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PROPERTY FILE

RESEARCH REPORT

ON

NADINA EXPLORATIONS LIMITED (NPL)

890 West Pender Street,  
Vancouver 1, B. C.

September 1968

RESEARCH REPORT

NADINA EXPLORATIONS LIMITED (NPL)

SUMMARY

Although the full program of underground drifting and development has yet to be completed, it appears likely that Nadina will be able to bring into production a five hundred ton per day mine from its known veins at Owen Lake, near Houston and Smithers, B.C. The principal metals involved are silver, gold, copper, lead and zinc.

If Nadina so decided it is probable that production could start in 1970. There are, however, possibilities of extending the present richer veins and of locating additional Portal System veins, which have the highest ore values on the property. Consequently it is likely that the Company's future program will be oriented to exploration in addition to developing the known veins for production.

Based on the stripped lengths of the known veins only, Nadina's profits before depreciation and taxes should exceed \$3,000,000 per year, that would be approximately \$1.47 per share on the anticipated number of shares then outstanding.

In addition to the vein systems, however, there is a realistic possibility of a very large, low grade, disseminated copper and silver ore-body situated to the southeast of the main workings. Only a small amount of work has so far been completed in this area.

Share Capital:  
Common shares of no par value.  
Authorized: 3,000,000 shares  
Issued : 1,850,005 shares

Listed:  
Vancouver Stock Exchange  
Price \$2.00 Sept. 27, 1968

RESEARCH REPORT  
NADINA EXPLORATIONS LIMITED (NPL)

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The information contained herein has been compiled from sources considered reliable but it is not guaranteed. The main conclusions are matters of opinion. Yorkshire Securities Limited and its directors and shareholders on occasion act as principals and as agents in buying and selling shares of Nadina Explorations Ltd. (NPL).

INTRODUCTION

This report has been prepared at some length for the simple reason that Nadina Explorations Ltd. is a mining exploration company and any comments concerning its future would normally be immediately suspect. Accordingly, much more factual data is presented than is customary in order that the conclusions can be shown to be well founded.

With the exception of the arguments and opinions in the concluding section, and of the ore profit calculations in Appendix VIII, the contents of this report are essentially factual and can be verified. Considerable detailed information on the developed ore and other matters is listed in the appendices and all geological data therein are referenced to reports of professional engineers, government geologists or company reports to shareholders. These reports are available upon request by any professional investor or engineer.

The speculative assumption on which this whole opinion is predicated is that the veins which have been traced on surface continue, with similar characteristics, at depth. Because of the underground drifting which already has been carried out on three veins, and because of the intersection of several other veins in the main adit, the above assumption appears reasonable. This opinion in particular has been verified verbally by Nadina's staff geologist and by two independent consulting geologists, both of whom have made a personal study of the property and earlier geological reports.

The opinion and the reasons therefor that Nadina will bring into production at least a moderate size mine producing silver, gold, copper, lead and zinc are explained in the conclusion. Before preparing the estimates of revenues, expenses and profits, the advice of independent professional engineers was sought on the essential rates and costs which might reasonably apply on a mine of the Nadina type; the factors, costs and estimates used also appear conservative in relation to similar items as published by mines such as Arctic and Utica. Consequently it is believed that the projected cash flow of \$1.47 or higher per share is not unreasonable.

## LOCATION, FACILITIES AND EQUIPMENT

Nadina's properties are situated on sparsely wooded hills and rolling grasslands on the east side of Owen Lake, twenty seven miles by good gravelled road from Houston, B. C. The Canadian National Railway and the main Prince Rupert to Prince George highway pass through Houston. Thirty five miles further along this highway lies Smithers, a town of 3,500 persons, which is also serviced by daily air flights to and from Vancouver.

Smithers is the centre of extensive mining activity at the present time. The Granisle and Endako mines are in this vicinity and other major commercial orebodies await production decisions by Noranda, American Metal Climax and Endako. Exploration is being predominantly carried out by major corporations such as American Smelting and Refining Co., Phelps Dodge, Texas Gulf Sulphur, Falconbridge, McIntyre Porcupine, Canex, Anaconda, Kerr Addison and others. So far there has been relatively little activity by the small independent exploration companies.

Snowfall is light and offers no transportation problems; mining and milling also should be little affected. The average elevation of the properties is about 3,000 feet above sea level.

Houston is the site of the new Bulkley Valley pulp mill, whose construction is now being planned. Further along the road from Houston to Nadina lie the extensive timber reserves of Eurocan Pulp & Paper Co., into which electrical power is to be led.

All the basic services, therefore, such as water, power and road, rail and air transportation cause no concern. Similarly, the established and rapidly growing townships of Houston and Smithers can provide personnel facilities and residences.

Nadina Explorations owns a small office and residence for the manager, a cookhouse and several small bunkhouses where they can accommodate up to 16 men. Also they own an assay office complete with a Techtron Atomic Absorption Spectrophotometer.

During his investigation a few weeks ago, Dr. White checked the sampling and assaying carried out by Nadina. He concluded that "the sampling and assaying procedures used by the Company are giving

reliable results".

At the mine, there are two compressors each capable of 600 C.F.M., two mucking machines, two battery-driven trammers, a Caterpillar diesel light plant capable of 62 kilowatts, a small Peder light plant for camp use, a J.D. 350 tractor with front-end loader and back hoe, and a pack-sack type of diamond drill for underground use.

## VEIN SYSTEMS AND DEVELOPMENT

Nadina's Owen Lake property consists of 17 Crown granted claims and fractions plus some 134 claims held by location. Within the property are a large number of veins, many of which are in excess of four feet wide and well mineralized with silver, gold, copper, lead and zinc.

The veins are classified into three groups at present, namely the Portal system, the Wrinch Creek Canyon system and the Chisholm system. Many veins have been noted, ranging in size from mere stringers to six or eight feet wide. In a few places a vein swells to a width of 12 or 17 feet. The veins are roughly parallel with a general northwest strike and a dip to the northeast of 65° to 70°. However, there appears to be a tendency for the veins to converge at low angles towards the southeast. This is particularly evident in the Wrinch veins where two have been traced to their junction in underground workings.

The general area in which the veins would appear to converge is poorly exposed with only a few widely scattered trenches. However, the few exposures that do exist show a highly altered country rock known as propylite. The extreme hydrothermal alteration suggests the possibility that wide-spread sulphide mineralization may be present in the general area. In the final report of Kenmco (Western) Ltd., prepared after that Company left the Nadina property, their geological staff were still of the opinion that the possibility of a very large, low grade orebody was high. The Kennecott work covered only some geochemical surveying, 1,511 ft. of drilling and some mapping - altogether only a small portion of their

Cont'd...

planned program. It is understood that Kennecott's reasons for leaving Nadina were not geological but were part of a massive withdrawal of exploratory activity throughout British Columbia, this being prompted by administrative and other corporate policy reasons. Some extracts from the final Kennecott report are quoted in Appendix I.

The ore minerals are in a series of roughly parallel veins that fill shear zones and fissures within a microdiorite stock and included blocks of andesite. The wall-rock in the vicinity of the shear zones has been greatly altered by the action of the hydrothermal solutions that accompanied the sulphide mineralization. An attempt has been made to differentiate the veins into chalcopyrite-sphalerite and sphalerite-galena veins. However, there is considerable evidence that one type grades into the other and that two or more veins join together in a southerly direction.

A comprehensive geochemical survey over 9 square miles was completed earlier in 1968 and a considerable number of anomalous areas were detected. Following this survey several veins were stripped and trenched on surface at length and this is still continuing.

The main development below surface consists of several thousand feet of underground workings making up two main levels. The upper, No. 1 level consists of drifts in both directions on veins that outcrop in Wrinch Creek. The lower level, about 300 ft. below No. 1 level consists of the main adit, which is a crosscut nearly 3,000 feet long, and numerous drifts along a number of veins. The Nos. 1 and 2 levels are connected by a 3-compartment raise. All of these workings are open and in good condition.

The Portal system covers the many veins which are intersected by the main adit near its portal. On surface one of these veins, the No. 5 vein, has been stripped for approximately 500 feet. This vein strikes north 60 degrees west, dips 65 degrees northeastward and varies little in width from 4 ft. Assay results and other data on the Portal system veins is listed in Appendix II.

Several veins in the Wrinch Creek Canyon system have been stripped extensively on surface, particularly the Nos. 3 and 4 veins. Underground drifting has been carried out on Nos. 2 and 3 veins and on a third vein at the No. 2 level and on the No. 3 vein at the No. 1 level. Assay results and other data of the surface and underground work on these veins are provided in Appendix III.

The metal prices and method of estimating the gross metal values shown in those two appendices are shown in Appendix IV.

Although no extensive metallurgical research, for example for a production feasibility report, has been made on the Company's ore, it is understood that the University of British Columbia made a number of metallurgical tests as a result of which they foresaw no significant problems.

A few facts and comments of geological interest about Nadina are listed in Appendix I. In these appendices, all data and quotations are referenced to the reports from which they have been compiled; a full list of these and other geological reports is given in Appendix V.

#### EXPLORATION PROGRAM

Exploration and development work will continue throughout the winter. Over the next few weeks some final bulldozer stripping will be carried out to extend the known veins, to test on surface some strong geochemical anomalies, and to trace surface showings of suspected additional veins.

Preparatory work for the underground programs of drifting and raising, which were recommended by both Dr. Pentland and Dr. White, is nearing completion and the actual program will commence in early October. This is primarily directed at proving the Nos. 4 and 5 veins at depth, and will probably require several months work.

In addition it is planned to complete the assaying of a full schedule of closely spaced samples of all mineralized showings on surface and underground.

Finally, it is understood that a diamond drilling program will shortly be planned in order to test one particular section of the area which Kennecott and others believe may contain a massive, low-grade orebody. Further work on this possibility will await the results of the drilling.

Nadina, after the outstanding option has been exercised, will have ample funds to complete the work specified above. A balance sheet and other financial statistics are outlined in Appendix VI and the names of directors, officers, auditors and other relevant information are in Appendix VII.

CONCLUSIONS

Dr. W. H. White concluded his September 1968 geological report on Nadina with the comment that "prospects appear good for achieving profitable production of moderate size from known veins of the Owen Lake Mine". Dr. A. G. Pentland remarked in his August 1968 report that "the possibility of 500,000 tons of ore may be seen at the present stage of development".

The Nos. 3, 4 and 5 veins have been stripped and trenched on surface for longer than 3,300 ft. with average vein widths of four feet and more. From these showings alone at least 1,200 tons per vertical foot can be deduced. Using the conventional rule of thumb that daily mill capacity should not exceed half the number of tons per vertical foot developed in the mine, Nadina should be capable of supporting a 500 ton per day mill. Nadina has, in fact, already indicated to its shareholders that a mill of that size or larger appeared feasible.

The estimated average gross metal value of the ore in the Nos. 3 and 4 veins is in excess of \$60 per ton. After allowing for mining dilution at 15%, a mill recovery rate of 85% on all metals, a royalty of 5% of net smelter returns, and mining, milling, services and transportation costs of \$20 per ton, the net operating profit is estimated at approximately \$13.00 per ton. Similarly, the net operating profit on the more valuable ore from the No. 5 vein is estimated at approximately \$41.00 per ton. The detailed calculations in these estimates are shown in Appendix VIII.

All factors used in these calculations for items such as metal prices, mill recovery rates and operating costs are conservative in relation to current prices and actual rates at existing moderate size mines of similar type.

A 500 tons per day mill can be expected to put through at least 180,000 tons per year. It might also be assumed at this stage that the mill would be fed with ore from the three veins in direct proportion to their developed lengths, that would be 153,000 tons from the Nos. 3 & 4 veins and 27,000 tons from the No. 5 vein, based on the present reported lengths.

Nadina's cash flow is therefore estimated at 153,000 tons at \$13.00 per ton plus 27,000 tons at \$41.00 per ton to give a total of \$3,096,000 per year. No interest charges have been deducted in this calculation as these will be offset by the reduced royalties in the first two years of operation; and after which time all borrowings should have been repaid.

After major financing, not more than 2,100,000 shares should be outstanding and, on this basis, annual cash flow would approximate \$1.47 per share.

Possibilities for higher earnings, however, are excellent as further delineation of the rich "Portal System" veins is confidently expected, for example it appears that the rich No. 5 vein has recently been located another 500 ft. away, and as precious metals prices appear to be in long term upward trends, or if the factors used in these earnings calculations prove to have been too conservative, for example in the ore mix entering the mill, and as additional metals such as cadmium are believed to be contained in the ores.

The possibilities for a greatly extended mine life are also convincing - the Nos. 3, 4 & 5 veins are all open at each end on surface, the No. 3 and other veins have been located in the main adit at a depth of 500 feet, and another three wide veins have been stripped at length and several narrower veins located on surface.

If Nadina so decided, it is considered that a development program could be implemented to bring the property into production within two years. In that case, only major financing would be required beyond the Company's present funds. However, because of the possibilities of locating and defining additional rich veins and of uncovering a massive low-grade orebody, it seems likely that Nadina's program will continue to be oriented to exploration in addition to developing the known veins for production.

*Finlay*

*"L. H. Finlay"*

JLF/b  
27 September 1968

*Believe he is an economist  
working for Yorkshire  
Securities*

*KSB*

APPENDIX 1

OTHER FACTS AND COMMENTS OF INTEREST

1. Large Orebody Possibility

"In addition to the vein systems there is the possibility of a very large, low grade, disseminated orebody situated to the southeast of the main workings"

" The possibility of a structure - controlled zone of copper mineralization, along with lead, zinc and silver credits, appears to be very good "

" The large unexplored overburden-covered areas no doubt contain several mineralized shear systems and the possibilities of uncovering a zone of mineralization of economic size and grade are very high."

2. Geochemical Surveys

Forty eight line miles were surveyed and extensive soil sampling was undertaken .

"Silver values are considered anomalous above 0.2 ppm and so the entire area is conspicuously high" (Note: These samples included claims owned by Frontier Explorations Ltd.)

3. Mercury Halo

A mercury halo is associated with the vein mineralization. It was detected on the east side of Wrinch Creek northeastward for about 2 miles. There is a distinctly higher than background content of mercury in the soils adjacent to the veins

4. Chi sholm Vein System

Strongly oxidized material from a vein at least two feet wide and several narrower veins have been uncovered near an old shaft some 3,000 feet southwest of the Nadina Camp. This area is called the Chisholm property in the B.C. Dept. of Mines Annual Report for 1916

Report  
References

P 8/21/68

K 4/30/68

K 4/30/68

N 6/1/68

K 4/30/68

BC 3/23/66

W 9/4/68

APPENDIX 11

PORTAL VEIN SYSTEM

The main adit crosses 11 veins in the first 1,500 feet length of the tunnel. Six of these veins are from 4 ft. to 11 ft. wide. Although the faulting problem is complex, the richest ore on the property was located in these veins.

No. 5(Portal) Vein

Surface: Stripped and trenched 500 ft. and 4 ft. wide,  
Assays, 2 consultant's samples, 4 and 4.5 ft. wide -  
--0.17 oz.Au, 19.45 oz.Ag, 4.5% Cu, 0.4% Pb, 7.0% Zn

Assays, 17 samples over 245 ft. length -  
-- 0.07 oz.Au, 26.58 oz.Ag, 5.5% Cu, 0.3% Pb, 2.7% Zn

Other Portal System Veins

"These veins (\*) vary in width from 4 to about 11 ft. The character of the mineralization is that of lenses of chalcopyrite, with quite subordinate amounts of sphalerite and galena. The silver carrier appears to be chalcopyrite and not the sphalerite or galena. A sample of selected chalcopyrite taken from No. 1 vein assayed: Gold 0.5 oz. to the ton; silver 140 oz. to the ton; copper 21 per cent. On the other hand, a sample of selected sphalerite showing galena from the same region assayed: Gold 0.04 oz. to the ton; silver 2.6 oz. to the ton; lead 1 per cent; zinc 21 per cent."

Note: It is understood that this No. 1 Portal vein has been drifted on for approximately 250 feet from the main adit.

(\*) six of the eleven portal veins intersected.

Gross Metal Value	Report Reference
	BC 3/23/66
	BC 1929
	W 9/4/68
\$109	W 9/4/68
\$119	N 8/19/68
	BC 1929

APPENDIX III

WRINCH CREEK CANYON VEIN SYSTEM

	Gross Metal Value	Report References
<u>No. 1 Vein</u>		
Surface: Stripped and trenched, 800 ft, open at one end Assays over 600 ft, 6.75 ft. wide - --0.02 oz.Au, 6.3 oz.Ag, 0.66% Cu, 1.6% Pb, 5.3% Zn	\$37	BC 3/23/66 BC 3/23/66 N 10/28/66
Drilling: Confirmed vein to 400 ft. depth		
Note: This vein is not being considered for mining		
<u>No. 2 Vein</u>		
Surface: Stripped and trenched, 1,400 ft. Stripped and trenched, 2,400 ft. Assays, 3 consultant's channel samples over 6.5 ft. width - -- 0.02 oz Au, 1.88 oz.Ag, 0.1% Cu, 2.4% Pb, 0.45% Zn Assays, 12 samples over 1,200 ft. 6.4 ft. width - -- 0.02 oz.Au, 2.8 oz.Ag, 0.1% Cu, 4.3% Pb, 6.2% Zn	\$12 \$32	BC 3/23/66 N 10/6/66 W 10/22/65 BC 3/23/66
Main adit: Assays at cross cut, width 7 ft - -- 0.02 oz.Au, 4.6oz.Ag, 0.13% Cu, 3.2% Pb, 8.5% Zn Drift 200 ft, 2 - 14 ft. wide, Assays on drift, 9 samples by Govt. engineers over 9.4 ft. width --0.02 oz.Au, 3.76 oz.Ag, 0.3% Cu, 3.3% Pb, 9.6% Zn	\$40 \$43	W 10/22/65 W 9/4/68 BC 3/23/66
Note: This vein is not being considered for mining.		
<u>No. 2, No.3, Composite Vein</u>		
Surface: Stripped Assays, 5 samples over 300 ft, 4.8 ft. wide --0.06 oz.Au, 5.9 oz.Ag, 0.14% Cu, 4.3% Pb, 7.7% Zn	\$46	BC 3/23/66
Main adit: Drifted 250 ft., width 2.5 ft.		W 9/4/68
Note: This vein is not being considered for mining at this time.		

APPENDIX III Cont'd

Wrinch Creek Canyon Vein System Cont'd.

	Gross Metal Value	Report Reference
<u>No. 3 Vein</u>		
Surface: Stripped and trenched 1,600 feet, and Open at both ends Assays, 2 consultant's samples, 6 ft. width - --0.04 oz.Au, 11.1 oz.Ag, 3.2% Cu, 1.6% Pb, 6.0% Zn Assays, 6 samples over 750 ft. west of fault, 4.8 ft. wide - --0.02 oz. Au, 6.9 oz.Ag, 2.2% Cu, 3.0% Pb, 6.1% Zn Assays, 4 samples over 750 ft. east of fault, 5.5 ft. wide - --0.06 oz.Au, 9.2 oz.Ag, 3.3% Cu, 2.2% Pb, 4.4% Zn	\$74 \$58 \$68	BC 3/23/66 N 10/6/66 W 10/22/66 BC 3/23/66 BC3/23/66
No. 1 Level: Drift 520 ft. and 2.5 ft. - 7.5 ft. wide, to Station 109 Average 4.15 ft. wide Assays, 4 consultant's samples over 4 ft. width - --0.10 oz.Au, 6.3 oz.Ag, 1.5% Cu, 0.70% Pb, 7.4% Zn Assays, Canex samples over 190 ft. and 4.15 ft. wide - --0.08 oz.Au, 12.1 oz.Ag, 2.6% Cu, Pb & Zn not assayed	\$51 \$55 **	W 9/4/68 BC 3/23/66 BC 2/23/66
Drift 1,100 ft. to east Assays, over 560 ft. and 3.4 ft. wide - --0.07 oz. Au, 7.8 oz.Ag, 2.77% Cu, 0.8% Pb, 6.7% Zn --muck samples indicate values over greater width	\$63	N 11/30/67 N 11/30/67 N 11/30/67
Raise: At point 212 ft. above rail, vein 2.5 ft. wide intersected and believed to be No. 3 vein Assay of this intersection - --0.12 oz.Au, 17.7 oz.Ag, 3.26% Cu, 1.4% Pb, 9.7% Zn	\$63 *	W 9/4/68 W 9/4/68
Main adit: Drift 700 ft. and 1.0 ft - 2.5 ft. wide Assays, 3 consultant's samples over 1.3 ft. wide - --0.05 oz.Au, 12.0 oz.Ag, 7.0% Cu, 0.7% Pb, 4.0% Zn	\$34 *	W 9/4/68 W 9/4/68
Note: There is a strong dispute that this main adit drift is in fact the No. 3 Vein. Another strong and wide vein was located by drilling which runs close to this drift and this may be the real No. 3 Vein.		

\* Values adjusted to a four foot width

\*\* Lead and zinc not included



APPENDIX III Cont'd

Wrinch Creek Canyon Vein System Con'd.

No. 4 Vein

Surface: Stripped and trenched for 1,000 ft. and 3.5 - 4.5 ft. wide  
 Stripped and trenched for 1,200 ft. -(this is correct length)  
 Assays, 6 samples over 950 ft. and 4 ft. wide  
 --0.16 oz. Au, 9.2 oz. Ag, 0.22% Cu, 2.98% Pb, 5.43% Zn \$49  
 Assays, 3 consultant's samples over 3.5 ft. and 4.5 ft. widths  
 --0.30 oz. Au, 19.0 oz. Ag, 0.19% Cu, 4.8% Pb, 13.0% Zn \$99

Note: It is considered that representative values for the exposed vein would lie more properly between the two values shown. In arriving at the 9.2 oz. Ag average, samples assaying 27 oz. and 17 oz. were ignored. No low assays were rejected. If these two richer silver assays had been included the average assay for the six samples would have increased from 9.2 oz to 13.4 oz.

Gross Metal Value	Report Reference
	W 9/4/68
	P 8/21/68
	N 8/19/68
\$49	P 8/21/68
\$99	W 9/4/68

APPENDIX IV

Gross Metal Values

1. In evaluating gross metal values of the assays in the preceding appendices, the following metal prices were used (all in Canadian dollars);

Gold	\$40 per oz.
Silver	\$2.25 per oz.
Copper	\$0.45 per lb.
Lead	\$0.12 per lb.
Zinc	\$0.12 per lb.

2. Where the assays were taken over greater widths than four feet, as very many were, only the gross metal value, unadjusted for width, was used.

Where the veins assayed were less than four feet wide, the gross metal values have been diluted down to a four foot width.

APPENDIX V

Report References

<u>Reference</u>	<u>Report</u>	<u>Date</u>
		1929
BC 1929	BC Dept. of Mines Annual Report for 1929	
BC 3/23/66	BC Dept. of Mines Annual Report for 1965	March 23, 1966
K 4/30/68	Keninco (Western) Ltd. - report for Kennecott	April 30, 1968
N 10/28/66	Nadina report to shareholders	Oct. 28, 1966
N 10/6/66	Nadina Annual Report for 1966	Oct. 10, 1966
N 11/30/67	Nadina Annual Report for 1967	Nov. 30, 1967
N 8/19/68	Nadina report to shareholders	Aug. 19, 1968
N 6/1/68	Nadina report to shareholders	June 1, 1968
P 8/21/68	A. G. Pentland, Ph.D., P.Eng.	Aug. 21, 1968
W 10/22/65	Wm. H. White, Ph.D., P.Eng.	Oct. 22, 1965
W 9/4/68	Wm. H. White, Ph.D., P.Eng.	Sept. 4, 1968

Additional detailed descriptions of the geology of the Area and of the Owen Lake property are given in the following reports:

Geological Survey of Canada Summary Report, 1929		Part A, pp 62-91
Canadian Exploration Ltd. - B. I. Nesbitt		December 1941
" " - H. L. Batten		June 1949
" " - Clive Ball		December 1955

APPENDIX VI

FINANCIAL STATISTICS

as at July 31, 1968 but adding in proceeds of August underwriting.

Balance Sheet

<u>Working Capital:</u>	Cash, deposits & investments	\$ 345,000
	Less: current liabilities	<u>23,000</u>
		\$ 322,000
<u>Fixed and property assets:</u>		
	Buildings, plant and machinery	\$ 154,000
	Mineral claims	9,000
	Exploration and development	<u>362,000</u>
		\$ 525,000
<u>Other intangible balances:</u>		
	Cost of claims abandoned	\$ 10,000
	Incorporation and financing expenses	<u>21,000</u>
		<u>31,000</u>
		\$ 878,000
<u>Share Capital</u> - authorized 3,000,000 shares		
	Issued: 1,850,005 common shares of n.p.v.	\$ <u>878,000</u>

Note: An option on a further 100,000 shares at \$1.45 per share expires on October 21, 1968

Exploration and Development Expenses to July 31, 1968

Exploration and development	\$ 352,000
Admin. salaries	20,000
Insurance, legal, audit, etc.	9,000
Printing, travel, telephone, office, etc.	<u>16,000</u>
	\$ 397,000
Less: dividends, interest and gain on sale of investments	<u>35,000</u>
	\$ <u>362,000</u>

APPENDIX VII

DIRECTORS, OFFICERS, ETC.

Directors:	W. F. McGowan E. D. H. Wilkinson G. Blore J. D. Thomas	Prospector Solicitor, Russell & DuMoulin Executive, Imperial Oil Ltd. Stockbroker
Officers:	W. F. McGowan G. Blore M. H. Walker	President Vice-President Secretary
Auditors:	Butter & Chiene	Chartered Accountants, Vancouver
Solicitors:	Russell & DuMoulin	Vancouver
Bankers:	Canadian Imperial Bank of Commerce	Vancouver
Transfer Agents:	Guaranty Trust Company	624 Howe Street, Vancouver
Registered Office:	1420 Hall Building, 789 West Pender Street	Vancouver

APPENDIX VIII

ORE PROFIT CALCULATIONS

Nos. 3 and 4 Veins

(Canadian Funds)

	Average Assay Grades	After Dilution @ 15%	Mill Recovery @ 85%	Metal Quantity	Net Smelter	
					Metal Price	Return
Gold	0.10 oz.	0.085 oz.	0.072 oz.	0.07 oz.	\$39.0/oz.	\$2.70
Silver	10.0 oz.	8.50 oz.	7.225 oz.	7.2 oz.	2.25/oz.	16.20
Copper	2.0%	1.70%	1.445%	29 lbs.	0.35/lb	10.15
Lead & Zinc	8.0%	6.80%	5.78%	115 lbs.	0.05/lb	5.70

Net Smelter Return		\$ 34.75
Less: 5% Royalty	1.75	
Mining, milling, services, transportation, etc.	<u>20.00</u>	<u>21.75</u>
Operating profit per ton		<u>\$13.00</u>

No. 5 Vein

Gold	0.12 oz.	0.10 oz.	0.085 oz.	0.08 oz.	\$39.0/oz	\$3.10
Silver	20.0 oz.	17.0 oz.	14.45 oz.	14.4 oz.	2.25/oz.	32.40
Copper	5.0%	4.25%	3.612%	72 lbs.	0.35/lb	25.20
Lead & Zinc	5.0%	4.25%	3.612%	72 lbs.	0.05/lb	3.60

Net Smelter Return		\$ 64.30
Less: 5% Royalty	\$ 3.20	
Mining, milling, etc.	<u>20.00</u>	<u>23.20</u>
Operating profit per ton		<u>\$ 41.10</u>