

013624

PROPERTY FILE

92P/136-051

92P/09W

92P-136

PYCU

DEPT. OF MINES AND PETROLEUM RESOURCES		
Rec'd NOV - 3 1974		
ASB		
EVJ.		

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

PROSPECTUS

DEER LAKE MINES LTD. (N.P.L.)  
Vancouver, British Columbia

August 29, 1974

NEW ISSUE

250,000

COMMON SHARES

	Price to Public	Commission	Proceeds to Company if all the shares offered are sold
Per Share	30¢	up to 6¢	24¢
Total	\$75,000	\$15,000	\$60,000

THERE IS NO MARKET FOR THE COMPANY'S SECURITIES.

A PURCHASE OF THE SHARES OFFERED BY THIS PROSPECTUS MUST BE CONSIDERED A SPECULATION SINCE THE COMPANY'S MINERAL CLAIMS ARE STILL ONLY IN THE EXPLORATION STAGE. REFERENCE SHOULD ALSO BE MADE TO THE CAPTION "PRINCIPAL HOLDERS OF SHARES" AND THE COMPARISON OF THE NUMBER OF SECURITIES BEING OFFERED TO THE PUBLIC BY THIS PROSPECTUS AND THE NUMBER ALREADY ISSUED TO THE PROMOTER FOR PROPERTY.

A MINIMUM SUBSCRIPTION IS REQUIRED UNDER THIS PROSPECTUS. REFERENCE IS MADE TO PAGE 5 AND THE CAPTION "USE OF PROCEEDS".

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

## I N D E X

Name and Incorporation of Issuer	2
Plan of Distribution	2
Description of Business	2
Property of the Issuer	2
Use of Proceeds	5
Directors and Officers	6
Description of Share Capital Structure	6
Capitalization	7
Shares Sold for Cash	7
Escrowed Shares	7
Promoters	8
Principal Holders of Shares	8
Remuneration of Directors and Senior Officers	8
Interest of Management and Others in Material Transactions	8
Pending Legal Proceedings	8
Auditors, Transfer Agents and Registrars	8
Prior Sales	9
Material Contracts	9
Other Material Facts	9
Purchaser Statutory Right of Rescission	9
Financial Statements	
Engineer's Report	
Certificate	

#### NAME AND INCORPORATION OF ISSUER

The full name of the Company is DEER LAKE MINES LTD. (N.P.L.) (the "Company"). Its registered office and records office is at 3000 Royal Centre, 1055 West Georgia Street, Vancouver, British Columbia, V6E 3R3 and its head office is at 1418 - 355 Burrard Street, Vancouver, British Columbia.

The Company was incorporated as a private company on the 19th of January, 1973 under the laws of the Province of British Columbia by Memorandum of Association, pursuant to the terms of an agreement between Windermere Exploration Ltd. (N.P.L.) and John M. McAndrew dated April 10, 1972 (the "McAndrew Agreement"). Pursuant to an agreement dated April 1972 Windermere Exploration Ltd. and Peregrine Exploration Ltd. were amalgamated as Barrier Reef Resources Ltd. (N.P.L.) in May 1972. The Company is a reporting Company.

#### PLAN OF DISTRIBUTION

The Company will sell the shares offered pursuant to this Prospectus only through brokers and/or broker-dealers and will pay or allow a commission of up to 20% or 6¢ per share to the selling brokers and/or broker-dealers so as to net the Company not less than 24¢ per share. No underwriting has been obtained by the Company.

#### DESCRIPTION OF BUSINESS

The principal business of the Company is mineral exploration and the acquisition and development of mining properties. So far, the Company's activities have been confined to the Deer Lake area, Province of British Columbia.

The Company was incorporated pursuant to an Agreement between Windermere Explorations Ltd. (N.P.L.) ("Windermere") and John M. McAndrew dated April 10, 1972 (the "McAndrew Agreement"). Under the McAndrew Agreement John M. McAndrew optioned to Windermere mineral claims Pycu 1 - 48 inclusive and Fort 1 to 6 inclusive situate in the Deer Lake area, Kamloops Mining Division, Province of British Columbia for an initial cash payment of \$5,000, and a 1972 work commitment by Windermere of not less than \$20,000 with Windermere having the option, exercisable prior to January 31, 1973, to cause a new company to be incorporated to acquire the above mentioned claims and any additional claims which would become subject to the McAndrew Agreement for the consideration of the issue and allotment to Windermere and McAndrew of a total of 750,000 shares of the new Company.

Windermere amalgamated with Peregrine Explorations Ltd. to form Barrier Reef Resources Ltd. (N.P.L.) ("Barrier") in May of 1972 and thus assumed Windermere's position under the McAndrew Agreement. Barrier conducted an exploration programme on the said claims and surrounding areas and located additional mineral claims which became subject to the McAndrew Agreement and upon incorporation of the Company, Barrier caused all those claims to be transferred to the Company.

#### PROPERTY OF THE ISSUER

The Company has the following interests in mineral claims and fractional mineral claims situated in the Deer Lake Area, approximately 11 miles northwest of the town of Little Fort in the Kamloops Mining Division, Province of British Columbia and accessible by truck via the Rock Island Lake Logging road and a series of rough logging roads.

1. OWNED CLAIMS

The Company is the recorded and sole beneficial owner of the following 65 mineral claims and fractional mineral claims (hereinafter called the "Property"):

<u>Name of Claim</u>	<u>Record Number</u>
PYCU 1 - 39, incl. (PYCU 26 being a fractional claim)	106121 - 106159, incl.
PYCU 40- 42, incl.	106160 - 106162, incl.
FORT 1 - 6, incl.	102082 - 102087, incl.
LV 11 Fr. - 16 Fr. incl.	115201 - 115206, incl.
LV 17 - 26, incl.	115207 - 115216, incl.
LV 92 Fr.	123359

2. RIO CLAIMS

Under agreement (the "Rio Agreement") dated February 21, 1973, between the Company and Rio Algom Mines Limited ("Rio") the Company leased to Rio the following mineral claims:

<u>Name of Claim</u>	<u>Record Number</u>
LV 27-68, incl.	115217 - 115258, incl.
LV 69 Fr. - 72 Fr. incl.	115259 - 115262, incl.

Under the terms of the Rio Agreement the Company is entitled to receive a Royalty of 20% of Net Distributable Cash as defined therein from the operation of the above claims as a mine.

In order for the Rio Agreement to remain in full force and effect, Rio is required to expend in doing work pursuant to the Rio Agreement on or before February 15, 1974 an aggregate amount of at least \$10,000 and thereafter an aggregate amount of at least \$40,000 on or before February 15, 1975, an aggregate amount of at least \$100,000 on or before February 15, 1976, an aggregate amount of at least \$200,000 on or before February 15, 1977, an aggregate amount of at least \$300,000 on or before February 15, 1978, an aggregate amount of at least \$450,000 on or before February 15, 1979, and on or before February 15 in each year commencing February 15, 1979 Rio is required to pay to the Company \$25,000 as an Advance Royalty Payment.

The Property and the Rio Claims were transferred to the Company pursuant to the terms of the McAndrew Agreement in consideration of the issue and allotment of 750,000 fully paid and non-assessable shares to Barrier Reef Resources Ltd. (N.P.L.), the promoter of the Company and John M. McAndrew in the following proportions:

Barrier Reef Resources Ltd. (N.P.L.) #1418-355 Burrard Street Vancouver, British Columbia	525,000
John M. McAndrew #212, 14840-105th Avenue Surrey, British Columbia	225,000

On January 28, 1974, John M. McAndrew transferred 112,500 of his shares to a John Barakso who subsequently transferred those shares to his Wife, Helen I. Barakso of 1323 Winton, North Vancouver, British Columbia. To the best knowledge of the Company, no persons other than John Barakso and Helen I. Barakso received a greater than 5% interest in the shares received by the above vendors.

Discoveries of lead, zinc, copper and gold led to the first staking in the area as early as 1920. Activity was intermittent until 1930 and 1931 when Premier Gold Mines explored the gold mineralization on what is now referred to as the Lakeview Mine on the United Copper Corporation's ("United Copper") claims. In 1966 United Copper acquired a group of claims in the area and were surrounded the same year by the staking of a larger group by Anaconda Brass Company ("Anaconda"). During 1966 and 1967 Anaconda carried out a programme of mapping, soil sampling, induced polarization surveys, with some trenching and diamond drilling. Similar work was conducted on the United Copper claims. Subsequently, much of the area was allowed to lapse.

During 1972, Barrier did prospecting and mapping programmes on a reconnaissance basis on the Property with geochemistry and electromagnetic surveys as a follow-up. The Company continued the rock geochemistry in 1973 and conducted a small amount of diamond drilling on parts of the Property.

No underground exploration and development has been carried out on the Company's properties and no underground or surface plant and equipment is situate thereon. THE PROPERTIES OF THE COMPANY DO NOT CONTAIN ANY KNOWN QUANTITIES OF COMMERCIAL ORE AND THE WORK PROPOSED TO BE CARRIED OUT IS AN EXPLORATORY SEARCH FOR ORE.

According to a Report to the Company dated February 4, 1974 by Joseph Sullivan, P. Eng., the most common type of mineralization is sulphides in disrupted portions of the Nicola rocks. Pyrite and pyrrhotite are wide spread. Chalcopyrite is present as fine disseminations and fracture fillings in several localities. Other metals such as silver, mercury, arsenic and zinc have been detected by geochemical analyses.

For details reference is made to the Report of Joseph Sullivan, P. Eng., on the Pycu-LV-Fort Claims made to the Company dated February 4, 1974 which is reproduced in full in this Prospectus.

The exploration programme proposed by Joseph Sullivan for the 1974 field season at page 14 of his Report is as follows:

"The first step would be a detailed geological (with a magnetometer), geochemical, and geophysical survey over the above selected claims with Pycu numbers 20, 22 and 24 having priority.

The magnetometer is suggested as a useful aid to the geology for it can accurately trace the various rock contacts and structures through areas of overburden. Further, the magnetometer will isolate any underlying zones of heavy pyrrhotite mineralization.

Soil sampling into the silts below the humus and boulder zones is recommended as well as continued use of rock geochemistry.

A few areas selected from the results of the mapping a geochemistry should be tested and induced polarization surveys and, again, with a magnetometer. Both these methods of geophysics not only outline the horizontal limits of a sulphide body but give reasonably accurate measurements between the distance of the top of the sulphides and the surface.

On completion of the first recommended surveys the Company should be in a position to intelligently select areas for trenching, sampling and diamond drilling."

The cost estimate for the above program is as follows:

Board, Lodging and Transportation:

Geologist, Assistant, 2 Prospectors 90 days @ \$22/manday, plus \$3,000 transportation.....	\$10,920	
Add two geophysicsts for 15 days	660	\$11,580

Wages:

Geologist	3 x \$1,200 .....	3,600	
Assistant and Prospectors	3 x 3 x \$800 .....	7,200	\$10,800

Contract geophysics ..... \$ 3,000

Assaying and Engineering Supplies ..... \$ 3,500

Mobilization and Additional Travel..... \$ 2,500

Supervision and Engineering ..... \$ 4,500  
\$35,880

Contengencies @ 15% .....	5,382
TOTAL: (rounded)	<u>\$42,000</u>

USE OF PROCEEDS

The proceeds received by the Company from the sale of the shares offered hereunder will be used as follows:

1. To carry out the exploration programme recommended by Joseph Sullivan, P. Eng., in his report to the Company dated February 4, 1974.
2. To repay Barrier for advances made to the Company in the amount of \$3,273.
3. To pay the costs incurred in connection with the issue of this prospectus, said costs estimated to be not more than \$5,000.
4. To pay the Listing fee of \$2,000 for listing on the Vancouver Curb Exchange.
5. The balance of the proceeds will be used to provide working capital and to defray administrative expenses of the Company, said balance to be \$7,727 if all shares offered hereunder are sold.

The above amounts total \$60,000 being a minimum subscription. Proceeds from the sale of shares hereunder will be deposited with Canada Permanent Trust Company in a separate account until the minimum subscription is raised or

until ninety (90) days from the date of the receipt for filing of this prospectus. In the event that the minimum subscription is not raised within said ninety day period and no extension of time is obtained by the Company, all subscriptions for shares held by Canada Permanent Trust Company will be returned to the subscribers in full. The minimum subscription will not be released to the Company until an authorization is obtained from the Commission. The Listing fee of \$2,000 for listing on the Vancouver Curb Exchange will be held by Canada Permanent Trust Company to be used for that purpose only.

On the basis of the initial exploration results and upon the advice of Joseph Sullivan, P. Eng., or any other qualified engineer, the Company may vary the proposed exploration programme and may direct additional funds to be expended on properties now held by the Company or other properties, if any, acquired as a result of its proposed exploration programme. In addition the Company may, pursuant to the recommendation of a qualified engineer, abandon any part of the Property or may alter as work progresses, the work programme recommended or may make arrangements for the performance of all or any portion of such work by other persons or companies and may use any money so diverted for the purpose of examining and acquiring other properties and conducting work thereon. The Company has no present plans in this regard. If any such event occurs during the primary distribution of the shares offered by this prospectus, an amendment to this prospectus will be filed.

None of the proceeds shall be used to invest, underwrite or trade in securities other than those that qualify as investments in which trust funds may be invested under the laws of the jurisdiction in which securities offered by this prospectus may be lawfully sold. Should the Company propose to use the proceeds to acquire non trustee type securities after initial distribution of the securities offered by this prospectus, prior approval by the shareholders must first be obtained and notice of the intention filed with the securities regulatory bodies having jurisdiction over the sale of the securities offered by this prospectus.

DIRECTORS AND OFFICERS

<u>Name and Address</u>	<u>Principal Occupation for past 5 years</u>	<u>Position with the Company</u>
Albert Frederick Reeve 1090 Aubeneau Crescent West Vancouver, B.C.	Geological Engineer	President and Director
Jurgen Theodor Lau 3929 Marine Drive West Vancouver, B.C.	Lawyer	Secretary and Director
Robert Page Chilcott 1651 Riverside Drive North Vancouver, B.C.	Stockbroker	Director
Bryan Joseph Reynolds 6657 Churchill Vancouver, B.C.	Lawyer	Director

DESCRIPTION OF SHARE CAPITAL STRUCTURE

The share capital of the Company consists of one

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

CAPITALIZATION

<u>Designation of Security</u>	<u>Amount Authorized By Memorandum</u>	<u>Amount Outstanding as at May 31, 1974</u>
Common Shares No Par Value	3,000,000	750,002

<u>Amount Outstanding as at August 29, 1974</u>	<u>Amount to be Outstanding if all Securities being issued are sold</u>
750,002	1,000,002

SHARES SOLD FOR CASH

Since its incorporation, the Company has sold the following shares for cash:

<u>Number of Shares</u>	<u>Price per Share</u>	<u>Net cash Received</u>	<u>Commission</u>
2	\$1.00	\$2.00	NIL

ESCROWED SHARES

<u>Designation of Security</u>	<u>Number of Shares Held in Escrow</u>	<u>Percentage of Class</u>
Common Shares No Par Value	750,000	99.9%

As of the date of this Prospectus, certificates representing the 750,000 shares of John M. McAndrew, Helen I. Barakso and of Barrier Reef Resources Ltd. (N.P.L.) are held in escrow by Canada Permanent Trust Company, 455 Granville Street, Vancouver, British Columbia, subject to release only with the written consent of the Superintendent of Brokers for the Province of British Columbia. The shares may not be traded in or 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 said shares without the consent of the Commission.

In the event the Company loses or abandons or fails to obtain title to all or part of the property for which it allotted all or part of the escrow shares, the Company will declare any such event to the Commission by way of directors' resolution and the holders of such shares, the trustee thereof and the Company, have agreed that such number of said shares as the Commission determines shall have become subject to cancellation and shall be surrendered



to the Company by way of gift for cancellation. The complete text of the escrow agreement is available for inspection at the records office of the Company.

PROMOTERS

Barrier Reef Resources Ltd. (N.P.L.) caused the Company to be incorporated and is causing the Company to file this Prospectus in order to qualify by way of a Prospectus 250,000 shares of the Company for sale to the public in British Columbia pursuant to its obligations under the McAndrew Agreement and, therefore, can be considered the promoter of the Company.

For the cost of assets transferred to the Company reference is made to the caption "DESCRIPTION OF BUSINESS".

PRINCIPAL HOLDERS OF SHARES

Set forth hereunder are the particulars of the principal holders of shares of the Company as of the date of this Prospectus:

<u>Name and Address</u>	<u>Designation of Class</u>	<u>Type of Ownership</u>	<u>No. of Shares Owned</u>	<u>Percentage of Class</u>
John M. McAndrew 137 East 26th Street, North Vancouver, B.C.	Common Shares	Of Record and Beneficially	112,500	15%
Helen I. Barakso	Common Shares	Of Record and Beneficially	112,500	15%
Barrier Reef Resources Ltd. (N.P.L.)	Common Shares	Of Record and Beneficially	525,000	70%

The Directors and senior officers of the Company hold no shares in the Company except A.F. Reeve and J.T. Lau who hold one share each.

If all of the shares offered by this Prospectus are sold to the public, the issue will represent 25% of the shares then outstanding as compared to 52.5% that will then be owned by Barrier the Promoter, issued for property.

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

No remuneration has been paid to any of the Company's Directors since its incorporation and no remuneration has been or is intended to be paid. However, the Secretary of the Company, Jurgen T. Lau, as a member of the firm of Bull, Housser & Tupper, the Company's solicitors, is entitled to participate in fees earned for professional services rendered to the Company by its solicitors. It is not the intention of the Company to pay a management fee to any person or company. Each of the Directors of the Company is a Director of Barrier and as such has an interest in the transaction with Barrier disclosed under the captions "DESCRIPTION OF BUSINESS" and "PROPERTY OF ISSUER".

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Reference is made to the captions "DESCRIPTION OF BUSINESS", "PROPERTY OF ISSUER" and "PROMOTERS" for details regarding shares issued to the promoter and others for property.

PENDING LEGAL PROCEEDINGS

The Company is not a party to any legal proceedings. None of the Company's properties are the subject of legal proceedings. No such proceedings are contemplated.

#### AUDITORS, TRANSFER AGENTS AND REGISTRARS

The Auditors for the Company are MacGillivray & Co., 1055 West Georgia Street, Vancouver, British Columbia. The Transfer Agent and Registrar for the Company is Canada Permanent Trust Company, 455 Granville Street, Vancouver, British Columbia.

#### PRIOR SALES

Other than the issue and allotment of the two subscribers' shares subscribed and paid for at \$1.00 each there have been no prior sales.

#### MATERIAL CONTRACTS

There are no material contracts which may be considered outside the usual course of business but reference is made to the captions "DESCRIPTION OF BUSINESS" and "PROPERTY OF THE ISSUER" where particulars of the Agreement whereunder the Company acquired its property interests are set forth. The McAndrew Agreement and the Rio Agreement may be inspected at the registered office of the Company between the hours of 10.00 to 12.00 A.M., Monday to Friday.

#### OTHER MATERIAL FACTS

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

#### PURCHASER STATUTORY RIGHT OF RESCISSION

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 a right to rescind a contract for the purchase of a security, while still the Owner thereof, if a copy of the last Prospectus, together with financial statements and reports and summaries of reports relating to the securities as filed with the British Columbia Securities Commission, 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 prospectus or any amended prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of 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.

# MacGillivray & Co.

Chartered Accountants

Suite 1700 — Royal Bank Office Tower  
P.O. Box 11117 Royal Centre  
1055 West Georgia Street  
Vancouver V6E 3P3, Canada  
(604) 684-0384 Cable "Charts"

**International:**

Leidesdorf MacGillivray & Co.  
Moore MacGillivray & Co.

Vancouver  
Edmonton  
Calgary  
Winnipeg  
Listowel  
Port Colborne  
St. Catharines  
Brampton  
Hamilton  
Toronto  
Montreal

## AUDITORS' REPORT

We have examined the balance sheet of Deer Lake Mines Ltd. (N.P.L.) as at May 31, 1974 and the statement of source and application of working capital from date of incorporation, January 19, 1973 to May 31, 1974. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at May 31, 1974 and the source and application of its working capital for the period then ended, in accordance with generally accepted accounting principles.



Vancouver, Canada  
June 5, 1974

CHARTERED ACCOUNTANTS

DEER LAKE MINES LTD. (N.P.L.)  
BALANCE SHEET AS AT MAY 31, 1974

ASSETS

CURRENT	
Cash	\$ 112
Share subscriptions receivable	<u>2</u> \$ 114
MINERAL PROPERTIES (Note 1)	75,000
DEFERRED COSTS	
Exploration and development expenses	838
Administration expenses	2,323
Incorporation expenses	<u>1,000</u> <u>4,161</u>
	<u>\$79,275</u>

LIABILITIES

CURRENT	
Advance from parent company	\$ 3,273
Accrued liability	<u>1,000</u>
	4,273

SHAREHOLDERS' EQUITY

CAPITAL STOCK (Note 2)	
Authorized -	
3,000,000 common shares with a par value of \$.50 each	
Issued	
750,002 shares	<u>75,002</u>
	<u>\$79,275</u>

APPROVED BY THE DIRECTORS

*Atken*

*J. T. Lee*

DEER LAKE MINES LTD. (N.P.L.)

STATEMENT OF SOURCE AND APPLICATION OF WORKING CAPITAL

FOR THE PERIOD ENDED MAY 31, 1974  
(COMMENCING JANUARY 19, 1973)

SOURCE

Option payment (Note 1)	\$ 2,000
Shares issued for cash	<u>2</u> \$ 2,002

APPLICATION

Incorporation costs	1,000
Administration costs	2,323
Exploration and development costs	<u>2,838</u> \$ 6,161

DECREASE IN WORKING CAPITAL 4,159

WORKING CAPITAL AT BEGINNING OF PERIOD -

WORKING CAPITAL DEFICIENCY AT END OF PERIOD \$ 4,159

DEER LAKE MINES LTD. (N.P.L.)

EXPLORATION, DEVELOPMENT AND ADMINISTRATION COSTS

FOR THE PERIOD ENDED MAY 31, 1974  
(COMMENCING JANUARY 19, 1973)

EXPLORATION AND DEVELOPMENT

Claim rentals	\$ 640
Consulting	150
Mining certificate	600
Recording fees	678
Report	<u>770</u>
	2,838
Option payment	<u>(2,000)</u>
	<u>\$ 838</u>

ADMINISTRATION

Legal and disbursements	<u>\$2,323</u>
-------------------------	----------------

DEER LAKE MINES LTD. (N.P.L.)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED MAY 31, 1974

1. MINERAL PROPERTIES

The company acquired 111 mineral claims situated at Deer Lake in the Kamloops Mining Division, British Columbia, for the value attributed to 750,000 shares issued to the vendors.

46 of the above claims are currently under option to another company. The company received \$2,000 cash consideration for granting this option.

\$75,000

2. CAPITAL STOCK

Since incorporation, the company has issued stock as follows:

	<u>Shares</u>	<u>Value attributed</u>
For properties (Note 1)	750,000	\$75,000
For cash (not paid)	<u>2</u>	<u>2</u>
	<u>750,002</u>	<u>\$75,002</u>

3. DIRECTORS' REMUNERATION

The company has paid to a law firm, which has as one of its partners a director and officer of the company, \$1,625 for legal services rendered with respect to incorporation and general corporate affairs. There has been no other remuneration to directors and officers.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The company is in the development stage and has established a policy of deferring all costs relating to exploration projects, including related administration costs, until such time as the projects are abandoned, sold or put into commercial production.

The amounts shown for mineral properties and deferred costs represent costs to date and are not intended to reflect present or future values.



REPORT ON

THE PYCU - LV - FORT CLAIMS

KAMLOOPS MINING DIVISION  
Little Fort Area, B.C.

FOR

DEER LAKE MINES LTD.  
1418 - 355 Burrard Street  
Vancouver V6C 2P8 B.C.

BY

Joseph Sullivan, P.Eng.  
3908 S.E. Marine Drive  
Burnaby 1, B.C.

February 4, 1974

## TABLE OF CONTENTS

	Page
INTRODUCTION .....	1
LOCATION .....	2
PROPERTY AND OWNERSHIP .....	3
HISTORY .....	5
GENERAL GEOLOGY .....	8
MINERALIZATION .....	10
SAMPLE ANALYSIS .....	11
CONCLUSIONS .....	12
RECOMMENDATIONS .....	14
COST OF THE RECOMMENDED WORK .....	16

### List of Sketches

- LOCATION .....	(After 2)
- CLAIM OUTLINE .....	(After 4)
- PREVIOUS WORK .....	(After 7)
- GENERAL GEOLOGY .....	(After 9)

REPORT ON  
THE PYCU AND LV CLAIMS

OF

DEER LAKE MINES LTD.  
1418 - 355 Burrard Street  
Vancouver V6C 2P8 B.C.

---

I N T R O D U C T I O N

On January 26, 1974 the writer was retained by Deer Lake Mines Ltd. to report on the work done on that company's claim group near Little Fort B.C. This report is based on the writer's experience in the area during the summer season of 1970. Other information used in the compilation includes G.S.C. Memoir 363, Minister of Mines Report 1970, and engineering data supplied by Cordilleran Engineering Limited.

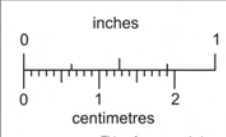
## LOCATION

(Long. 120°30', Lat. 51°30')

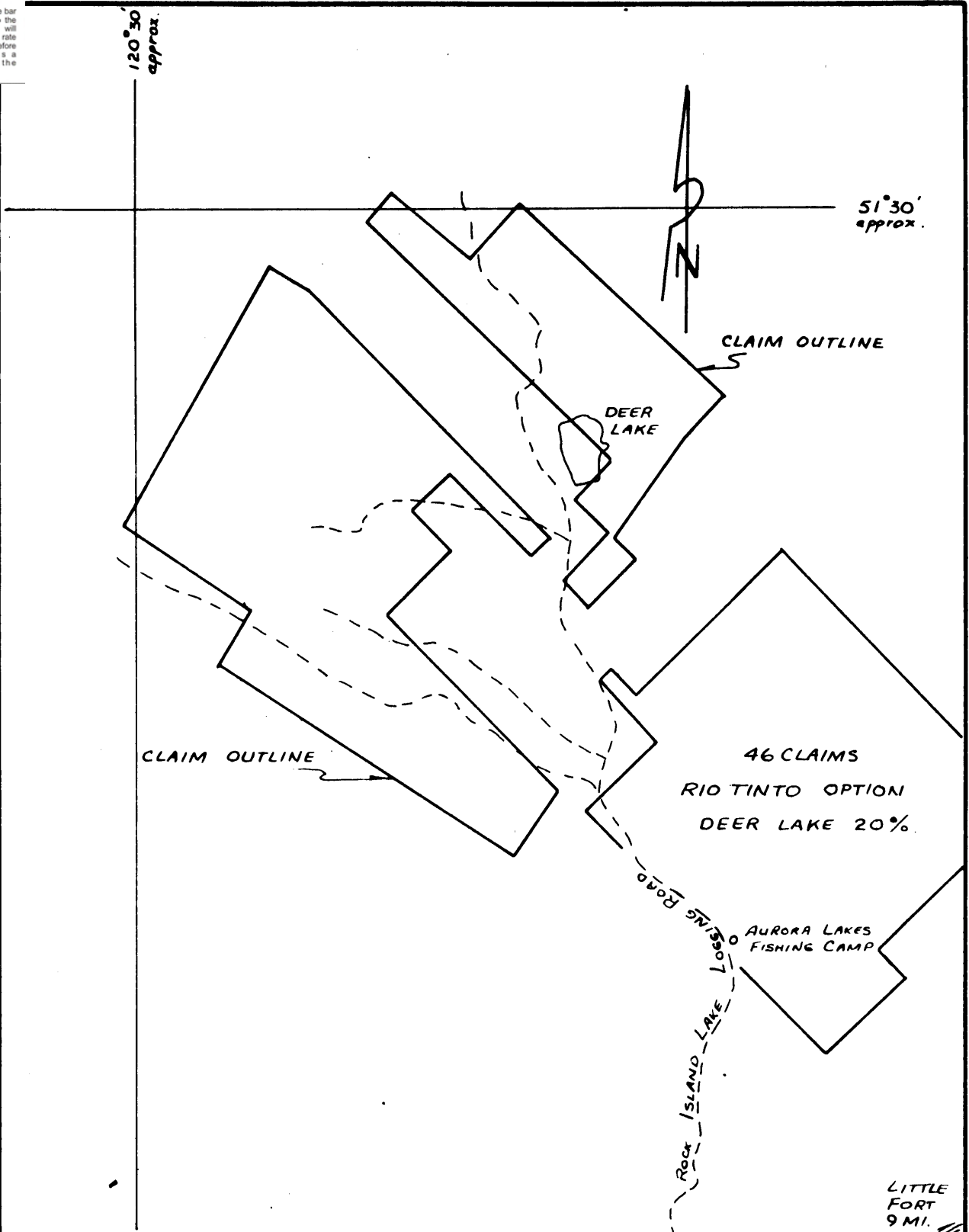
This property is located in the Kamloops Mining Division 60 airmiles north of Kamloops city. It lies approximately 11 miles northwest of Little Fort on the Yellowhead Highway.

The claims are made accessible by truck via the Rock Island Lake logging road and a series of rough roads into the groups interior.

The following "Location Sketch" shows the more prominent roads fingering through the area.



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.



PROPERTY: DEER LAKE	LOCATION: KAMLOOPS M.D.	SUBJECT: LOCATION
SCALE: 1" = 1.25 MI.	DATE: FEB. 4, 1974	DWG: G. LITTLE REPORT:

## PROPERTY AND OWNERSHIP

The files in the Mining Recorder's Office in  
Vancouver, B.C. show that, on May 29, 1972

Barrier Reef Resources Ltd. (N.P.L.)  
1418 - 355 Burrard Street  
Vancouver, B.C.

sold to,

Deer Lake Mines Ltd.  
1418 - 355 Burrard Street  
Vancouver, B.C.

all interest in mineral claims:

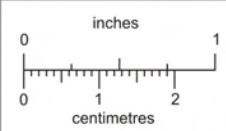
<u>Name</u>	<u>Record Numbers</u>
Pycu 1 - 25 incl.	106121-106145
Pycu 26 Fraction	106146
Pycu 27 - 42 incl.	106147-106162
Fort 1 - 6 incl.	102082-102087
LV 11 - 84 incl.	115201-115274
LV 87 - 91 incl.	115275-115279
LV 92 Fraction	123359

PROPERTY AND OWNERSHIP (cont'd)

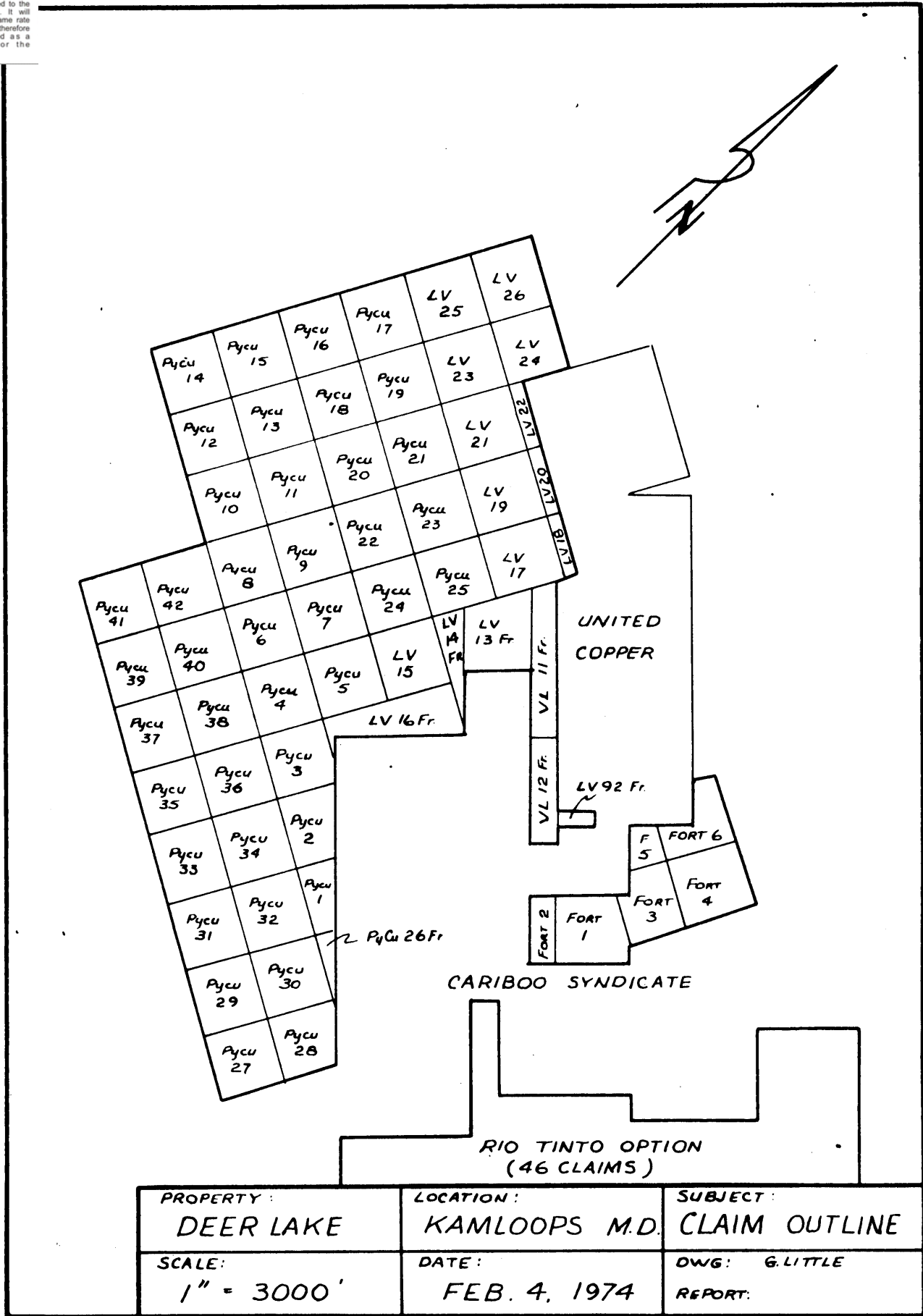
At the present time Deer Lake Mines is holding 65 claims and fractions with the following names and expiry dates:

<u>Claim Name</u>	<u>Record Numbers</u>	<u>Expiry Date</u>	
Fort 1-6	102082-102087	December 7, 1975	(6)
LV Frs. 11-13	115201-115203	May 3, 1976	
LV Fr. 92	123359	December 4, 1974	(4)
LV 17, 18	115207, 115208	May 3, 1976	
LV 19, 20, 22	115209, -10, -12	May 3, 1975	
LV 21, 23-26	115211, -13, -14, -15, -16	May 3, 1976	(10)
Pycu 6, 8-17	106126, 106128-37	February 28, 1977	
20, 22	106140, 106142	February 28, 1977	(13)
Pycu 34, 35-39	106154-106159	February 28, 1977	
41, 42	106161, 106162	February 28, 1977	(8)
LV 14Fr, 15Fr, 16Fr.	115204-115206	May 3, 1977	(3)
Pycu 27-33	106147-106153	February 28, 1978	(7)
Pycu 1-5, 7	106121, -25, -27	February 28, 1978	
26 Fr.	106136	February 28, 1978	(7)
Pycu 18, 19, 21	106138, -39, -41	February 28, 1978	
23, 24, 25, 40	106143, -44, -45, -60	February 28, 1978	(7)
		Total Claims =	(65)

An additional 46 claims have been optioned to Rio Tinto Explorations with Deer Lake holding a 20 percent net proceeds royalty interest. They are named on the following "Claim Outline" as the Rio Tinto Option.



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.



PROPERTY : <b>DEER LAKE</b>	LOCATION : <b>KAMLOOPS M.D.</b>	SUBJECT : <b>CLAIM OUTLINE</b>
SCALE: <b>1" = 3000'</b>	DATE: <b>FEB. 4, 1974</b>	DWG: <b>G. LITTLE</b> REPORT:



## H I S T O R Y

Discoveries of lead, zinc, copper and gold lead to the first staking in the area as early as 1920.

Activity was intermittent until 1930 and 1931 when Premier Gold Mines explored the gold mineralization on what is now referred to as the Lakeview Mine on the United Copper Corporation's claims.

In 1966 United Copper staked a group of claims in the area and were surrounded the same year by the staking of a larger group by Anaconda Brass Company. During 1966 and 1967 Anaconda carried out a programme of mapping, soil sampling induced polarization surveys, with some trenching and diamond drilling. Similar work was conducted on the United Copper claims. Subsequently, much of the area was allowed to lapse.

In the winter of 1971 and 1972 J. M. McAndrew

## HISTORY (cont'd)

staked the area now held in whole or in part by Deer Lake Mines Ltd. First, this ground was optioned to Barrier Reef Resources Ltd., then later transferred by Bill of Sale to Deer Lake.

During 1972 Barrier Reef did prospecting and mapping programmes on a reconnaissance basis with geochemistry and electromagnetic surveys as a follow-up.

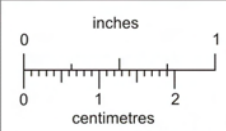
Deer Lake continued the rock geochemistry in 1973, plus a small amount of diamond drilling.

The Barrier Reef-Deer Lake programmes resulted in a strong E/M conductor zone within a high arsenic soil anomaly. Also, they isolated a broad anomaly in copper, zinc, and mercury.

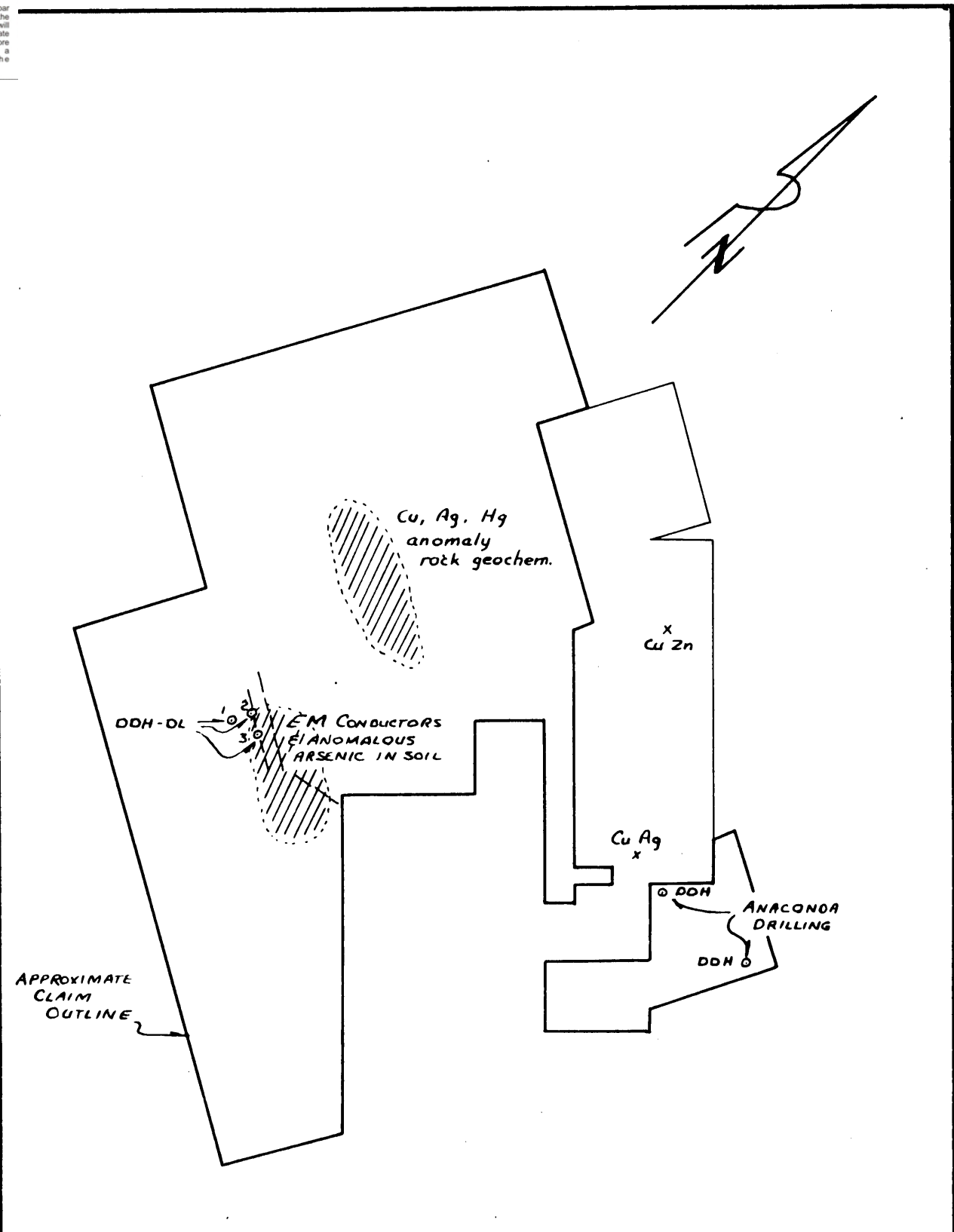
A resume of "Previous Work" has been included herein along with a location sketch of the results. These items permit a quick analysis of the work results to date.

## RESUME OF PREVIOUS WORK

<u>METHOD OF EXPLORATION</u>	<u>DATE/COMPANY</u>	<u>GENERAL LOCATION</u>	<u>POSITIVE RESULTS</u>	<u>LOCATION OF POSITIVE RESULTS</u>
General prospecting and exploration	1930 - 1931 Premier Gold	United Copper claim	Copper-gold mineralization	Lakeview Mine
Mapping, geochem, induced polarization, diamond drilling	1966 - 1967 Anaconda Brass	Area in general	Not known	Some drilling on Fort claims
Reconnaissance mapping and prospecting. Soil and rock geochem. Limited E/M survey.	1972 Barrier Reef	Pycu and LV claims both northwest and southeast of United claims	E/M conductors and anomalous arsenic in soil	Pycu 3, 4, 6 and 40.
Reconnaissance rock geochem	1973 Deer Lake	Pycu and LV claims west of United Copper. Some work on Fort claims	Anomalous zone in copper, silver, and mercury.	Pycu 20, 22 and 24. //
Diamond Drilling	1973 Deer Lake	Pycu 4, 6 and 40.	Copper, zinc and silver mineralization increased toward bottom of Hole #2.	Pycu 4 and 6.



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.



PROPERTY: DEER LAKE	LOCATION: KAMLOOPS M.D.	SUBJECT: PREVIOUS WORK
SCALE: 1" = 3000'	DATE: FEB. 4, 1974	DWG: G. LITTLE REPORT:

## GENERAL GEOLOGY

According to R. B. Campbell and H. W. Tipper in the acknowledged Geological Survey publication, the rocks underlying this claim area are a sedimentary-volcanic complex of the Nicola Group with intruding diorites.

The sediments are composed of fine-grained argillite, limy argillite, limestone and siltstone. The argillites are often thinly laminated in grey and dark grey where they grade into limy argillite or limestone. The silts and limestone are usually thin-bedded and cherty where exposed.

The volcanics are chiefly andesite, volcanic breccia, and tuff. They are grey-green, medium-grained, with local areas of silicification and limonite stain.

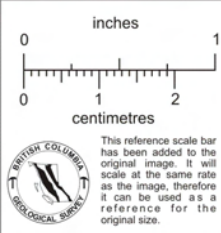
The intrusives are of intermediate composition with occasional basic phases. Generally this rock is a medium-

GENERAL GEOLOGY (cont'd)

grained hornblende-pyroxene diorite showing little or no alteration.

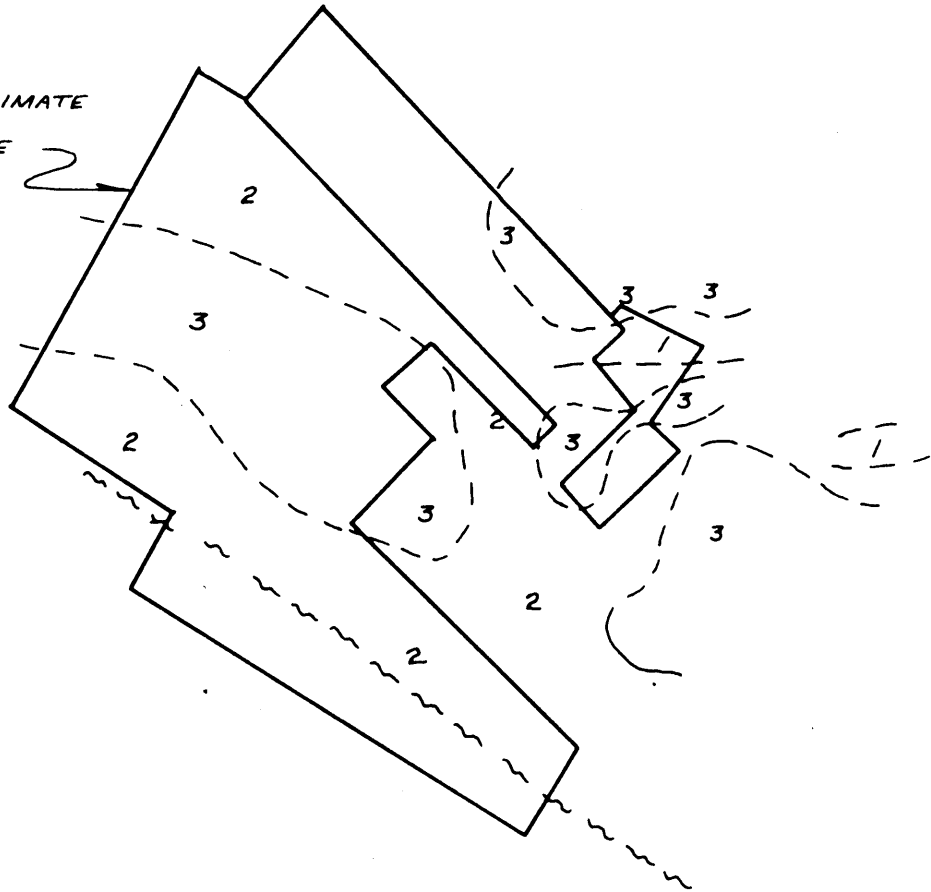
Relief varies between elevations of 4,200 and 5,000 feet above sea level. Creeks, lakes, and gullies have a general northwest-southeast alignment believed to be the surface expression of an underlying fault system.

A sketch of the "General Geology" with respect to the property boundaries follows this page.



- 1 BLUE GREY LIMESTONE
- 2 ANDESITE , ANDESITIC TUFF , LIMY ARGILLITE
- 3 DIORITE , QUARTZ DIORITE & TRANDIORITE

APPROXIMATE CLAIM OUTLINE



AFTER KERR DAWSON 1972

PROPERTY: DEER LAKE	LOCATION: KAMLOOPS M.D.	SUBJECT GENERAL GEO.
SCALE: 1" = 1.25 MI.	DATE: FEB. 4, 1974.	DWG. G. LITTLE REPORT:

## MINERALIZATION

Sulphides are most common in disrupted portions of the Nicola rocks. Pyrite and pyrrhotite are widespread. Chalcopyrite is present as fine disseminations and fracture fillings in several localities. Other metals such as silver, mercury, arsenic, and zinc have been detected by geochemical analyses.



## SAMPLE ANALYSIS

Mr. J. J. Barakso, working with Cordilleran Engineering Limited, analysed the rock and soil samples for copper, lead, zinc, arsenic, molybdenum, mercury, silver and manganese, in parts per million. Essentially, the search is for copper but the tests include other metals that may associate with copper or lie as halos around a copper zone.

## CONCLUSIONS

This claim group is underlain in part by the Nicola Group of sedimentary-volcanic rocks. These formations are known to favour the localization of low-grade copper deposits where they are disrupted by faulting or folding and when they lie close to the contact of intruding granitic rocks. There are strong indications that just such a set of geological conditions exist here.

It is also known that more than one period of mineralization is common to this area. For example, copper and molybdenum are common associates belonging to the same period of mineralization, but mercury and arsenic are usually from a different period and often not related to or associated with the copper.

Judging from the already recorded facts, it appears that prospecting and reconnaissance exploration are reasonably

CONCLUSIONS (cont'd)

complete and that the major portion of further work should be given to detailed exploration on the select claims, namely:  
Pycu Numbers 20, 22, 24, 4, 6 and 40.

## RECOMMENDATIONS

The first step would be a detailed geological (with a magnetometer), geochemical, and geophysical survey over the above selected claims with Pycu numbers 20, 22 and 24 having priority.

The magnetometer is suggested as a useful aid to the geology for it can accurately trace the various rock contacts and structures through areas of overburden. Further, the magnetometer will isolate any underlying zones of heavy pyrrhotite mineralization.

Soil sampling into the silts below the humus and boulder zones is recommended as well as continued use of rock geochemistry.

A few areas selected from the results of the mapping and geochemistry should be tested with induced polarization surveys and, again, with a magnetometer. Both these methods of geophysics not only outline the horizontal limits of a sulphide body but

RECOMMENDATIONS (cont'd)

give reasonably accurate measurements of the distance between the top of the sulphides and the surface.

On completion of the first recommended surveys the company should be in a position to intelligently select areas for trenching, sampling, and diamond drilling.

C O S T   O F   T H E  
R E C O M M E N D E D   W O R K

These proposed expenditures are casually connected with the Pycu claims numbers 20, 22, 24, 4, 6, and 40 for a period of three months of late spring and early summer.

Board, Lodging and Transportation:

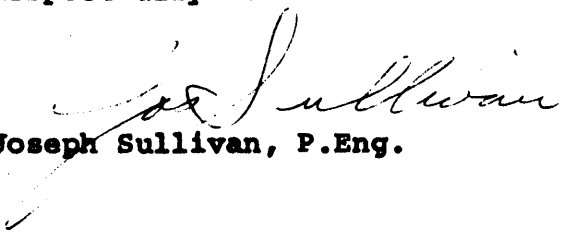
Geologist, Assistant, 2 Prospectors 90 days @ \$22/manday, plus \$3,000 transportation .....	\$10,920	
Add two geophysicsts for 15 days ....	<u>660</u>	\$11,580

Wages:

Geologist      3 x \$1200 .....	3,600	
Assistant and Prospectors 3 x 3 x \$800 .....	<u>7,200</u>	10,800

<u>Contract geophysics</u> .....		3,000
<u>Assaying and Engineering Supplies</u> .....		3,500
<u>Mobilization and Additional Travel</u> .....		2,500
<u>Supervision and Engineering</u> .....		<u>4,500</u>
		\$35,880
Contingencies @ 15% .....		<u>5,382</u>
RECOMMENDED APPROPRIATION (rounded)		<u>\$42,000</u>

Respectfully submitted

  
Joseph Sullivan, P.Eng.

JS/z  
February 4, 1974.

CERTIFICATION

I, Joseph Sullivan of the City of Burnaby, Province of British Columbia, certify as follows:

1. I am a Geological Engineer residing at 3908 S. E. Marine Drive, Burnaby 1, British Columbia.
2. I am a registered Professional Engineer of British Columbia. I graduated from the University of B.C. in 1951 with a B.A.Sc.
3. I have practised my profession for 22 years.
4. I have no interest direct or indirect in the properties or securities of Deer Lake Mines Ltd.
5. The above report is based on engineering data supplied by Cordilleran Engineering Limited, G.S.C. Memoir 363 and my own examinations in the area while in the employ of another company during the summer of 1970.

Dated at Vancouver, B. C. this 10th day of February, 1974.

  
Joseph Sullivan, P.Eng.

JS/z

CERTIFICATE

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

Dated this 29th day of August, 1974.

"A. F. REEVE"

Albert F. Reeve  
Director

"J. T. LAU"

Jurgen T. Lau  
Director

"R. PAGE CHILCOTT"

R. Page Chilcott  
Director

"B. J. REYNOLDS"

Bryan J. Reynolds  
Director

Barrier Reef Resources Ltd. (N.P.L.)  
Promoter  
Per:

"A. F. REEVE"

Albert F. Reeve, President

"J. T. LAU"

Jurgen T. Lau, Secretary