 1977  
Vancouver, B.C.

L. Sookochoff, P.Eng.  
Consulting Geologist



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LIST OF ILLUSTRATIONS

LOCATION & GEOLOGY	1" = 5000'
ANOMALIES	1" = 1000'

Report on the  
FEB CLAIM  
for  
BRENDIX RESOURCES LTD.

SUMMARY AND CONCLUSIONS

The FEB claim covers a southern portion of the Iron Mask-Nicola contact and is bordering the Nahatlatch-Leemac property to the southwest. On the Nahatlatch-Leemac property a reported twenty seven million tons of .59% Cu. is indicated and inferred on Zone #2 as well as one to two million tons on Zone #1. The two zones are reported-ly within the Leemac Fault Breccia Zone with Zone #1 discovered by drilling an I.P. anomaly.

Two I.P. anomalies peripheral to a mag 'low' correlating with a copper geochem anomaly occur along the northeastern portion of the FEB claim. This area also contains general propylitic alteration, quartz stringers and localized pink feldspar in association with chalcopyrite mineralization. The Leemac Fault Breccia Zone is projected to this general area.

The FEB claim covers an area that exhibits favorable geological features in addition to encouraging geophysical data which could indicate potential subsurface economic copper mineralization.

As the Leemac Fault Breccia Zone, reported to control the ore bodies on the adjacent Nahatlatch property, is projected through this favorable area and that I.P. anomalies are known to correlate with copper mineralization in this area, the FEB claim warrants an exploration program to localize specific areas for concentrated exploration.

RECOMMENDATIONS

It is recommended that a percussion drill program be carried out to test the known anomalous zones. Eight 250 foot holes should be drilled at 100 to 200 foot intervals which should provide sufficient information for subsequent exploration.

It is also recommended that Brendex Resources Ltd. allocate the sum of \$11,000 to initiate and execute the recommended exploration program.

Respectfully submitted



Laurence Sookchoff, P.Eng.  
Consulting Geologist

April 5, 1977  
Vancouver, B.C.

INTRODUCTION

The following report on the FEB claim was prepared at the request of the officers of Brendex Resources Ltd.

The writer made a property examination on January 30, 1976 and carried out subsequent geological work on the FEB claim. Information was also obtained from various public and private reports on properties in the immediate area and from pertinent government publications.

The writer is also familiar with the area from previous work done on nearby properties.

PROPERTY

The property consists of one located mineral claim comprised of 8 units held by location as follows:

<u>Claim Name</u>	<u>Record No.</u>	<u>Expiry Date</u>
FEB	205	January 30, 1978

LOCATION AND ACCESS

The claim is located five miles southwest of Kamloops within the Kamloops Mining Division. The property covers the Inks Lake on the west and is bounded to the northwest by the Nahatlatch-Leemac Property.

Access is three miles south along the Lac La Jeune road from Highway 97. The all-weather Lac La Jeune road passes through the property.

#### WATER AND POWER

Sufficient water for all phases of the exploration program would be available from the Inks Lake which is within the confines of the property.

Commercial power would be available from the power line paralleling Highway 97, three miles to the north.

#### TRANSPORTATION AND SUPPLIES

Railroad facilities are available in Kamloops five miles to the northeast where all supplies would be available. Kamloops is also served daily by Pacific Western Airlines from Vancouver, B.C.

#### AREA HISTORY

The Iron Mask Batholith and peripheral rocks are host to variable sized deposits or occurrences of copper, gold and silver mineralization. Scattered occurrences have been explored by shafts and adits from the turn of the century. The first major production came from the Iron Mask Mine which was worked to around 1930 and lies two miles north of the FEB claim. 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 from 1901 to 1928. This was by far the largest production for the area and was extracted from 189,230 tons of ore.

Afton Mines is presently constructing a mill-smelter complex on a property at the northwest end of the Iron Mask

Batholith and four miles northwest of the FEB claim. Afton Mines has blocked out 30 million tons of 1% copper.

Within two miles east of the FEB claim and along the southern contact of the Iron Mask Batholith, Cominco has blocked out 10 million tons of "ore grade" copper mineralization.

Nahatlatch Resources is currently undertaking an extensive diamond drill exploration program on the Rainbow claims adjoining the FEB claim to the northwest. Two zones have been located. Drilling is presently in progress on zone #2 to delineate the ore zone. The zone is not expressed on surface, however, is within--as is zone #1--the northwesterly trending Leemac Fault and Breccia zone. Zone #1 is located 5000 feet northwest of the FEB claim where one to two million tons of open pit ore can be developed. Zone #2 is 2000 feet northwest of zone #1 and has presently 27,000,000 tons of inferred ore and indicated oregrading 0.59% Cu.

Zone #1 reportedly was discovered as the result of drilling I.P. targets. Zone #2 is reported at the locus of intersection of two post-ore faults (E-W and NE-SW) and the main NW trending Leemac Breccia zone.

The FEB claim covers ground that was previously held by Calico Silver and Gibbex on the south (1972) and Rolling Hills to the north. An anomalous area is indicated in the northeast corner of the FEB claim. Two northwesterly trending 'highs' 800 feet apart peripheral to a central magnetic low occur in this area.

A percussion hole on an adjacent claim held by Rolling Hills reportedly intersected significant widths of copper mineralization.

A geochemical survey over the eastern portion of the FEB claim in 1976 by New Denver Explorations indicated an anomalous area of copper values in the soil correlative to the magnetic low and in part with the northern I.P. anomaly.

#### GEOLOGY

The contact zone of the Iron Mask Intrusive rocks, comprised of Jurassic microdiorite and related hybrids, and the Nicola group of Upper Triassic volcanic and sedimentary rocks passes northwesterly through the centre of the property. This contact zone is one of three major pre-mineral fault zones within and peripheral to the Intrusive which appears to be a controlling structure for the mineralized zones related to the Iron Mask Batholith. The Leemac Fault and Breccia Zone which is the central controlling structure paralleling the contact and within which are contained the Nahatlatch ore bodies, is projected to pass through the northeast corner of the FEB claim.

A major northerly striking fault zone is also indicated topographically as bisecting the property with subsidiary parallel faults to the east. Northerly steeply dipping fractures are exhibited in outcrops of diorite along the northeastern part of the property.



In the same area northeasterly stress features are also evident. In this area randomly oriented localized calcite veinlets up to two inches wide are present. Alteration is mainly of chlorite, epidote and calcite. Pink feldspar alteration, usually in association with copper mineralization, is also evident. To the south short crosscuts, shallow shafts and open cuts explore northeasterly to easterly trending quartz veins and silicified and pyritized zones.

#### MINERALIZATION

Outcrops on the FEB claim are confined to the eastern portion of the property. In the central eastern area--the area of quartz veins and old workings (Rodgers Workings)--minor malachite, azurite and tetrahedrite occurs as splashes and rare disseminations in association with the quartz veins exposed in open cuts.

Within the northeastern unit of the FEB claim localized outcrops are mineralized with chalcopyrite, malachite and azurite mainly within limonitic pods and along fracture planes. Rare disseminations of chalcopyrite occur within the matrix.

#### RECOMMENDED EXPLORATION PROGRAM

The exploration program would consist primarily of a percussion drill program to test the correlative I.P. anomalies, mag low and surface mineralization.

Additional field work should also be completed in this area prior to drilling to localize specific areas for subsequent testing.

COST OF RECOMMENDED EXPLORATION PROGRAM

Percussion drilling 2000 ft @ \$3.50/ft	\$ 7,000.00
Field work prior to drilling	1,000.00
Associated expenses (rentals, assays lodging etc.)	1,500.00
Engineering and supervision	<u>1,500.00</u>
Total	<u><u>\$11,000.00</u></u>

It is estimated the recommended program would take three weeks to complete.

Respectfully submitted



Laurence Sookochoff, P.Eng.  
Consulting Geologist

April 5, 1977  
Vancouver, B.C.

REFERENCES

- COCKFIELD, W.E. - Geology of the Nicola Map Area  
G.S.C. Memoir #249
- KERR, John R. - Summary Report on the Rainbow Claims  
for Nahatlatch Resources Ltd. (N.P.L.)  
November, 1976

CERTIFICATE

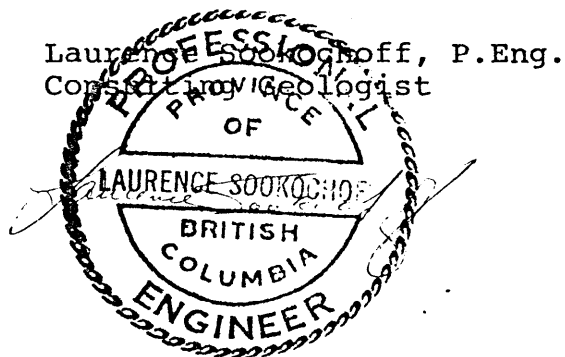
I, Laurence Sookochoff, of the City of Vancouver, in the Province of British Columbia, do hereby certify:

That I am a Consulting Geologist with the firm of Pan-American Consultants Ltd. of 2602 - 1055 West Georgia 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 eleven 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 on January 30, 1976 and from work done on the FEB claim thereafter; from pertinent government, public and private publications.
5. Neither I or Pan-American has direct or indirect interest in the property described herein, or in the securities of Brendex Resources Ltd.

April 5, 1977  
Vancouver, B.C.



20. STATUTORY RIGHTS OF RESCISSION

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

- (a) A purchaser has a right to rescind a contract for the purchase of a security, while still the owner thereof, if a copy of the last Statement of Material Facts, together with financial statements and a summary of engineering reports as filed with the Vancouver Stock Exchange, was not delivered to him or his agent prior to delivery to either of them of the written confirmation of the sale of the securities. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell within 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of service of such notice.
- (b) A purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the Statement of Material Facts or any amended Statement of Material Facts 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 90 days from the later of the date of such contract or the date on which such Statement of Material Facts or amended Statement of Material Facts is received or is deemed to be received by him or his agent.

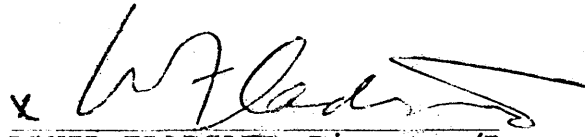
Reference is made to the said Act for the complete text of the provisions under which the foregoing rights are conferred.


21. CERTIFICATE OF THE DIRECTORS AND PROMOTERS OF THE ISSUER:

The foregoing constitutes full, true, and plain disclosure of all material facts relating to the securities offered by this Statement of Material Facts.

BRENDEX RESOURCES LTD.

July 11th, 1977  
(Date)

  
\_\_\_\_\_  
DAVID FLADGATE Director/Promoter

  
\_\_\_\_\_  
J.L.E. SWANNER Director/Promoter

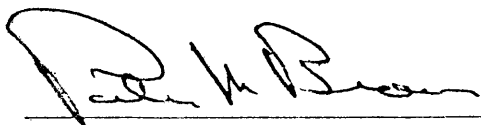
  
\_\_\_\_\_  
NANCY HORRELL Director/Promoter

CERTIFICATE OF THE UNDERWRITER(S):

To the best of our knowledge, information, and belief, the foregoing constitutes full, true, and plain disclosure of all material facts relating to the securities offered by this Statement of Material Facts.

CANARIM INVESTMENT CORPORATION LTD.

July 11th, 1977  
(Date)

  
\_\_\_\_\_