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NEW ISSUE

PROSPECTUS

AITEC DEVELOPMENT CORP.
(hereinafter called the "Issuer")
1257 - 409 Granville Street
Vancouver, British Columbia V6C 1T2

DATED: MAY 15, 1987 300,000 Common Shares PROPERTY FILE

Shares	Price to Public Commission		Net Proceeds to be received by the Issuer*	
Per Share	\$0.50	\$0.075	\$0.425	
Total	\$150,000	\$22,500	\$127,500	

\*Before deduction of the cost of the issue estimated to be \$15,000.

THERE IS NO MARKET FOR THE SECURITIES OF THE ISSUER.

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#### **AGENTS**

CANARIM INVESTMENT CORPORATION LTD. 2200 - 609 Granville Street Vancouver, British Columbia OSLER INC. 1409-1177 West Hastings Street Vancouver, British Columbia

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#### AITEC DEVELOPMENT CORP.

# NOTES TO INTERIM FINANCIAL STATEMENTS MARCH 31, 1987

### 7. RELATED PARTY TRANSACTIONS

These interim financial statements include transactions or balances with related parties as follows:

- a) Management fees of \$500 per month have been paid to a company owned by the president of the company. Commencing on the month following the company becoming listed on the Vancouver Stock Exchange, the management fee will increase to \$2,000 per month.
- b) Exploration and development totalling \$67,249 was carried out by a company owned by a director of the company. Payment was made by the issuance of 268,996 shares of the company at \$0.25 per share.
- c) The president of Silver Hill Mines Ltd. (Note 5) is also a director of Aitec Development Corp.

REPORT ON THE

SILVER BOX PROPERTY

REISETER CREEK

SMITHERS AREA OF B.C.

Latitude 54°55'30" North Longitude 127° 01'00" West

For

AITEC DEVELOPMENT CORPORATION

1257 - 409 Granville Street

Vancouver, B.C.

V6C 1T2

With

RECOMMENDED PROGRAM AND ESTIMATED COSTS

By

M.P. DICKSON, P. ENG. 811 - 543 Granville Street Vancouver, B.C. V6C 1X8

October 22, 1986

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#### SUMMARY

The Silver Box Property held through option by Aitec Development Corporation consisting of 7 claims covers an area of some 375 hectares in the Reiseter Creek area some 19.2 kms northeast of Smithers, B.C. in the Omineca Mining Division.

Access to the property is gained from Smithers by government paved and gravel roads up Driftwood Creek for 19.5 kms by two wheel drive vehicle and then by rough 4 wheel drive road for an additional 5.6 kms.

The property lies on the flattish western slopes of Logopus Mountain where elevations range from 900 - 1125 metres. Main drainage is through Reiseter Creek to the west with numerous small creeks and some swampy areas.

Forest covers most of the area with little underbrush. Outcrop is scarce and mainly along creeks.

Precipitation is moderate, the property is snow-free in late May. Adequate water is available for exploration and mining.

The mining history of the area goes back to the late 1800's and the early discovery of the Silver Box showings likely go back 60 years or more.

The main showing was likely bulldozer stripped in the sixties, but little has been done until additional stripping has taken place for assessment purposes.

Property geology consists essentially of rocks of the Skeena Group. As mapped by Tipper and Richards of the GSC, these consist of tuffs, breccias, flows, shales, cherts and conglomerates.

Rocks exposed in the immediate area of the showings consist mainly of calcareous-graphitic phyllites with east-west striking foliation with dips to the south - bedding has not been seen.

These phyllites are host to a wide zone of irregular quartz veins that show parallelism to the trend of foliation overall.

Minor, erratic sulphide mineralization consisting of pyrite, sphalerite, galena, tetrahedrite, chalcopyrite and stibnite occurs in the quartz and nearby in the phyllites.

Sampling has returned assays for gold and silver exhibiting a wide range of encouraging, but spotty, values throughout the zone. One of these samples chipped by the author, returned a value for gold of 1.52 ozs/ton over 4.27 metres (14.0 ft.) confirming earlier values obtained by Mr. B.J. Price, Consulting Geologist in his 1983 work.

Exploration of this zone along strike or with depth has never taken place and the author has recommended a first phase program of surface bulldozer-backhoe trenching with reverse circulation percussion drilling to test the showing both horizontally and vertically. A second and third phase are recommended for follow-up work if Phase I results are encouraging.

Phase I Costs	\$ 50,000
Phase II Costs	51,000
Phase III Costs	 60,000
Total All Phases	\$ 161,000

#### INTRODUCTION

The writer first became acquainted with the Silver Box Property in the summer of 1984 while researching data on several properties east of here in the Driftwood Creek area. On July 15, 1985 the author, accompanied by Mr. M. Levasseur, President of Silver Hill Mines Ltd., visited the property for examination.

Several samples were collected from a stripped area in the vicinity of quartz veining with minor scattered sulphides in phyllitic host rocks.

Assaying returned encouraging values for gold and silver and as a consequence, the author was asked by Mr. Levasseur to do further research and write a full report on the property with recommended program and estimated costs, if so warranted.

On October 17, 1986 the author was approached by Mr. J. Harper of Aitec Development Corporation in regard to reviewing recent property work and updating the report of August 12, 1985.

The following report which follows as a result of that request is based on the July 15, 1985 visit, a search and study of data available and familiarity with the area in general from visits and studies of other mineralized showings and workings in the general area.

#### LOCATION

The property is located on Reiseter Creek in the Omineca Mining Division some 19.2 kms N 35° E of Smithers, B.C. on the flattish, western slopes of Logopus Mountain in the Skeena Mountains (Figure 1). Approximate geographic co-ordinates of the centre of the property are N 54°55'30" north latitude and 127°01'00" west longitude.

#### **ACCESS**

Present access is easiest by helicopter from Smithers, B.C. However, the property can be reached by a rough 4 wheel drive vehicle road of 3 kms from "Sunny Point" on the Driftwood Creek road (Figure 2).

The first 19.5 kms of the Driftwood Creek road can be traversed from Smithers by two wheel vehicle to a washed-out bridge, but a four wheel drive vehicle is also needed from here to traverse the creek(s) and reach "Sunny Point", a distance of 2.6 kms.

Sections of the latter have been being repaired this year due to exploration activity in the Silver King Basin, but bridges for creek crossings are not planned at this date but this would likely be done if major exploration or a production decision is reached.

Access on the property would not be difficult for road building and Reiseter Creek can be forded except for high water periods.

Smithers is serviced daily by air from Vancouver which is some 700 kms to the southeast (Figure 1). At least three helicopter companies service the Smithers area on a year round basis.

The town acts as a service centre for the area in general and carries adequate supplies except for specialized mining equipment, but small drill and mining contractors are available locally.

### PHYSIOGRAPHY AND CLIMATE

The property lies on the western slopes of Logopus Mountain of the northwest trending Babine range of the Skeena Mountains.

The Babine range is bounded on the northeast by the Babine River and lake and on the southwest by the Bulkley and Skeena Rivers.

Elevations in the Babine Range reach 2,600 metres where valleys are steep-sided and U-shaped, but not dissected deeply. Relatively flat surfaces exist at higher elevations except for higher peaks, which are sharp and precipitious.

Creek valleys have been shaped by glaciers, but erosion has been more effective at higher elevations.

Alpine glaciers exist on the northerly slopes of the higher mountain while glacial cirques and the U-shaped valleys prove the former presence of glaciers.

The property is situated in a relatively flat area and elevations range between 900 and 1125 metres. Main drainage is south and west through Reiseter Creek to the Bulkley River. Numerous small creeks and some swampy areas exist on the property.

Forest cover exists over most of the property, but underbrush is not thick. Bedrock is confined mainly to a very few outcroppings along creeks.

Precipitation in the area is moderate. Lower elevations are generally snow-free in late May except for shaded areas and north slopes.

Adequate water supply is available on the property from the many creeks.

**PROPERTY** 

Aitec Development Corporation holds through option agreement the following claims (Figure 3).

Claim	<u>Units</u>	Record No.	Record Date
Ag-1	1	2408	Jan 10/80
Ag-2	1	2409	11
Ag-3	1	2410	11
Ag-4	1	2411	11
Ag-5	1	2412	11
Box	16	2491	Feb 25/80
Box 1	1	5578	July 26/83

The group of claims is comprised of five 2-post claims and a "modified grid" claim covering a block of ground some 2.0 kms in an east-west direction and 2.0 kms in a north-south direction for a total area of 375 hectares.

Although the author has examined some of the claims markers and data, no responsibility for the legal status of the claims is accepted.

#### **HISTORY**

¥ .

Early mining history of the Smithers area goes back to the early 1800's when individuals and small companies explored and worked the placers of rivers and creeks in the area for gold.

Shortly thereafter, efforts were directed toward the search for commercially valuable lode deposits. By the late 1910's most of the presently known mineralized showings had been located.

It is not known exactly what date the Silver Box Property showings were located, but they likely date back to this time.

A log-cabin, thought to be at least some 50 years old sits on the west bank of Reiseter Creek on the Ag-5 claim near an old adit driven in to the creek bank and now caved.

A bulldozer road and some of the stripping done on the property likely goes back to the sixties, but apparently there is no documentation available for this work.

In the fall of 1984, some stripping of the showing on the west side of the creek was carried out by Van Silver Holdings Ltd. with the use of a 450 Case "Trak" backhoe and a D-6 bulldozer.

From June 1st - July 10th, 1985 additional work was carried out by Van Silver Holdings Ltd. in the form of substantial road building and repair to make access possible with four wheel drive vehicles.

In addition, further stripping was carried out in the area of the showing on the west side of Reiseter Creek. A substantial area was cleared over the size of the 1984 work and further disclosed geology and the mineralized showings. The author visited the property shortly after this work was carried out and sampled and mapped the exposures at that time.

The author has been told that some additional blasting and trenching has been carried out during the summer of 1986 for assessment purposes, but that little change in the property status has taken place since the July 15th, 1985 visit.

From the author's observation, it does not appear that a comprehensive, detailed examination of the property in question has ever been carried out.

### REGIONAL GEOLOGY

The property lies on the eastern flank of the Coast Crystalline Complex in what is known as the "Intermontane Belt" in the Babine Range of the Skeena Mountains.

The area in general is underlain by Lower and Middle Jurassic (essentially volcanic) Hazelton Group, by the Middle and Upper Jurassic (mainly sedimentary Bowser Lake Group) and by Tertiary Volcanic Endako and Ootsa Lake Groups.

Early Jurasic Topley intrusives cut the lower part of the Hazelton Group and a variety of intermediate to acidic plutons of Late Cretaceous to Eocene age intrude most older units throughout the area.

Structurally the rock units are not generally highly folded except where it is believed thrust faulting with the more resistant volcanic units has caused complex folding in the few sedimentary rocks.

A multitude of steep normal faults forming a conjugate system in a number of strike directions are thought to cut the thrust faults which in general dip to the southwest.

### **PROPERTY GEOLOGY**

According to Tipper and Richards (1977, Open File No. 357) of the Geological Survey of Canada, rocks in the property area itself consist mainly of the Skeena Group (Figure 4).

This Group is comprised of formations, from youngest to oldest: Brian Boru Formation - tuffs, breccias, and flows; Red Rose Formation - shales, cherts, conglomerates and greywackes; Rocky Ridge Volcanics - flows, tuffs and breccias; and the Kitsun Creek Sediments - conglomerate, shale, greywacke and coal (Legend with Figure 4).

It is felt that numerous thrust faults repeat sections of Kitsun Creek Sediments, which in some fault slices are overlain by Rocky Ridge Volcanics. A major transverse fault with apparent downthrow to the southeast interrupts the thrust faults in the general area of the claims.

In the area of the author's examination, most of the rocks are dark calcareous to graphitic phyllites. The trend of the foliation in these phyllites is from N 70° E to S 60° E with dips on the average in the 50° range to the south. Bedding was not observed in the sediments, but folding is likely present.

#### MINERALIZATION

The phyllites in the area of the main showings, which lie on Claim Ag-5, are cut by a stockwork of veins and narrow stringers of quartz. These quartz veins and stringers run in numerous directions, but for the main part show some parallelism with the foliation in an overall sense.

Associated with the quartz, although not necessarily confined to it and displaying as much irregularity, are pyrite, sphalerite, galena and minor arsenopyrite. Spotty and wide ranging values for silver and gold are found throughout the showing, but mainly in the quartz and phyllite near the quartz veins.

In addition, one finds some very narrow shears (0.05 - 0.10 metres) that do not appear to have any specific attitude. Concentrated pockets of sulphides occur along these narrow shears and sampling of this type of material by the author returned:

Sample No.	% Pb	% 	Ag oz/ton	Au oz/ton	% Sb
2857	15.57		24.40	0.008	
2858	16.83		18.80	0.078	6.84

Mr. B.J. Price, M.Sc., Consulting Geologist, in his sampling of similar material on June 15, 1983 obtained an assay of 17.8% lead, 30.6% zinc, 21.85 oz/ton silver, 0.05 oz/ton gold, 2.68% arsenic and 1.92% antimony. These values are comparable to those obtained above by the author. The significance of the smaller mineralized shears in relation to the larger quartz veined zones is unknown at this time.

In addition to the aforementioned samples, the author collected 8 chip samples across the trenched area in a north-south direction. At present, it is felt that these sample distances would closely approximate true width.

The assay results for these samples are tabulated here and locations are plotted on Figure 5.

Sample No.	Width m	(ft)	% _Pb	% 	Ag oz/ton	Au oz/ton	Remarks
2851	2.13	(7.0)	5.81	6.65	2.30	0.004	35% Qtz/in phyllite, minor py, sp, gal.
2852	1.74	(5.7)	0.07	0.22	0.17	0.006	50% Qtz/in phyllite
2853	2.24	(7.3)	0.01	0.08	0.11	0.002	70% Qtz/in phyllite
2854	2.24	(7.3)	0.01	0.02	0.04	0.002	60% Qtz/in phyllite
2855	1.13	(3.7)	-	-	0.20	0.001	5% Qtz/in phyllite
2856	1.65	(5.4)	-	-	2.45	0.006	Tr Qtz in phyllite
2859	3.66	(12.0)	-	-	0.46	0.008	10% Qtz in phyllite
2860	4.27	(14.0)	-	-	0.53	1.52	20% Qtz in phyllite

The high grade gold assay of 1.52 ozs/ton was chipped from an area close to where Mr. B.J. Price in his sampling of June 5, 1983 obtained values of 0.178 and 0.356 ozs/ton for gold (Figure 5).

This sampling by Price and the author definitely represents a part of the zone where significant amounts of gold would appear to be concentrated.

### DISCUSSION OF MINERALIZATION AND POTENTIAL

No definite pattern for control of mineralization has been worked out to date. At present, the author assumes a zone of some 50-70 metres in width running in an approximate direction of N 70° E that is favourable to the potential location of low-grade mineralization over the entire width that could be mined from surface or hosting narrower, higher grade sections that would lend themselves to both surface and underground mining.

The author has occasion over the past two years to visit and study several showings and old workings in the area to the east and south of here. The reader may refer to Figure 1 for location of a few of these.

Mineralization on many of these appear to be more or less confined to what the author thinks of as being fissure veins. However, mode and type of mineralization at the Silver Box Property does appear similar to some parts of the Cronin Mines' Property where material shipped from intermittent production between 1912 and 1964 averaged 10.5 oz Ag/ton and 12.38% combined lead and zinc.

Just south of the Cronin at the Arrow Property (Figure 1) at the head of Higgins Creek undergound and surface mining on quartz veins with tension fracture filling produced silver-bearing ore similar to that found at the Cronin.

Mineralization on both of the above properties seems to be close to the contact with rhyolitic tuffs and argillaceous and tuffaceous schists. The author did examine one showing on surface at the Arrow that was very similar in appearance to that of the Silver Box.

At the Silver King Mine (Figure 1), hand-sorted shipments made to smelters in 1927 and 1937 returned values of 2.0 ozs gold/ton, 627.0 ozs silver/ton, and 0.31 ozs gold/ton, 70.5 ozs silver/ton, 1.20% Cu, 3.6% lead and 2.7% zinc, respectively.

The majority of these structures all more or less run in an east-west direction. Coincidentally, an east-west line from the Cronin area passing through the Silver King Mine area would cut-through the Silver Box area.

Other structures a few kilometers south of the Silver King (eg. Driftwood Creek showing) also line up on a more or less east-west direction. One gets the impression that there exists a number of these east-west lineaments in the area that run for a number of kilometers with associated mineralized structures along them.

What overall significance this sort of correlation has in relation to the Silver Box property cannot be determined at this time.

#### CONCLUSIONS

Erratic but encouraging values have been found for gold and silver in irregular quartz veining in a calcareous to graphitic phyllite host over some 40-70 metres in width.

The zone appears to strike in a northeast-easterly direction, but has not been tested in this dimension.

Mode and type of mineralization are similar to that located on other properties east of the property where exploration and development both underground and on surface have resulted in the shipment of high grade material to smelters over the years.

Access is not difficult at present and a permanent road would not be expensive to build.

The property has not been the subject of a comprehensive exploration program or has the showing received a detailed examination.

### RECOMMENDATIONS

In view of the above, the author feels that the property held through option agreement by Aitec Development Corporation warrants the following recommended program.

The program is designed to fully test the property in the area of the known showings both laterally and vertically.

#### Phase I

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- 1) Rebuild road to allow fairly easy access by 4 wheel drive vehicle.
- Establish temporary camp to accommodate a crew of five.
- 3) Clear the presently trenched area thoroughly to allow for easy mapping and detailed sampling.
- 4) Trench the area by bulldozer on 12 metre intervals to the east along trend of zone for some 60 metres, map and sample.

- 5) Locate the zone on the west side of Reiseter Creek by bulldozer trenching, map and sample.
- 6) Drill 10 holes with reverse circulation percussion machine to test main showing some 20 metres below surface, collect samples for analysis on 1.5 metre spacing.
- 7) Test drill the zone where located on the east and west extensions after evaluating the surface exposures.

## **ESTIMATED COSTS**

#### Phase I

		000
Mob & demob, bulldozer and backhoe	\$	900
Rebuild road, 3 days @ \$1,000/day		3,000
		1,800
Establish temporary camp Bulldozer trenching and backhoe work, 6 days @ \$1,000/day		6,000
Bulldozer trenching and backhoe work, o days & 4-year, and		
Reverse circulation drilling, 10 holes @ 60 metres/hole @ \$40/metre		24,000
_		3,500
Mob & demob for drill		3,560
Assaying, 250 samples for gold and silver @ \$14.25/sample		3,500
Geologist to map, sample and manage program 15 days @ \$250/day		3,750
Food and supplies for camp, 15 days @ \$150/day		2,250
		1,350
Service vehicle, 18 days @ \$75/day		•
Gasoline for above vehicle		250
Total Phase I (say)	<u>\$</u>	50,000
TOWN TIME TOWN	\	

It is anticipated that further exploration will be required, but in the author's opinion details for such a program cannot be worked out specifically at this time, but the following two phases should more or less duplicate the anticipated work and related costs. Each of these phases are contingent on the previous phase proving encouraging results for follow-up work.

### Phase II

Geochem soil sampling	\$ 5,000
Follow-up reverse circulation drilling	20,000
Trenching	6,000
Assaying	6,000
Camp supplies	3,000
Service vehicle	1,800
Geologist - 15 days	2,500
Plus 15% contingencies	 6,645
Total Phase II (say)	\$ 51,000

## Phase III

An additional \$60,000 should be considered for a possible third phase for drilling, trenching and follow-up work depending on results of Phase I and II.

Total Phase III \$ 60,000

### CERTIFICATE

I, Melvin Plenny Dickson of 2731 Mathers Avenue, in the City of Vancouver, in the Province of British Columbia, Canada hereby certify as follows:

- 1. I am a graduate of Mount Allison University, Sackville, New Brunswick and hold a Bachelor of Science Degree in Geology.
- 2. I am a Registered Professional Engineer of the Province of British Columbia Registration No. 11456.
- 3. I have actively practised my profession on a full-time basis in mineral exploration, mine development, production, management and consulting since graduation in 1965.
- 4. That the information contained in this report is based on published and unpublished reports on the property, a site visit to the property on July 15, 1985, and the authors personal knowledge of the area in general.
- 5. I have no interest, direct or indirect, in the property or securities of Aitec Development Corporation, nor do I expect to receive any.
- 6. Permission is hereby given to Aitec Development Corporation to reproduce this report, or any part of it, for the purposes of a financial prospectus or to be used in a statement of material facts relating to the raising of funds for this project, provided, however, that no portion may be used out of context in such a manner as to convey a meaning differing materially from that set out in the whole.

Dated at Vancouver, B.C., this 22nd day of October, 1986.

M.P. Dickson, P. Eng.

#### REFERENCES

- 1) Dickson, M.P., Report on the Silver King Silver Saddle Property, Smithers, B.C. for Bitec Development Corporation, October 1, 1984.
- 2) Price, B.J., M.Sc., F.G.A.C., Geological Report on the Silver Box Group of Claims, Smithers, B.C., July 20, 1983.
- Tipper, H.W. and Richards, T.A. (1977), Smithers Map Area, Open File No. 351, Geological Survey of Canada.
- 4) Tipper, H.W. and Richards, T.A. (1976), Jurassic Stratigraphy and History of North-Central British Columbia, G.S.C. Bulletin 270, 73 pp.

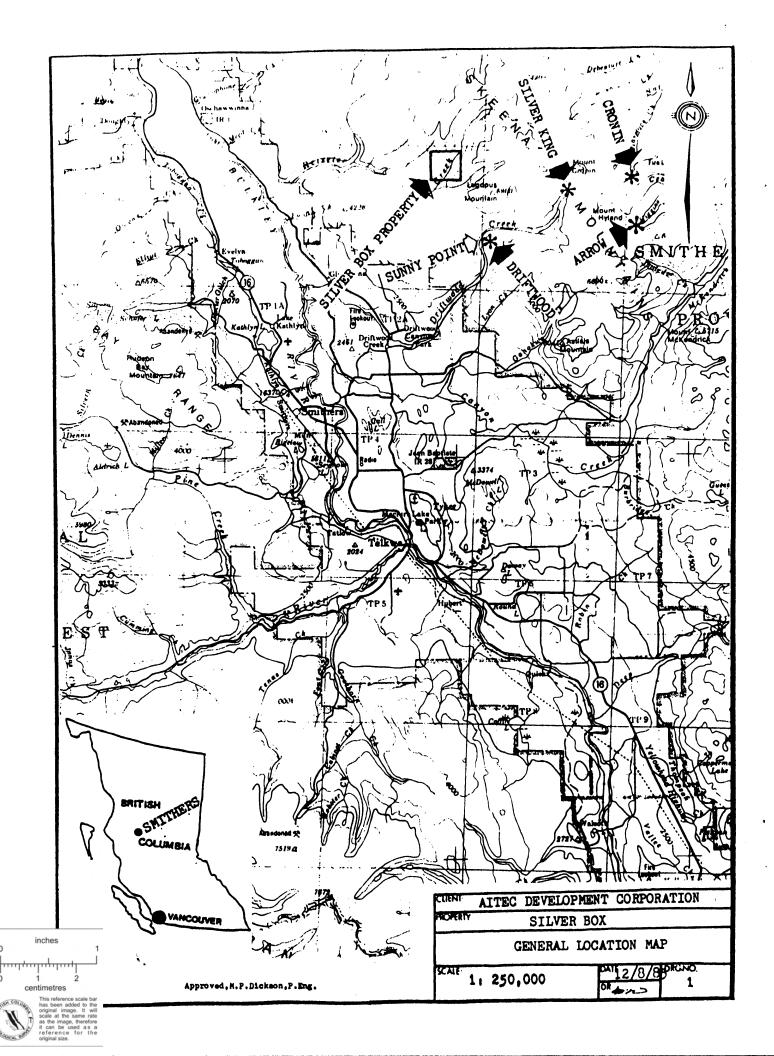
### REGIONAL GEOLOGICAL MAP - LEGEND

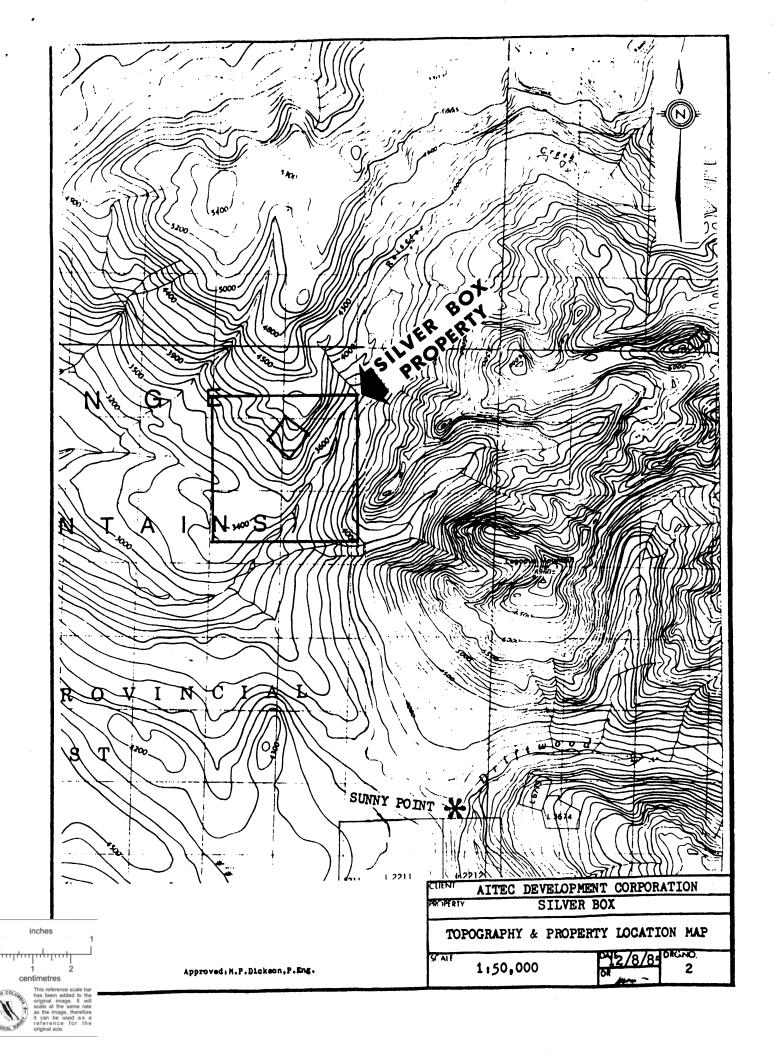
Aliuvial material Qal QUATERNARY PEs PALEOCENE - EOCENE Sediments OOTSA LAKE GROUP: CRETACEOUS & TERTIARY Acidic volcanics undivided uKev SKEENA GROUP: CRETACEOUS Brian Boru Formation IKb Red Rose Formation lKr Rocky Ridge volcanics 1Krv Kitsun Creek sediments 1KKs **JURASSIC** HAZELTON GROUP: **Smithers Formation** mJs 1Jn Nilkitkwa Formation 1Jr Red Tuff member Telkwa Formation 1Jt **INTRUSIVE ROCKS:** Late Cretaceous - Eocene intrusives KEg Thrust fault Fault or Lineament Area of Claims

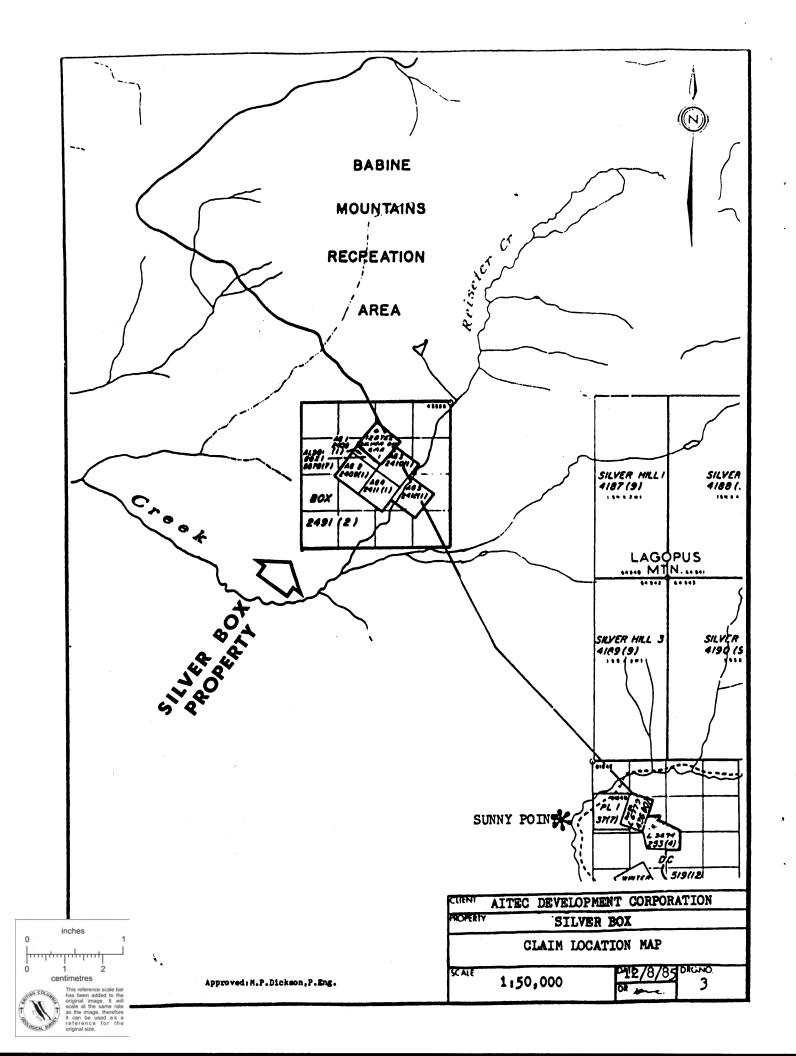
Open File 351, Mapsheet 93L, Smithers Area

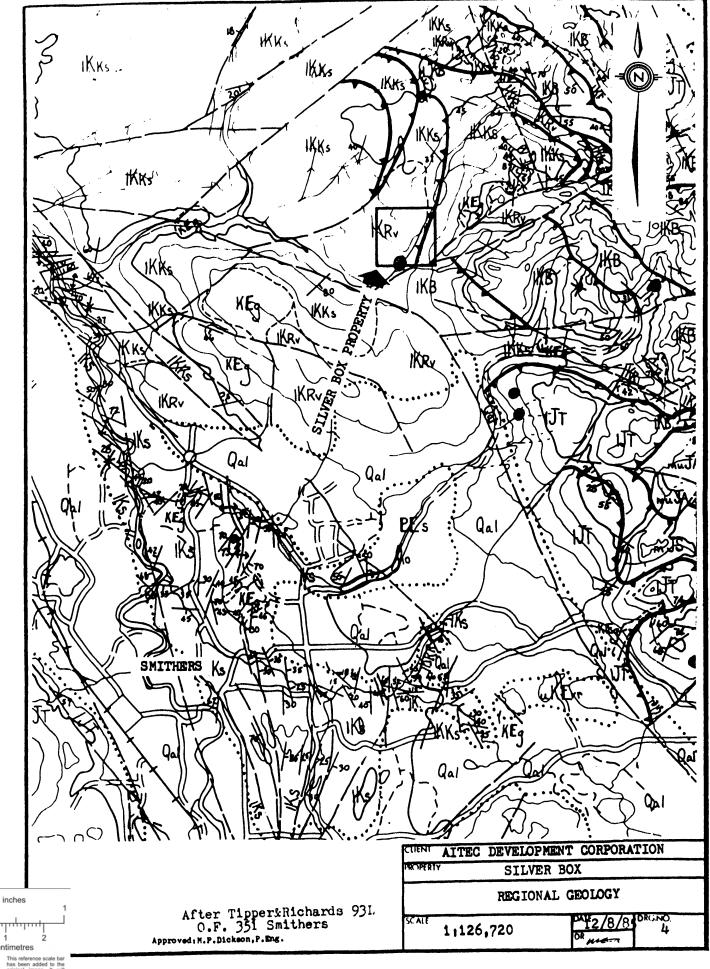
G.S.C. 1977. Tipper and Richards.

Source:

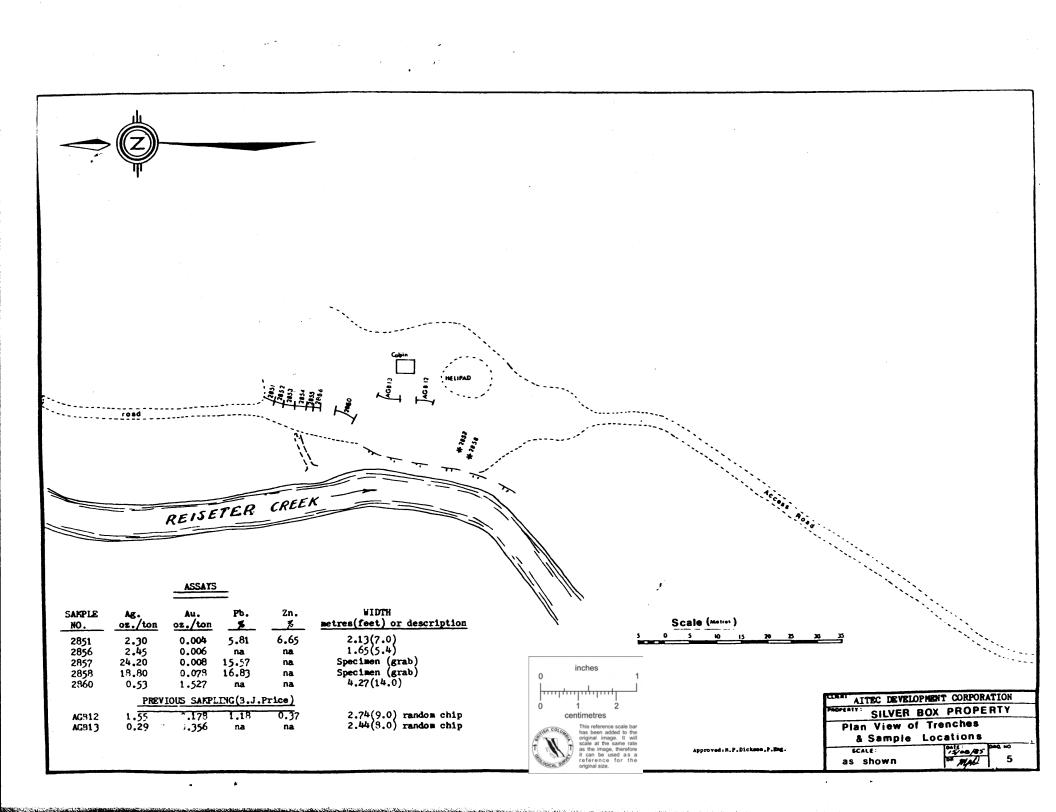








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# CERTIFICATE OF THE DIRECTORS AND PROMOTERS OF THE ISSUER

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the Securities Act and its regulations.

DATED; May, 15, 1987 Director & Promoter ghief Executive Officer and Chief Financial Officer Nina Levasseur Director CERTIFICATE OF THE AGENT To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the Securities Act and its regulations. DATED: May 15, 1987 CANARIM INVESTMENT CORPORATION LTD. OSLER INC.