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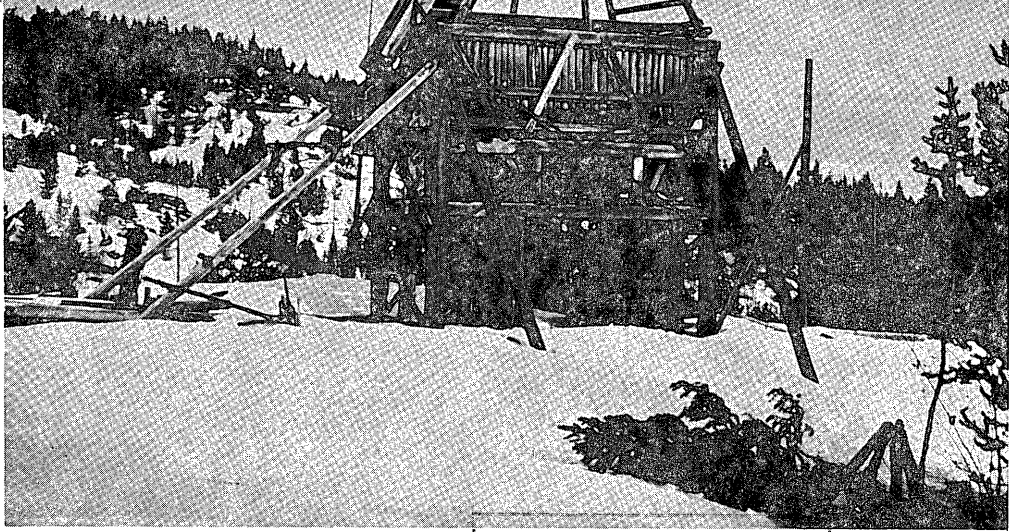
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PROPERTY FILE

Makelstin

PROPERTY FILE



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BRITISH COLUMBIA
ACAPLOMO MINING
CURMIS MINING
& DEVELOPMENT CO. LTD.
 (N.P.L.)

P.O. BOX 277

MERRITT, B.C.

- *Prospectus* -

August 10, 1971

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

New Issue

250,000 Shares

Par Value 50¢ each

ACAPLOMO MINING & DEVELOPMENT CO.

LTD. (N.P.L.)

HEAD OFFICE:

P.O. Box 277

Merritt, B.C.

REGISTERED OFFICE:

1250 - 505 Burrard Street

Vancouver, B.C.

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.

	Price to Public	Commissions	Proceeds to Company
Per Unit	25¢	5¢	20¢
Total	\$62,500	\$12,500	\$50,000

THERE IS NO EXISTING MARKET FOR THE SHARES OF THIS 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 PROPERTY IS SITUATE, THE EXISTENCE OF AND THE AREA OF THE PROPERTY COULD BE IN DOUBT.

The shares offered by this prospectus represent 19.7% and the shares issued to promoters, directors and other insiders for cash and properties represent 49.5% of the total number of shares to be issued and outstanding upon completion of this offering.

DATED August 10, 1971

ACAPLOMO MINING & DEVELOPMENT CO.
LTD. (N.P.L.)

Prospectus

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THE COMPANY

Acaplomo Mining & Development Co. Ltd. (N.P.L.) ("the Company") was incorporated on November 14, 1967 under the Companies Act, British Columbia by Memorandum of Association.

The Company converted from a private to a public company on January 9, 1970.

PLAN OF DISTRIBUTION

The Company offers by this prospectus 250,000 shares of its capital stock at 25¢ per share. Shares of this issue may be sold by trading directors of the Company pursuant to the provisions of section 7(2) of the Securities Act, 1967. 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 persons and companies registered to trade in securities in the Province of British Columbia.

CAPITALIZATION

The authorized capital of the Company is \$2,500,000 divided into 5,000,000 shares with a nominal or par value of 50¢ each. There is only one class of shares and all rank equally as to dividends, voting rights, and participation in assets.

Share Capitalization	Outstanding as of February 28, 1971	Outstanding as of June 1, 1971	Outstanding on Completion of Offering
5,000,000	1,015,647	1,015,647	1,265,647

AUDITORS

The auditors of the Company are Messrs. Best, Reimer & Company, Chartered Accountants, 2025 Granite Avenue, Merritt, B.C., successors to Messrs. Moen, Kent, Munro & Campbell.

REGISTRAR AND TRANSFER AGENT

The registrar and transfer agent of the Company is the Canada Trust Company, 901 West Pender Street, Vancouver, B.C.

PRIOR SALES

Particulars of shares sold for cash:

Number of Shares	Price	Discount	Commissions	Cash Received
2	50¢	Nil	Nil	1.00
339,375	10¢	40¢	Nil	33,937.50
11,320	20¢	30¢	Nil	2,264.00
11,300	25¢	25¢	Nil	2,825.00
<u>53,650</u>	18¾¢	31¼¢	Nil	<u>10,059.38</u>
415,647				\$49,086.88

All of the above shares sold for cash save for 11,300 sold at 25¢ and 53,650 sold at 18¾¢ per share are held in trust by The Canada Trust Company and will not be released to the beneficial owners thereof until 30 days after the completion of this offering of shares. Particulars of shares sold for other than cash:

Number of Shares	Deemed Price	Discount	Commissions	Consideration
500,000	50¢	Nil	Nil	Makelstin 1-10 and Makelstin 11 Fr. located mineral claims
100,000	10¢	40¢	Nil	100,000 shares of Aabax Development Ltd (N.P.L.)*

All of the above 600,000 shares are held in escrow by The Canada Trust Company under the direction and control of the Superintendent of Brokers of British Columbia. (See paragraphs "Business and Property - Acquisition" and "Escrowed Shares").

Aabax Developments Ltd. (N.P.L.) is a private company with registered office at 1250 - 505 Burrard Street, Vancouver, B.C. Messrs. John Burdeniuk, Patrick Conlon, Sherwin F. Kelly, P. Eng., and Ross MacPherson are common directors of the Company and Aabax.

The Company has sold 64,950 shares during the last 12 months, of which 11,300 were sold at 25¢ per share and 53,650 were sold at 18¾¢ per share.

BUSINESS AND PROPERTY

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

1. Description and Access

The Company is the recorded and beneficial owner of the following located mineral claims situate in the Nicola Mining Division of British Columbia:

Makelstin	1 - 2	22820 - 22821	November 6, 1972
Makelstin	3 - 10	31682 - 31689	July 28, 1972
Makelstin	11 Fr.	31690	July 28, 1972

Makelstin	12 - 19	35833 - 35840	November 28, 1971
Makelstin	20	35841	December 1, 1971
Makelstin	21A - 22A	36732 - 36733	April 17, 1972
Makelstin	25 - 28	36126 - 36129	January 25, 1972
Makelstin	31 - 46	36276 - 36291	February 28, 1972
Makelstin	47 - 48 Fr.	36292 - 36293	February 28, 1972
Makelstin	49 - 52	36734 - 36737	April 17, 1972
Makelstin	53 - 54	36877 - 36878	May 17, 1972
Makelstin	55B - 56B	45383 - 45384	May 22, 1972
Makelstin	57 - 60	37118 - 37121	June 27, 1972
Makelstin	61 - 62	48530 - 48531	March 5, 1972

Iron Mountain microwave tower at the north end of the claim group is 4 air miles south 25 degrees east of Merritt. The access road approaches from the west and south making the tower about 13 road miles from Merritt. The route is via a gravel road which runs south westerly from the eastern outskirts of Merritt along the southeast side of Coldwater River. About seven miles out a gravelled bush road turns off to the east and goes as far as microwave installations on the top of the mountain about 6 miles from the turnoff. It is well graded and is suitable for passenger car travel.

2. Acquisition

Pursuant to an agreement dated November 21, 1967 between Sherwin F. Kelly, P. Eng., acting on behalf of himself and John Stinson, Wallace McClelland, Paul Polischuk, Donn Spankes, William Campbell, William Alley, Ross MacPherson and Frank Larkin, as the Vendors, and the Company, as the Purchaser, the Company acquired the Makelstin 1-10 and 11 Fr. claims for the consideration of 500,000 shares of the Company and the sum of \$11,000. Pursuant to the terms of the agreement, each of the vendors then purchased 10,000 shares of the Company at a price of 10¢ per share. The cost of the claims to the Vendors was approximately \$600.

The 500,000 shares and \$11,000 were distributed as follows:

Sherwin F. Kelly, P. Eng.	225,000 shares and \$1,900
John Stinson	200,000 shares and \$1,800
Wallace McClelland	37,500 shares and \$1,150
Paul Polischuk	37,500 shares and \$1,150
Donn Spankes	\$1,000
William Alley	\$1,000
Frank Larkin	\$1,000
Ross MacPherson	\$1,000
William Campbell	\$1,000
	500,000 shares \$11,000

The Makelstin 12-30 claims were staked by Sherwin F. Kelly, P. Eng., on behalf of the Company and transferred by him to the Company by bill of sale on January 25, 1968. Makelstin 21-22 claims were subsequently abandoned and re-staked by the Company as Makelstin 21A and 22A.

The remaining claims were staked by the Company for its own account.

3. History

The lead deposit upon which the shaft was sunk was found by Emmett Todd in 1927 and was mentioned in the Minister of Mines Report for that year. The shaft was also started in that year by a Seattle Syndicate and suspended at 100 feet where the vein was pinched out between two converging faults. The mineralization was subsequently explored by drifts, raises and small stopes. Work ceased in the early 1930's and no underground exploration was ever done beyond the fault intersection. There are no official records of ore shipments then made.

In 1947 George C. Hunter shipped 36 tons of ore to Trail grading 1.9 ounces silver, 16.4% lead and 0.65% zinc.

In 1951 the shaft was dewatered by Granby Consolidated Mining, Smelting and Power Company Ltd. The workings were sampled but that was all.

The property was then optioned by New Jersey Zinc Explorations Ltd. Some work was done to expose the leached vein on the surface north of the shaft and two short small diameter holes were drilled by diamond drill for assessment purposes. The ground was held for several years but was finally relinquished.

Manor Mines then drilled two holes in the shaft area in 1966 when it had the property under option.

In the years since it was discovered, the property has been named the "Lucky Todd" after its discoverer, the Leadville and the Comstock of British Columbia. It is mentioned in the Minister of Mines Reports for 1927, 1928, 1929, 1930, 1947, 1951 and 1965.

Recent work has consisted mainly of geochemical and geophysical surveys which have provided some encouraging indications of minerals. Some bulldozing has revealed copper stained bedrock.

4. Work Done

A program of geophysical and geochemical surveys has been carried out on the claims by the Company as available funds permitted. This has resulted in the location of numerous anomalous situations within an area of about one square mile. In some cases areas showing anomalous silver, lead, zinc and copper can be related to magnetic and/or electromagnetic anomalies or structural patterns of interest. In some cases only one or more of the metals are represented.

5. Plant or equipment

Save for an old ore bin, there is no underground or surface plant or equipment on the Company's properties.

USE OF PROCEEDS

In his report to the Company dated March 3, 1971, James A. Mitchell, P. Eng., recommends a program of exploration and development on the Company's properties consisting of two stages, the first of which is estimated to cost \$60,000 and the second of which is estimated to cost \$100,000. A copy of the Mitchell report accompanies and forms a part of this prospectus.

In a letter to the Company dated June 1, 1971, James A. Mitchell, P. Eng., states as follows:

"If the present tight money situation makes it difficult to raise venture capital to the amount called for in the above report (report of March 3, 1971), it may be necessary to reduce the program in order to put the recommendations into effect. In that event, the first steps in the development program could be set up as follows:

1. Line cutting, geophysical and geochemical surveys	\$5,800
2. Bulldozing	1,000
3. Diamond drilling 1,100 feet	13,200
4. Splitting and logging core and assaying same	1,200
5. Transport and communications, allow	500
6. Engineering and supervision	2,700
	<u>\$24,400</u>
Contingencies -- about 10%	2,600
	<u>\$27,000</u>

The proceeds from the sale of shares offered by this prospectus are intended to be used in carrying out the program of work recommended by James A. Mitchell, P. Eng., in his letter to the Company dated June 1, 1971, 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.

The Company also intends to use proceeds received from the sale of shares offered by this prospectus as follows:

Cost of this issue	\$ 2,000
Accounts payable	15,000
Administration	6,000
	<u>\$23,000</u>
Plus exploration program	27,000
	<u>\$50,000</u>

In the event the proceeds are not sufficient to carry out the entire program recommended, the Company will give priority to the cost of this issue, accounts payable and its consulting engineer's recommendations for line cutting, geophysical and geochemical surveys and bulldozing.

No part of the proceeds shall be used to invest, underwrite or trade in securities other than those that qualify under the laws of the jurisdictions in which the securities offered by the prospectus may lawfully be sold.

Should the Company propose to use the said proceeds to invest, underwrite or trade in non-trustee type securities after the initial distribution of the securities offered by this prospectus, approval by the shareholders shall first be obtained and disclosure made to the regulatory securities bodies having jurisdiction over the sale of the securities offered by this prospectus.

PROMOTERS

Sherwin F. Kelly, P. Eng., of Merritt, British Columbia is the founder and organizer of the Company and is, therefore, the promoter of the Company as defined in the Securities Act, 1967:

Pursuant to an agreement dated November 21, 1967, Sherwin F. Kelly, P. Eng., acting on behalf of himself and eight other vendors received 500,000 shares of the Company as consideration for the acquisition by the Company of mineral properties. A total of 275,000 shares were transferred to the other vendors. (See "Business and Property - Acquisition").

The Company has issued 100,000 shares of its capital stock to Aabax Developments Ltd. (N.P.L.) in exchange for 100,000 shares of Aabax (See "Prior Sales"). Sherwin F. Kelly, P. Eng., owns 9,500 shares or 4.1% of the 233,200 outstanding shares of Aabax.

DIRECTORS AND OFFICERS

Name	Address	
John Burdeniuk	1999 Voght Street Merritt, B.C.	Director
Patrick Conlon	P.O. Box 665 Merritt, B.C.	Director and Treasurer
Sherwin F. Kelly, P. Eng.	P.O. Box 325 Merritt, B.C.	Director and President
Frank Larkin	Grasslands Hotel Merritt, B.C.	Director
Wallace McClelland	Box 217 Merritt, B.C.	Director and Vice-President
Ross MacPherson	14516 - 108 Avenue Surrey, B.C.	Director and Secretary

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

John Burdeniuk	1963 to 1966 - self-employed operator of Johnny Esso Service Station, Choiceland, Sask.; May 1966 to August 1968 - Proprietor of MacLeod's Family Shopping Center, Merritt, B.C.; October 1968 to date - salesman with MacLeod's Family Shopping Center, Merritt, B.C.
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Patrick Conlon	1953 to date - machine operator with the Provincial Department of Highways, Merritt, B.C.
Sherwin F. Kelly, P. Eng.	1937 to date - president of Geophysical Explorations Ltd., Merritt, B.C.; 1940 to date - president of Sherwin F. Kelly Geophysical Services, Inc., Wilmington, Delaware, U.S.A.
Frank Larkin	1963 to date - partner and manager of Grasslands Hotel, Merritt, B.C.
Wallace McClelland	1963 to 1965 - prospector with Hurley River Mines Ltd.; September 1965 to March 1966 - prospector with Copper Canyon Drillers; March 1966 to May 1968 - prospector with Copper Canyon Drillers, Amalgamated Resources Ltd. (N.P.L.) and San Doh Mines Ltd. (N.P.L.); May 1968 to date - prospector with Highland Lode Mines Ltd. (N.P.L.).
Ross MacPherson	1966 to 1967 - salesman with I.O.S. of Canada Ltd., Vancouver, B.C.; June 1967 to April 1968 - salesman with Annis Mines Ltd., Kamloops, B.C.; January 1968 to May 1968 - director of Annis Mines Ltd.; October 1967 to date - director of Acaplomo Mining and Development Co. Ltd. (N.P.L.); February 1971 to date - salesman with Surrey Properties Ltd.

REMUNERATION OF DIRECTORS

No remuneration has been paid to any of the Company's directors or officers as such since its incorporation. Sherwin F. Kelly, P. Eng., as professional geologist and geophysicist has received \$4,400 for his professional counsel and supervision. It is anticipated that no remuneration will be paid to the directors and officers as such during the current financial year. Wallace McClelland will be paid for work on the company's property at the going rate and Sherwin F. Kelly, P. Eng., will be paid for management and engineering services rendered by him to the Company.

ESCROWED SHARES

As of the date hereof 600,000 shares are held in escrow by The Canada Trust Company, 901 West Pender Street, Vancouver, British Columbia, under the direction and control of the Superintendent of Brokers of British Columbia. 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. If the Com-

pany loses or does not obtain a good marketable title to or abandons or discontinues development of the property which was the consideration for the shares in escrow, or in the event the property is not as represented, the holders of the escrow shares have agreed to advise the Superintendent of Brokers and to surrender by way of gift to the Company such numbers of escrowed shares as the Superintendent of Brokers may deem fair and equitable.

Class of Shares	Number of Shares Held in Escrow	Percentage of Class
Common	600,000	59%

PRINCIPAL HOLDERS OF SECURITIES

As of the date hereof, 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 Owned	Percentage of Shares Outstanding
Sherwin F. Kelly, P. Eng. P.O. Box 325 Merritt, B.C.	Record and Beneficial	286,602	28.2%
John Stinson 1519 - 8th Avenue New Westminster, B.C.	Record and Beneficial	220,000	21.6%

The directors of the Company beneficially own 40% of the outstanding shares of the Company.

STATUTORY RIGHTS OF WITHDRAWAL AND RECISSION

Sections 61 and 62 of the Securities Act, 1967 (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 British Columbia Securities Commission, was not delivered to him or his agents prior to delivery to either of them of the written confirmation of the sale of the securities. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell within 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of service of such notice.
- (b) A purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the prospectus or any amended prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not mis-

leading 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.

CERTIFICATES

Directors

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

Sherwin F. Kelly

John Burdeniuk

W. A. McClelland

Frank Larkin

Patrick Conlon

Ross MacPherson

Promoter

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, 1967, and the regulations thereunder.

Sherwin F. Kelly, P. Eng.

DATED August 10, 1971

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REPORT

On

MAKELSTIN CLAIM GROUP, 50° 120° S. W.

IRON MOUNTAIN, NICOLA M.D., B.C.

For

ACAPLOMO MINING & DEVELOPMENT CO. LTD.

By

J. A. Mitchell, P. Eng.

March 3, 1971

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REPORT ON MAKELSTIN GROUP OF CLAIMS

IRON MOUNTAIN S. E. OF MERRITT, B.C.,

NICOLA M.D.

INTRODUCTION

The writer wrote a preliminary report on this property dated May, 1968. This was written following an examination of the shaft area on Makelstin No. 1 claim. Because of the lead-barite content of a vein shear explored from this shaft, further work was recommended to look for the faulted extension. Because of overburden it was recommended that geophysical and geochemical surveying be undertaken to delineate other mineralization indicated by a geochemical survey already done over a small portion of the ground. It was further recommended that favorable responses be tested by bulldozing or diamond drilling. Since then a program of geophysical and geochemical surveys has been carried out as available funds permitted. This has resulted in the location of numerous anomalous situations within an area of about one square mile. In some cases areas showing anomalous silver, lead, zinc and copper can be related to magnetic and/or electromagnetic anomalies or structural patterns of interest. In some cases only one or more of the metals are represented. Of the total area covered one or more of the techniques may be missing in parts of it and some cover all of it. The developing picture points to the desirability of completing each type of survey within the area and of extending the surveys to cover the entire property, at the same time some of the more apparent anomalies should be tested by bulldozing or diamond drilling so that other anomalies will be more meaningful. This report is to update the previous report and to make recommendations for further work.

SUMMARY

Work done to date over a limited area of the Makelstin claim group consists of soil sampling and EM and magnetic surveys plus a little bulldozing for immediate assessment requirements.

All of this work has provided results that warrant a continuing program. The soil sampling has yielded a number of anomalies, one of which is particularly interesting as all 4 metals tested are strongly anomalous and it corresponds with an apparent electromagnetic conductor and with an abrupt change of rock type indicated by the magnetics strongly suggesting a fault. High silver readings were obtained all along this latter feature. There are other interesting magnetic and electromagnetic features requiring further investigation. A continuing program to cost about \$160,000 in two stages has been recommended. If only the first stage is completed the cost will be about \$60,000 but this can be further reduced if necessary. It is strongly recommended that the best anomalous situation be tested as soon as possible.

PROPERTY

Since the May, 1968 report there have been added four claims, numbers 57 to 60 and two more, numbers 61 to 62 will be added shortly. Four overlapping claims, numbers 23, 24, 29 and 30 have been deleted. There are thus at the present time 56 claims and there will be, probably by the time this report is completed 58 claims as follows:

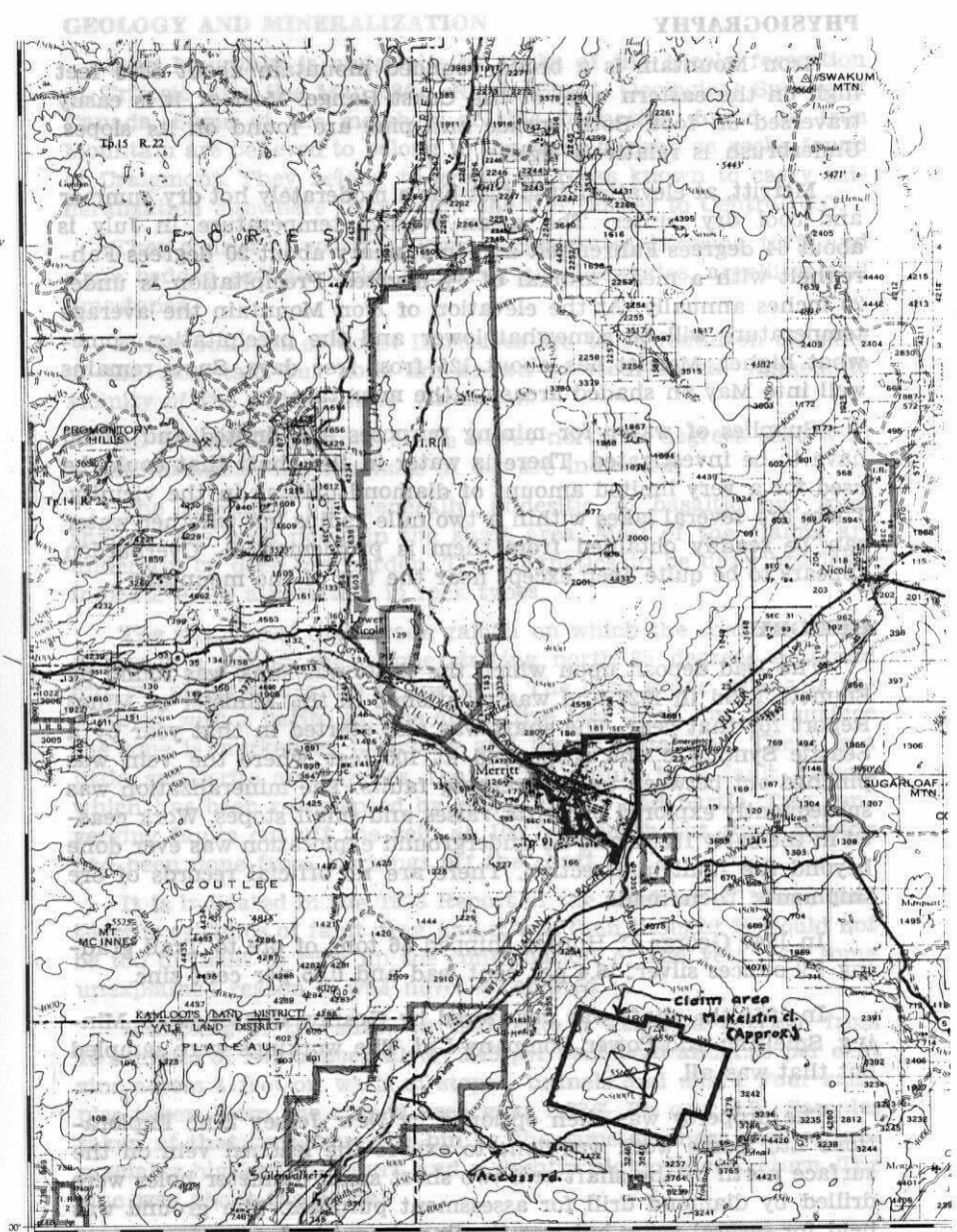
Claims	Record Numbers
Makelstin No. 1 and No. 2	22820 and 22821
Makelstin No. 3 to No. 10 and No. 11 Fraction	31682 to 31690
Makelstin No. 12 to No. 22	35833 to 35843
Makelstin No. 25 to No. 28	31626 to 31629
Makelstin No. 31 to No. 46	36276 to 36291
Makelstin No. 47 and No. 48 Fraction	36292 and 36293
Makelstin No. 49 to No. 52	36734 to 36737
Makelstin No. 53 to No. 54	36877 and 36878
Makelstin No. 55B to No. 56B	45383 and 45384
Makelstin No. 57 to No. 60	37118 to 37121
Makelstin No. 61 to 62	48530 and 48531

The location lines of Makelstin 20 and of Makelstin 25 to 28 are true north. The balance run north 17 degrees east. There is a hole in the middle of the claim group about 5 claims in size. Claims in that area are otherwise held. At the time of examination posts of eight claims as seen, were found to be in accordance with the Mineral Act of B.C. Lines were well blazed and posts were well made.

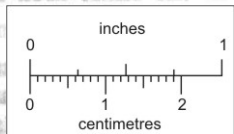
The shaft lies on the west boundary of No. 1 claim about midway of the claim. The claim group covers the top of Iron Mountain, with its north border close to a microwave tower. From that point the claims extend southerly along the ridge and down the slope for about 2 miles. To the east and west they extend down the slope of the mountain for about one and one half miles in each direction. See Figures 1 and 2.

LOCATION AND ACCESSIBILITY

Iron Mountain microwave tower at the north end of the claim group is 4 air miles south 25 degrees east of Merritt. The access road approaches from the west and south making the tower about 13 road miles from Merritt. The route is via a gravel road which runs south westerly from the eastern outskirts of Merritt along the southeast side of Coldwater River. About seven miles out a gravelled bush road turns off to the east and goes as far as microwave installations on the top of the mountain about 6 miles from the turnoff. It is well graded and is suitable for passenger car travel.



121°00' Merritt, B.C. Sheet 92 1/2E Scale: 1/4 in. = 4 miles. Fig. 1



This reference scale bar has been added to the original image. It will scale at the same rate as the image, therefore it can be used as a reference for the original size.

PHYSIOGRAPHY

Iron Mountain is a broad rounded mountain about 5600 feet high on the eastern edge of the Coast Range. Most of it is easily traversed on foot. Both spruce and pine are found on its slopes. Underbrush is relatively light.

Merritt, at elevation 1940 feet has a moderately hot dry summer and cool dry winter. The mean average temperature in July is about 64 degrees Fahrenheit and in January about 20 degrees Fahrenheit with a mean annual of 44 degrees. Precipitation is under 20 inches annually. At the elevation of Iron Mountain the average temperature will be somewhat lower and the precipitation somewhat higher. Merritt has about 125 frost free days. Snow remains well into May on shaded areas on the mountain.

Supplies of water for mining purposes are limited and would have to be investigated. There is water in the shaft that could be used for a very limited amount of diamond drilling in the vicinity. There are several lakes within a two mile radius but whether water can be readily obtained from them is problematical. Overburden appears to be quite deep except near the top of the mountain.

HISTORY

The lead deposit upon which the shaft was sunk was found by Emmett Todd in 1927 and was mentioned in the Minister of Mines Report for that year. The shaft was also started in that year by a Seattle Syndicate and suspended at 100 feet where the vein was pinched out between two converging faults. The mineralization was subsequently explored by drifts, raises and small stopes. Work ceased in the early 1930's and no underground exploration was ever done beyond the fault intersection. There are no official records of ore shipments then made.

In 1947 George C. Hunter shipped 36 tons of ore to Trail grading 1.9 ounces silver, 16.4 per cent lead and 0.65 per cent zinc.

In 1951 the shaft was dewatered by Granby Consolidated Mining, Smelting and Power Company Ltd. The workings were sampled but that was all.

The property was then optioned by New Jersey Zinc Explorations Ltd. Some work was done to expose the leached vein on the surface north of the shaft and two short small diameter holes were drilled by diamond drill for assessment purposes. The ground was held for several years but was finally relinquished.

Manor Mines then drilled two holes in the shaft area in 1966 when it had the property under option.

In the years since it was discovered the property has been named the "Lucky Todd" after the discoverer, the Leadville and the Comstock of British Columbia. It is mentioned in the Minister of Mines Reports for 1927, 1928, 1929, 1930, 1947 and 1951.

Recent work has consisted mainly of geochemical and geophysical surveys which have provided some encouraging indications of minerals. Some bulldozing has revealed copper stained bedrock.

GEOLOGY AND MINERALIZATION

Iron Mountain is underlain by rocks of the Nicola formation of Triassic Age. See Map 886A, Nicola Sheet, Geological Survey of Canada. Some of the members of this formation found on Iron Mountain are believed to belong to the same horizon as rocks found at Craigmont. They belong to groups of rocks known to carry mineralization elsewhere from below the U.S. border to Central B.C.

They consist of volcanic flows, agglomerates, breccias, tuffs and some bedded sedimentaries including conglomerates, argillites and limestones.

Minor outcrops of Coast Intrusives are to be found on all sides of the mountain but none are known to occur in the immediate vicinity of the claims under discussion.

All bedded formations strike about north 25 degrees east with slight variations but reversals of dip are indicated.

The volcanics are generally andesitic to basaltic but some rhyolite has been noted in the shaft area. Most of the claims are underlain by deep overburden. The magnetics to be described later indicate quite a variation in rock types.

The stringer of high grade galena on which the shaft was sunk occurs in a strong shear zone striking north 25 degrees east and dipping about 80 degrees to the west. The high grade galena is associated with a barite gangue about five feet thick. On the surface the zone is marked by bleaching and limonite staining. There is a little sphalerite and pyrites, the latter mainly in a fault breccia which has been recemented by silica, calcite and barite. Two converging faults cut off the vein at 100 foot depth but some stoping had been done from workings off the shaft.

It is indicated in the 1928 Report of the Minister of Mines that there is evidence of fault drag and it was then thought it would not be too difficult to pick up the continuation of the vein. For some unexplained reason it was never attempted.

Sampling of the shaft in 1947 gave a weighted average from 16 samples of 1.43 ounces silver, 3.45 per cent lead and 1.98 per cent zinc across 4 feet on walls of stopes, tunnels and shaft. Four samples taken from the stoped area gave 5.03% Pb over 4.9'. Samples taken at that time from the bin by the same engineer gave an appreciably higher lead return and a slightly higher silver return. The zinc was about the same.

Samples taken by the writer in 1968 assayed as follows:

1. From ore bin: 1.60 oz. Ag, 14.90% Pb, 0.45% Zn, 55.20% BaSO₄.
2. From cobbed rejects: 1.30 oz. Ag, 2.23% Pb, TrZn, 75.80% BaSO₄.
3. From main dump of + 700 tons: 1.15 oz. Ag, 3.45% Pb, 26.00% BaSO₄.

The 1929 Report of the Minister of Mines stated there was 370 tons on the dump with an estimated average content of 15% lead. It appears that this was since shipped. At present there appears to be about 700 tons on the dump with a grade about that of sample No. 3 above.

In addition to the above another barite vein is reported about 1000 feet west of the shaft.* It is also reported that an area of specular hematite veining extends for some 1500 feet south of the shaft and that other small occurrences of galena in barite have been found in that direction.

The diamond drilling done by Manor Mines consisted of two small diameter drill holes. Number one hole is 101 feet deep and was reported as drilled going N87 degrees E at minus 50 degrees from 120 feet north of the shaft. Number 2 hole is 100 feet deep and was reported as drilled going S72 degrees E at minus 55 degrees from 90 feet south of the shaft. The latter cut 1 foot of barite at 86 to 87 feet with lesser streaks to 90 feet along with some thin seams of pyrite. Otherwise the holes were in tuffs, breccias and flows sometimes sheared with epidote in limonitic seams and manganese staining. The results can hardly be considered conclusive.

There are a number of exposures reported of mineralization consisting of chalcopyrite and its oxidation products associated with pyrite and specular hematite which may be more interesting today than they would have been thirty years or more ago.

GEOCHEMICAL INVESTIGATIONS

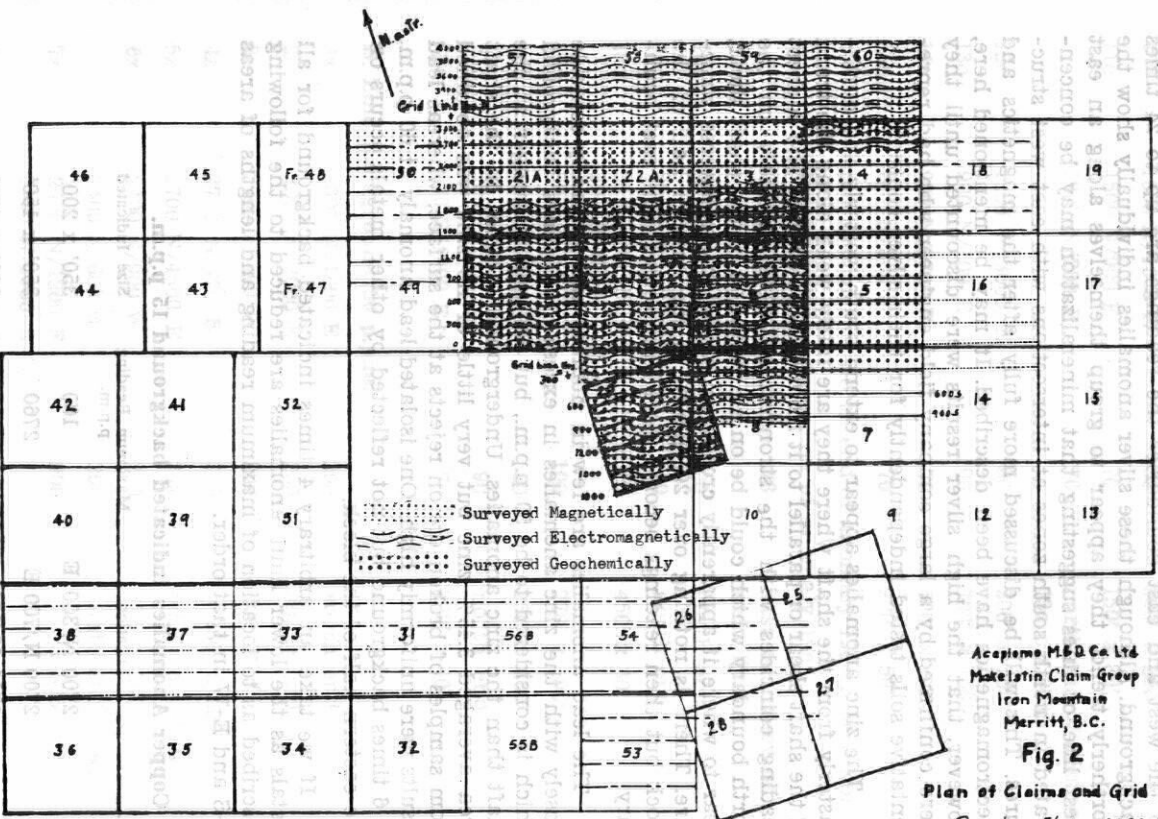
Soil sampling done in 1968 and later under the supervision of S. F. Kelly, Geophysicist, P. Eng. resulted in anomalous areas not only in the vicinity of the shaft which could be contaminated to some extent but also at numerous points over an area 6000 feet east and west by 3300 feet to 4500 feet north and south and covering claims 1, 2, 3, 6, 20, 21A and 11 Fraction in 1968 and subsequently included claims 3, 6 and the top line on 7 and 8. That is from 1500 feet west of a base line going N17 degrees E through the shaft to 4500 feet east and from 1200 feet south of the shaft to 3000 feet north. Claim No. 20 lying south of this grid and oriented north and south was also surveyed from a base line on its west boundary.

Backgrounds were established at 15 p.p.m. for copper, 10 p.p.m. for lead, 50 p.p.m. for zinc and 0.5 p.p.m. for silver. Copper anomalies are most numerous with readings up to 180 times background. Silver anomalies are apparently first in total area and importance but third in frequency with readings up to 24 times background. Zinc anomalies come second in frequency with readings up to 20 times background but are not considered as important as the silver ones. Lead anomalies are least frequent with readings up to 25 times background excluding the shaft area where readings up to 166 times background were obtained. Most anomalies are multiple in metal content. Some show all 4 metals to be present in anomalous amounts, but only one shows all 4 metals present in excess of 5 times background.

Generally speaking the anomalies are elongated in a direction about 25 degrees east of north or west of south, parallel to the formational trend and some show almost continuous trends across the full width of the area surveyed. The silver anomalies over the main portion of the surveyed block including the shaft area are only up

* Report of Minister of Mines 1927.

86 S100 W\400 E 00 80
 87 S100 W\300 E 00 80
 88 S100 W\300 E 00 80
 89 S100 W\300 E 00 80
 90 S100 W\300 E 00 80
 91 S100 W\300 E 00 80
 92 S100 W\300 E 00 80
 93 S100 W\300 E 00 80
 94 S100 W\300 E 00 80
 95 S100 W\300 E 00 80
 96 S100 W\300 E 00 80
 97 S100 W\300 E 00 80
 98 S100 W\300 E 00 80
 99 S100 W\300 E 00 80
 00 S100 W\300 E 00 80

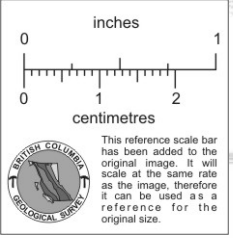


Acaplane M&D Co. Ltd.
 Makelatin Claim Group
 Iron Mountain
 Merritt, B.C.

Fig. 2

Plan of Claims and Grid Lines
 Scale: 5/8 in. = 1500 ft.

Harold F. Kelly, P. Eng.
 Feb 24, 1971



to 4 times background and usually less. However along the north boundary and in two large areas towards the northern end close to the west and east boundaries the readings are up to 24 times background. Although these silver anomalies individually show the northerly trend, they appear to group themselves along an east west line or lines suggesting that mineralization may be concentrated in north south zones at intersections with east west structures. This will be discussed more fully after the magnetics and electromagnetics have been described. It may be mentioned here, however, that the high silver results were discounted until they were confirmed by a large company field engineer who had representative soils tested independently for their silver content.

The zinc anomalies appear to extend south westerly and north-easterly from the shaft where they are fairly weak along the trend of the shaft shear or parallel to it from 600N to 3000 N. The highest reading coincides with the strongest all metal anomaly on the north boundary which could be on an extension of the shaft shear, near to where it apparently crosses an important transverse structure. There is nothing over 200 p.p.m. in the eastern half of the block but then readings become more numerous in the east boundary.

The lead anomalies are few in number and generally coincide closely with the zinc anomalies in excess of 16 times background which is considered to be 50 p.p.m., but are much stronger at the shaft than the zinc anomalies. Underground samples in the shaft area averaged 3.45% zinc but very little or no zinc was obtained from samples of broken ore on rejects at the surface, whereas lead results were uniformly high. One isolated lead anomaly at 60 p.p.m. or 6 times background but not reflected by other metals occurs on the eastern half of the block.

If we take an arbitrary 4 times indicated background for all metals as the lower limit anomalies are reduced to the following described as to location of maximum reading and lengths of areas N-S and E-W in that order.

A. Copper Anomalies indicated background 15 p.p.m.

No.	Location	Maximum Reading p.p.m.	Size Indicated
1c	2700 N/300 E	100	350' x 200'
2c	2700 N/700 E	2760	350' x 150'
3c	2700 N/1500 E	110	300' x 175'
4c	2400 N/900 W	110	400' x 110'
5c	2400 N/2600 E	90	500' x 150'
6c	2100 N/300 E	80	150' x 100'
7c	2100 N/2600 E South extremity of No. 5 above		
8c	2100 N/3800 E	80	300' x 125'
9c	2100 N/4600 E	80	western edge only

No.	Location	Maximum Reading p.p.m.	Size Indicated
10c	1800 N/1600 E	100	300' x 200'
11c	1500 N/900 E	70	150' x 80'
	1200 N/200 E	70	north end of anomaly 13c on 900N
12c	1200 N/3600 E	80	200' x 100'
13c	900 N/100 E	100	700' x 150'
14c	900 N/3700 E	70	500' x 70'
15c	600 N/800 E	70	200' x 50'
	600 N/1400 E		north end of anomaly 19c on zero north
	300 N/1300 E		extension of anomaly 19c
	00 N/1500 W	278	east boundary of west limb
16c	00 N/1300 W	100	north end
17c	00 N/400 W	100	north end
18c	00 N/600 E 300 S/400 E	60	450' x 30'
19c	00 N/1200 E	100	770' x 100'
20c	300 N/2000 E	80	250' x 100'
21c	300 S/100 E	90	north end
22c	900 S/1200 E	70	300' x 40'

B. Zinc Background 50 p.p.m.

1z	3000 N/1600 E	200	south end
2z	3000 N/2000 E	200	south end
3z	2700 N/100 W	200	200' x 100'
4z	2700 N/700 E	1380	+750' x 200'
5z	2700 N/4600 E	200	west boundary
6z	2400 N/900 W	200	350' x 200'
	2400 N/600 E	200	south end of 4z
7z	2400 N/1200 E 2100 N/1300 E	900	750' x 375'
8z	2100 N/1300 W 1800 N/	200	750' x 100'
9z	1800 N/200 W	200	300' x 50'
10z	1800 N/ 00 W	200	450' x 50'
11z	1800 N/1600 E	800	450' x 350'
12z	1200 N/500 W	400	450' x 100'
	1200 N/200 E		extension east limb 20z
13z	1200 N/500 E	200	100' x 50'

No.	Location	Maximum Reading p.p.m.	Size Indicated
14z	1200 N/4400 E	200	180' x 50'
15z	900 N/1100 W	1000	400' x 170'
16z	900 N/3400 E	200	230' x 70'
17z	900 N/3800 E 600 N/3700 E	200	450' x 100'
18z	600 N/500 W 600 N/200 W	400	350' x 175' extension west limb of large anomaly
19z	600 N/3700 E	200	450' x 90'
20z	300 N/100 W /100 E	800	1600' x 400'
21z	300 S/100 E	200	north end

Whereas there are as many zinc anomalies at 4 times background as copper 75% of these would be eliminated at 5x background whereas only 29% of the copper anomalies would be eliminated at 5x background. If the anomalies are weighted according to size and ratios to background the remaining zinc anomalies would probably appear stronger because of the greater mobility of zinc. In any event there is only one anomaly that stands out above all others and that is at 2700 N/700 E. This anomaly should be tested by bulldozing and for diamond drilling as soon as funds are available and ground conditions permit.

C. Lead Background 10 p.p.m.

1L	2700 N/700 E	to 250	400' x 170'
2L	2400 N/1000 E	50	25' x 75'
3L	2400 N/1200 E	150	330' x 260'
4L	900 N/1100 W	130	600' x 150'
5L	shaft area 900 N/100 E 600 N/1000 W	1600 (contaminated) south extension No. 4L	600' x 250' 270' x up to 300'
	600 N/800 W	on 900N 90 (east limb 4L)	
6L	600 N/3900 E	60	250' x 100'
7L	00 N/400 W	100	220' x 200'

While lead anomalies are only $\frac{1}{3}$ the number of copper and zinc at 4 times background, only 1 or 14% would be lost at 5 x background. They would then almost equal the number of zinc anomalies but the latter would appear the more extensive and impressive because of the greater mobility of the zinc ions. Three of the lead anomalies correspond to zinc anomalies at 4 x background and 2 with copper. Only one anomaly contains all the three metals at this background ratio and this remains true at 25 times background for the three metals so far considered.

D. Silver Background 0.5 p.p.m.

No.	Location	Maximum Reading p.p.m.	Size Indicated
1s	3000 N/200 E to 4600 E	from 5 to 12	800' open on north by 6000' open on east and on west
	2700 N/200 E	2	low portion of 1s
	2700 N/700 E	2	low portion of 1s but over 25 x back- ground in copper, lead, zinc
	2700 N/1400 E	2	low portion of 1s
2s	2400 N/1300 W	6	800' x 400' open on the west end
	2100 N/1400 W	9	
3s	2400 N/900 W-600 W	3	800' x 500'
	2100 N/900 W-700 W	8	
4s	2400 N/100 W	8	500' x 600' (2s, 3s & 4s are actually an ex- tension to west of 1s slightly dislocated southerly.)
	2100 N/300 W & 100 W	8	
	2000 N/ 00 W	10	
5s	2100 N/3400 E-4600 E 1800 N/3200 E-3600 E 1500 N/3200 E-4400 E	10	about 1050' by 1100' to 1400' open on the east
6s	1800 N/00 N	7	150' x 150'
7s	900 N/100 E	2	250' x 50'

Again the anomaly 2700 N/700 E is represented but the silver response is weaker than that of the other metals. Otherwise the silver corresponds with zinc at two locations and with lead at one which is the shaft area and may be contaminated.

The larger area of anomalous readings along the north boundary of the geochemical survey and across the full width of the survey, with only slight dislocation is the outstanding result of the entire geochemical program to date. The higher readings appear to correspond with E. M. crossovers along line 3200 N and continuing north. As the E. M. does not extend below 3200 N and the soils do not extend north of 3000 N it is obvious from the results that the E. M. survey should be extended south and the soil sampling north at this critical location.

A further analysis of the soil responses shows that 10 anomalies have more than one metal in excess of 4 times background. These are as follows:

<u>Co-ordinates of Anomaly</u>	<u>Copper</u>	<u>Zinc</u>	<u>Lead</u>	<u>Silver</u>
1. 2700N/700E	x	x	x	x
2. 2400N/400W	x	x		
3. 2400N/1300W		x		x
2100N/1400W				
4. 1800N/00W		x		x
5. 900N/1100W*		x	x	
6. 900N/100E	x		x	x
7. 900N/3800E	x	x		
8. 600N/800-1000W		x	x	
9. 00N/400W	x		x	
10. 300S/100E	x	x		

* Copper just under 4 times background.

Number 1 with 4 metals represented and number 6 with 3 metals represented but suspect because of its proximity to the shaft, line up with the areal strike of the formations which is itself an anomalous strike at this point. They also line up with each other. Number 1 is also part of the strong silver anomaly along the north boundary. It appears to be the logical point at which to test the anomalies by bulldozing or diamond drilling.

GEOPHYSICS

1. Magnetic Survey

Magnetometric and electromagnetic surveys have been made over a portion of the area covered by geochemistry and have also been done over areas not covered by geochemistry. (See attached claim map showing areas covered by each type of survey.)

The magnetic patterns reflect bedrock variations showing a high magnetic relief aligned with the formational strike over sections believed to be underlain by upended volcanics with variable content of magnetite or ultrabasics. Hematite rich zones are known to occur on the property and magnetite has been found along Godey Creek to the north so it is likely that the high relief is caused by bands of magnetite rich rocks. The relief is 2800 gammas where most pronounced.

A broad area of gentle relief lies in the central part of the surveyed area. It may reflect a wide band of low magnetic content such as limestone. The E. M. indicates deep overburden in that area.

The north boundary of this area exhibits a sudden change to an area of high relief. This is along the area of high silver readings and is probably quite significant. It must indicate a sudden change of rock type probably brought about by faulting which may also have provided a passageway for silver rich mineralization.

The E. M. responses to the north suggested the possibility of mineralized zones or veins leading away from this fault.

This east-west fault appears from the magnetics to be displaced to the left by a fault striking more or less with the formations. The magnetics suggest several other fault situations. One fault appears to extend from co-ordinates 1200S/100E on the south extension of the baseline to about 400N/3000E on the eastern edge of the magnetic survey. A parallel fault appears to extend from about 00N/300W to 1200N/1600E. These last two appear to strike about northeast along generally abrupt changes in the magnetic contours. There may also be another fault extending in a northerly direction from 1800S/900E on inclined grid to 900N/1800E on the main grid.

2. Electromagnetic Survey

This survey shows two main anomalous situations consisting of strong crossover on both the in-phase and out-of-phase or quadrature curves, one on the east boundary of the surveyed area and one more or less along the baseline.

The easterly one extends from the south boundary of the survey at 2700N to the north boundary at 4000N. The north end appears to be fading out but the south end is still strong and the survey will have to be extended south. A second anomalous trend is indicated to the east of this one and crosses the east boundary indicating that the survey should be extended to the east.

The crossovers are rather unusual inasmuch as the quadrature crossovers do not coincide closely with the in-phase crossovers but there is a definite and continuous anomalous situation which requires investigation.

The anomalous situation along the base line is characteristic in that the two curves cross at the same point. It is a very strong anomaly and should be tested but is suspect because of a nearby power-line.

Crossovers previously mentioned as occurring on the north of the high silver anomaly are largely restricted to the quadrature curve. The in-phase curve remains above the "O" line but shows inflections. This could be caused by magnetic interference from closely spaced conductors. They merit investigation.

Some of the weaker responses are probably due to random currents in areas of deep overburden. This can be brought about by the relative high frequency of the V.L.F. broadcast station at Seattle which was used to energize the instrument. This station broadcasts at about 18 KCC per second whereas usual electromagnetic currents used for ground surveys have an upper limit of 5000 C.P.S.

CONCLUSION AND RECOMMENDATIONS

It is concluded that the geochemistry and geophysics done to date on the Makelstin claims has given sufficient coinciding evidence of mineralization to warrant the continuation of this type of investigation. At the same time the outstanding feature, the 4 metal anomaly at co-ordinates 2700N/700E should be tested by bulldozing or drilling after the E. M. survey has been extended over it

to better define the location of the bedrock mineralization. Other sites for follow up work along the high silver anomaly should also be selected when both E. M. and soil surveys have been completed on both sides of 3000N.

The area that has been tested so far by one or more surveys should be covered by all three surveys; magnetic, electromagnetic and soil sampling. After this is done attention should be given to other parts of the claim group until the entire group has been covered unless drilling of the best anomalous areas fails to produce sufficiently attractive mineral occurrences to warrant surveying the whole property.

On the assumption that the whole property will be covered and that two additional claims are to be staked to square off the north-east corner, it is estimated that additional work will be required as follows:

1. Line cutting on 32 claims
2. Geochemical survey on 47 claims.
3. Magnetic and electromagnetic surveys on 42 claims.
4. Follow up bulldozing and diamond drilling as results warrant.

It is recommended that a base map of 1000' to the inch with contours at 50' intervals be made up from the existing photography. The claim block is 10 claims by 7 claims or about 6 square miles. The cost of such a map varies from \$70.00 to \$90.00 a square mile.

This map can be enlarged where needed and would be useful in the evaluation of soil anomalies and for providing geological sections.

The work program may be divided into 2 stages.

ESTIMATED COST OF PROPOSED PROGRAM

Stage One

1. Line cutting on 32 claims with lines 300' apart.	\$ 6,000.00
2. Geochemical survey on 47 claims at 75 samples per claim costing \$300 each for collection and analysis.	\$ 14,000.00
3. Magnetic and electromagnetic surveys on 42 claims at \$140.00 per claim.	\$ 6,000.00
4. Follow up bulldozing and drilling in initial stage allow	\$ 10,000.00
5. Base map from available aerial photography	\$ 600.00
6. Geological mapping of available outcrop on above base map allow initially	\$ 3,000.00
7. Transport and communications, allow	\$ 3,000.00
8. Administration, allow	\$ 10,000.00

\$ 52,600.00

Contingencies 15%

7,890.00

\$ 60,490.00

Say:

\$ 60,000.00

Stage Two

1. Allow for up to 5000 feet of contract diamond drilling at \$12.00 a foot.	\$ 60,000.00
2. Preparing drill sites, providing core boxes, splitting core, logging core and assaying, allow	\$ 10,000.00
3. Supervision and Engineering at 10%	\$ 7,000.00
4. Transportation, allow	\$ 2,000.00
5. Administration, allow	\$ 12,000.00
	<u>\$ 91,000.00</u>
Contingencies 10%	9,100.00
	<u>\$100,100.00</u>
Say:	<u><u>\$100,000.00</u></u>

Combined Stage one and Stage two: \$160,000.00

It should not be necessary to raise funds for more than Stage 1 at the present time.

Respectfully submitted,
J. A. Mitchell, P. Eng.

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Cockfield, W. E.: Geology and Mineral Deposits of Nicola Map Area, British Columbia; Geol. Surv., Canada, Memoir 249, Pub. 1948, P. 81.

Geochemical & Geophysical Report by Sherwin F. Kelly, December 28, 1968 for assessment purposes.

Geophysical Report by Sherwin F. Kelly, December 4, 1970 for assessment purposes.

Geophysical Report by Sherwin F. Kelly, January 4, 1971.

CERTIFICATION

I, James Alexander Mitchell of 2991 Mathers Ave., West Vancouver, B.C., do hereby certify that:

I am a Consulting Mining Engineer with office at 813-837 West Hastings St., Vancouver, B.C.
I am a Registered Professional Engineer in the province of British Columbia.

I am a graduate of the University of British Columbia in Mining Engineering (B.A. Sc. 1932) and have practiced my profession for 36 years.

I have no interest, direct or indirect, in the properties or securities of Acaplomo Mining and Development Co. Ltd., nor do I expect to have any such interest.

The foregoing report is based on an examination made of the workings and immediate vicinity thereof on the Makelstin Claims on May 6, 1968, and from a review of former reports of other engineers, including those of the B.C. Department of Mines and the Geological Survey of Canada and the reports covering the geochemistry and geophysics done since my examination of the property.

I consent to the inclusion of this report, in its entirety, in any prospectus prepared on the property for Acaplomo Mining and Development Co. Ltd.

Respectfully submitted,
J. A. Mitchell, P. Eng.

June 1, 1971

Acaplomo Mining & Development Co. Ltd. (N.P.L.)
c/o Armstrong, Brawner, Speton & Phillips,
1250 One Bentall Centre,
501 Burrard Street,
VANCOUVER, B.C.

Dear Sirs:

Re: March 1971 report on Makelstin claim group

If the present tight money situation makes it difficult to raise venture capital to the amount called for in the above report, it may be necessary to reduce the program in order to put the recommendations into effect. In that event, the first steps in the development program could be set up as follows:

1. line cutting, geophysical and geochemical surveys	\$ 5,800
2. bulldozing	1,000
3. diamond drilling 1,100 feet	13,200
4. splitting and logging core and assaying same	1,200
5. transport and communications, allow	500
6. engineering and supervision	2,700
	<u>\$24,400</u>
contingencies about 10%	2,600
	<u>\$27,000</u>

Yours very truly,

J. A. Mitchell, P. Eng.

x

ACAPLOMO MINING & DEVELOPMENT CO.

LTD. (N.P.L.)

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February 28, 1971

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MOEN, KENT, MUNRO & CAMPBELL

G. WARREN BEST, C.A.
RESIDENT PARTNER

CHARTERED ACCOUNTANTS

2025 GRANITE AVENUE, MERRITT, B.C.

TELEPHONE: 378-2215

March 12, 1971

AUDITORS' REPORT

To the Shareholders,
Acaplomo Mining & Development Co. Ltd. (N.P.L.)
Merritt, B. C.

We have examined the balance sheet of Acaplomo Mining & Development Co. Ltd. (N.P.L.) as at February 28, 1971 and the statements of administration, exploration and development expenditures and of source and application of funds for the period ended on that date. 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, the accompanying balance sheet and the statements of administration, exploration and development expenditures and of source and application of funds present fairly the financial position of the company as at February 28, 1971 and the results of its operations for the period ended on that date in accordance with generally accepted accounting principles consistently applied.

Moen, Kent, Munro & Campbell

Chartered Accountants.

ACAPLOMO MINING & DEVELOPMENT CO. LTD. (N.P.L.)

EXHIBIT

(Incorporated under the laws of the Province of British Columbia)

BALANCE SHEET AS AT FEBRUARY 28, 1971

(With comparative figures at January 24, 1970)

<u>ASSETS</u>	<u>1971</u>	<u>1970</u>
Current Assets:		
Cash	\$ 99.58	\$ 117.07
Investment In Aabax Development Ltd. (N.P.L.) Shares - at cost - notes 2 and 4	10,000.00	10,000.00
Leasehold Improvements - at cost - note 5 ...	602.67	418.62
Mineral Claims - at cost - notes 1, 2 and 6..	261,033.00	261,033.00
Deferred Expenditures - at cost - note 6		
Administration - Exhibit B	21,510.40	10,710.61
Exploration and development - Exhibit C ..	25,234.76	17,352.26
Incorporation and organization costs	1,510.52	1,510.52
	<u>48,255.68</u>	<u>29,573.39</u>
	\$ 319,990.93	\$ 301,142.08

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities:		
Accounts payable	\$ 10,187.74	\$ 4,439.58
Loans from directors	716.31	500.00
	<u>10,904.05</u>	<u>4,939.58</u>
Shareholders' Equity:		
Share capital:		
Authorized:		
5,000,000 shares, par value 50¢ each		
Issued - note 2:		
500,000 shares for mineral claims- note 1	250,000.00	250,000.00
100,000 shares for investments- note 4	10,000.00	10,000.00
415,647 shares for cash - note 3..	49,086.88	36,202.50
	<u>1,015,647</u>	<u>296,202.50</u>
	\$ 319,990.93	\$ 301,142.08

The attached notes form an integral part of the balance sheet.

APPROVED BY THE BOARD:

Shawmut Kelly Director
W.A. McEldred Director

This is the balance sheet referred to in our report dated March 12, 1971.

MOEN, KENT, MUNRO & CAMPBELL
CHARTERED ACCOUNTANTS

ACAPLOMO MINING & DEVELOPMENT CO. LTD. (N.P.L.)

EXHIBIT B

STATEMENT OF ADMINISTRATION EXPENDITURES

FOR THE PERIOD NOVEMBER 14, 1967 (date of incorporation)

To February 28, 1971

	From Incorporation To January 24, 1970	From January 25, 1970 To February 28, 1971	Total To Date
Accounting, legal and transfer fees	\$ 697.70	\$ 4,775.57	\$ 5,473.27
Bank charges	120.62	118.25	238.87
Office and secretarial	3,997.05	4,917.96	8,915.01
Travel	5,895.24	988.01	6,883.25
	<u>\$ 10,710.61</u>	<u>\$ 10,799.79</u>	<u>\$ 21,510.40</u>

STATEMENT OF EXPLORATION AND DEVELOPMENT
EXPENDITURES

EXHIBIT C

FOR THE PERIOD NOVEMBER 14, 1967 (date of incorporation)

To February 28, 1971

Assessment and general fieldwork...	\$ 10,486.91	\$ 4,887.50	\$ 15,374.41
Engineering, geological and geophysical fees	4,049.85	2,685.00	6,734.85
Mapping	433.00	-	433.00
Free miner's licences	600.00	200.00	800.00
Recording fees	325.00	10.00	335.00
Staking costs	1,457.50	100.00	1,557.50
	<u>\$ 17,352.26</u>	<u>\$ 7,882.50</u>	<u>\$ 25,234.76</u>

MOEN, KENT, MUNRO & CAMPBELL
CHARTERED ACCOUNTANTS

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE PERIOD NOVEMBER 14, 1967 (date of incorporation)

To February 28, 1971

	From Incorporation To January 24, 1970	From January 25, 1970 To February 28, 1971	Total To Date
Source Of Funds:			
Proceed from sale of shares:			
- at 50¢ per share	\$ 1.00	\$ -	\$ 1.00
- at 25¢ per share	-	2,825.00	2,825.00
- at 20¢ per share	2,264.00	-	2,264.00
- at 18 3/4¢ per share	-	10,059.38	10,059.38
- at 10¢ per share	33,937.50	-	33,937.50
Total Source Of Funds	\$ 36,202.50	\$ 12,884.38	\$ 49,086.88
Application Of Funds:			
Leasehold Improvements.....	\$ 418.62	\$ 184.05	\$ 602.67
Mineral claims	11,033.00	-	11,033.00
Administrative expenditures ...	10,710.61	10,799.79	21,510.40
Exploration and development expenditures	17,352.26	7,882.50	25,234.76
Incorporation and organization costs	1,510.52	-	1,510.52
Total Application Of Funds	\$ 41,025.01	\$ 18,866.34	\$ 59,891.35
Decrease In Working Capital	\$ 4,822.51	\$ 5,981.96	\$ 10,804.47
Statement Of Working Capital:			
At beginning of period			
Current assets	\$ -	\$ 117.07	
Current liabilities	-	4,939.58	
Working capital deficiency..	-	4,822.51	
At end of period:			
Current assets	117.07	99.58	
Current liabilities	4,939.58	10,904.05	
Working capital deficiency..	4,822.51	10,804.47	
Decrease In Working Capital ...	\$ 4,822.51	\$ 5,981.96	\$ 10,804.47

MOEN, KENT, MUNRO & CAMPBELL
CHARTERED ACCOUNTANTS

NOTES TO FINANCIAL STATEMENTS

February 28, 1971

- Pursuant to a directors' resolution, 500,000 treasury shares have been allotted, at par value of 50¢ each, in consideration of the company acquiring all titles and rights to certain mineral claims shown on the balance sheet.
- Discounts were given upon the issue of shares as follows:

Number Of Shares	Allotted for	Par Value	Discount	Proceeds
500,000	Mineral claims	\$ 250,000.00	\$ -	\$ 250,000.00
100,000	Investment	50,000.00	40,000.00	10,000.00
415,647	Cash	207,823.50	158,736.62	49,086.88
1,015,647		\$ 507,823.50	\$ 198,736.62	\$ 309,086.88

- During the period January 25, 1970 to February 28, 1971 there were 64,950 shares issued for total proceeds of \$12,884.38. Except for these shares, all shares issued are being held by Canada Trust Company in escrow or under a pooling agreement, subject to release only with the consent of the Superintendent of Brokers, Province of British Columbia.
- Pursuant to a directors' resolution 100,000 treasury shares have been allotted at 10¢ each to Aabax Developments Ltd. (N.P.L.) in exchange for 100,000 treasury shares of that company at a price of 10¢ each. The par value of the shares of Aabax Developments Ltd. (N.P.L.) is 50¢ per share.
- No provision for amortization of the leasehold improvements has been made in the books of the company.
- The amounts shown for mineral claims, administration expenditures and exploration and development expenditures represent costs to date and are not intended to reflect present or future values.

MOEN, KENT, MUNRO & CAMPBELL
CHARTERED ACCOUNTANTS

ACAPLOMO MINING & DEVELOPMENT CO. LTD. (N.P.L.)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE PERIOD FEBRUARY 28, 1971 TO JULY 31, 1971

Source Of Funds		<u>NIL</u>
Application Of Funds:		
Administrative Expenditures:		
Legal, audit and transfer agent fees	\$ 1,909.88	
Bank charges and interest	73.82	
Office and secretarial expenses.....	<u>1,003.13</u>	\$ 2,986.83
Exploration And Development Expenditures:		
Recording assessment work and claims	132.00	
Geological and geophysical fees and reports	830.00	
Free miners certificate	<u>200.00</u>	<u>1,162.00</u>
Total Application Of Funds		<u>4,148.83</u>
Decrease In Working Capital Position		<u>\$ 4,148.83</u>
Statement Of Working Capital Position:		
	As At	As At
	<u>February 28, 1971</u>	<u>July 31, 1971</u>
Current Assets	\$ 99.58	\$ 4.40
Current Liabilities	<u>10,904.05</u>	<u>14,957.70</u>
Working Capital Deficiency	<u>\$ 10,804.47</u>	<u>\$ 14,953.30</u>
Decrease In Working Capital Position		<u>\$ 4,148.83</u>

To The Shareholders,
 Acaplomo Mining & Development Co. Ltd. (N.P.L.)
 Merritt, B. C.

We have examined the above statement of source and application of funds of Acaplomo Mining & Development Co. Ltd. (N.P.L.) for the period February 28, 1971 to July 31, 1971. 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, the above statement presents fairly the source and application of funds of the company for the period stated, in accordance with generally accepted accounting principles consistently applied.

Best Reimer & Co.

August 4, 1971.

Auditors.

BEST, REIMER & CO.
 CHARTERED ACCOUNTANTS