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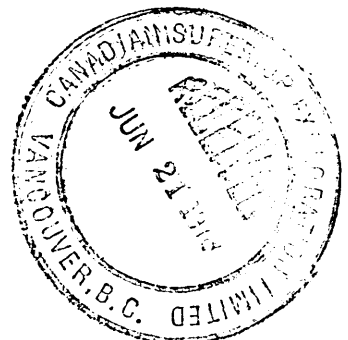
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Form 12

Securities Act

Date Accepted  
For Filing June 16, 1978

SUPERINTENDENT OF BROKERS  
AND  
VANCOUVER STOCK EXCHANGE  
VANCOUVER CURB EXCHANGE



STATEMENT OF MATERIAL FACTS

VANCOUVER STOCK EXCHANGE

Name of Exchange

SUZIE MINING EXPLORATIONS LTD. (formerly Susie Gold Mines Ltd.)

Name of Issuer

502 - 409 Granville Street, Vancouver, British Columbia

Address of Head Office of Issuer

3000 - 1055 West Georgia Street, Vancouver, British Columbia

Address of Registered Office of Issuer

3000 - 1055 West Georgia Street, Vancouver, British Columbia

Address of Records Office (Section 38 - Companies Act)

YORKSHIRE TRUST COMPANY  
900 WEST PENDER  
VANCOUVER, BRITISH COLUMBIA

Name & address of Registrar & Transfer Agent  
for Issuer's shares in British Columbia.

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

1. DETAILS OF THE CIRCUMSTANCES RELATING TO THE OFFERING OF SECURITIES

NEW OFFERING:

By an Agreement dated May 12, 1978 and amended by amending agreements dated May 24, 1978 and June 13, 1978 (collectively hereinafter called the "Agency Agreement") Suzie Mining Explorations Ltd. (formerly Susie Gold Mines Ltd.) (the "Issuer"), appointed Canarim Investment Corporation Ltd., (hereinafter called "the Agent") of 1350 - 409 Granville Street, Vancouver, B.C., to offer through the facilities of the Vancouver Stock Exchange, (the "Exchange") 300,000 shares of the Issuer with share purchase warrants ("Warrants") attached (one share and two Series "A" share purchase warrants being herein referred to as a "Unit") to the public at a fixed price on the floor of the Exchange. Such offering will take place not more than 10 business days after the date this Statement of Material Facts is accepted for filing by the Exchange and the Superintendent of Brokers. Between the hours of 2.00 p.m. and 5.00 p.m. on the business day immediately preceding the Offering Day and between 6.30 a.m. and 6.55 a.m. on the Offering Day, a book will be maintained on the floor of the Exchange to receive purchase orders. The "Offering Day" shall be the day the Unit Offering commences.

The Offering Price will be determined and fixed by the Exchange. Under the applicable By-Laws of the Exchange the Offering Price must be not less than 10% of the average trading price of the Issuer's shares traded on the Exchange on a day to be determined by the Exchange. Under the terms of the Agency Agreement the Agent may reserve not more than 80% of the Units for its clients and/or clients of other members of the Exchange, and at least 20% of the Units will be offered to other members of the Exchange. In the event of over-subscription with respect to such 20% of the Units, prorating will be settled with the approval of the Exchange.

The Agent will receive an aggregate fee of \$500.00 on the Effective Date, 6% of gross sales at the time the Units are sold and, in the event that all Units are sold, the Agent will receive an additional 1-1/2% of gross sales less the original fee of \$500.00. The purchaser of any Units under the offering will be required to pay regular commission rates as specified by the By-Laws and rules of the Exchange.

The Series "A" Warrants to be issued pursuant hereto will be in bearer form and each 2 Series "A" Warrants

will entitle the holder thereof to purchase one share in the capital of the Issuer at any time up to 180-days from the effective date, at a price to be determined and fixed by the Exchange.

Under the applicable By-Laws of the Exchange, the exercise price of the Warrants will be 15% higher than the prevailing market price of the Issuer's shares on the Offering Day. It is therefore anticipated that the Offering Price will be 10% higher than such prevailing market price and the exercise price for the Warrants will be 15% higher than such prevailing market price.

The Warrants will contain anti-dilution provisions including, among other things, provisions for appropriate adjustments in the class, number and price of shares issuable pursuant to any exercise thereof upon the occurrence of certain events, including any subdivision, consolidation or reclassification of the shares of the Issuer or the payment of stock dividends.

The Issuer cannot estimate with certainty the price at which the Units will sell. If all of the Units are sold at \$1.00 each the Issuer will receive net proceeds of \$300,000 less commissions of \$22,500 (net to the Issuer of \$277,500) and if all of the Series "A" Warrants are taken up the Issuer will receive additional proceeds of \$345,000.

The Agent may be considered the "market makers" of the Issuer during the period of primary distribution of this offering. The principals of the Agent own no shares of the Issuer and have no shares under their control.

Subject to the By-Laws of the Exchange the Agent may make purchases and sales of shares of the Issuer and of the Warrants for the purpose of maintaining an orderly market for the shares and Warrants of the Issuer and to assist in the distribution of the offered Units.

No payments in cash, securities or other consideration are being made or are to be made to any promoter, finder or other person or company in connection with the proposed offering.

The range of market price for the shares of the Issuer and the volume of sales for each of the four weeks

immediately preceding the effective date of this Statement of Material Facts, on the Vancouver Stock Exchange, is as follows:

| <u>WEEK</u>         | <u>MARKET RANGE</u> | <u>VOLUME</u> |
|---------------------|---------------------|---------------|
| May 15-19, 1978     | \$1.06 - 1.38       | 47,200 shares |
| May 22-26, 1978     | \$1.00 - 1.13       | 33,900 shares |
| May 29-June 2, 1978 | \$ .85 - 1.05       | 27,950 shares |
| June 5-9, 1978      | \$ .85 - .90        | 48,300 shares |

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

| <u>NAME AND ADDRESS</u>                                                                                                                | <u>NO. OF CLASS OF SHARES</u> | <u>PERCENTAGE</u> |
|----------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-------------------|
| Alfred E. Turton<br>1 Lakeview Square<br>Winnipeg, Manitoba                                                                            | 24,119                        | 54%               |
| The MacLachlan Investments Corporation<br>Sole Shareholder:<br>Peter M. Brown<br>13th Floor<br>409 Granville Street<br>Vancouver, B.C. | 15,212                        | 34%               |
| Brian D. Harwood<br>13th Floor<br>409 Granville Street<br>Vancouver, B.C.                                                              | 5,625                         | 12%               |

The Directors, Officers and insiders of the Issuer own as a group, directly or indirectly, 1,072,533 shares representing 39.84% of the presently issued shares of the Issuer.

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

The mineral properties of the Issuer on which the proceeds from the sale of securities offered by this Statement of Material Facts are to be spent are without a known body of commercial ore and the proposed program is an exploratory search for ore.

The shares of the Issuer must be considered speculative securities because the Issuer's mining properties are in the exploration and development stage.

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

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

On February 21, 1978 the Alberta Stock Exchange advised the Issuer that it had accepted the Issuer's application for listing of 2,642,000 shares on the Alberta Stock Exchange. The Issuer's Shares were posted for trading on February 28, 1978.

The Superintendent of Brokers for British Columbia, the Alberta Stock Exchange and the Vancouver Stock Exchange have approved transfers within escrow of 225,000 of the 675,000 escrowed shares in the capital of the company allotted and issued to Douglas Bishop Stelling as follows:

| <u>NAME</u>      | <u>NUMBER OF SHARES</u> |
|------------------|-------------------------|
| George Gamble    | 45,000                  |
| D'Arcy J. Morrow | 90,000                  |
| Corby Stanley    | 90,000                  |

Douglas Bishop Stelling has sought approval from the said regulatory bodies of the transfer by Douglas Bishop Stelling of shares released from escrow with the approval of the regulatory bodies as follows:

| <u>NAME</u>     | <u>NUMBER OF SHARES</u> |
|-----------------|-------------------------|
| Glen Brouchenko | 2,500                   |
| Charles Norwich | 2,500                   |
| George Garner   | 2,500                   |

The said transfers were disclosed in the Issuer's Prospectus dated June 6, 1975.

The Issuer has held its Annual General Meeting on May 15, 1978. At that meeting, in addition to business required by the Companies Act to be conducted at an Annual General Meeting shareholder approval was obtained for the following matters:

- (a) to change the name of the Issuer to Suzie Mining Explorations Ltd.;
- (b) to appoint Messrs. Peat, Marwick and Mitchell & Co. the Issuer's Auditors;
- (c) election of Donald Kenneth Bragg, Corby Hilton Stanley, John Paul Stevenson, and D'Arcy Morrow as directors of the Issuer for the ensuing year;
- (d) the said transfers within escrow from Douglas Bishop Stelling to Corby Hilton Stanley, D'Arcy Morrow and George Gamble.

By special resolution of the shareholders passed at the annual general meeting, the Issuer resolved to change its name to Suzie Mining Explorations Ltd. The Registrar of Companies has issued a certificate of change of name dated June 6, 1978.

The Issuer has entered into a drilling contract with Nielson Equipment Rentals Ltd. ("Nielson") under which, inter alia, Nielson agrees to perform diamond drilling on the Issuer's properties at the direction of the Issuer and the Issuer agrees, inter alia, to pay to Nielson rental for the drill of \$12,000 per month for the months of May to August, 1978 inclusive and \$3,000 per month for the months of September 1978 to April 1979 inclusive and further agrees to reimburse Nielson on a cost (including labour costs) plus 10% for the first 1,500 feet of diamond drilling and cost plus 30% for any additional drilling basis for other expenditures. The Issuer is obligated to pay Nielson \$480 per truck per month for trucks supplied under the said contract, net cost plus 10% for all diamond drill bits used, cost plus 10% for fuel, lubricants and minor repairs to the drill, reasonable transportation costs of transport of the drill from Vancouver to the Issuer's properties, miscellaneous costs up to a maximum of \$300, and upon termination of the said agreement transportation costs up to a maximum of \$2,000 of removing the drill to Fort St. James.

The Issuer has entered into a contract with Nielson with respect to the construction of a bridge across the Tenakihi Creek. The Issuer is obligated to pay \$45,000 under the said contract of which \$20,000 will be reimbursed by the Provincial Government.

The Issuer executed an agreement with Nielson for the building of a bridge across the Osilinka River for a fixed contract price of \$51,000 to which another company

has contributed \$10,000 and to which the Provincial Government will contribute \$20,000. The Issuer has paid \$31,000 to Nielson (made up of the \$10,000 received from the other company and \$21,000 of the Issuer's funds) and has executed a promissory note for the balance of \$20,000 which will be paid from the funds contributed to the Issuer upon receipt of those funds from the Provincial Government. The promissory note is carrying interest at 10% from April 25, 1978 and payable on demand as of that date.

4. ESTIMATED NET PROCEEDS OF THE ISSUER ARE TO BE SPENT

In the event that the entire estimated net proceeds from the sale of securities offered by this Statement of Material Facts are not raised, the priorities for expenditure of funds will be as follows:

- (a) to pay accounts payable of approximately (including construction of bridge crossing Tenakihi Creek) \$145,000
- (b) continuation of work program recommended by W.G. Smitheringale & Associates Ltd. in their Engineering Report dated October 31, 1977 with updated recommendations dated May 12, 1978 attached:
- camp costs: includes groceries, fuel, trailers, supplies, maintenance, etc.
    - 3 mos. @ \$20,000/month \$ 10,000
  - travel: 3 mos. @ \$3,000/month 3,000
  - equipment rental (2 4x4 trucks) 1,200
  - core shack 1,000
  - cook and bullcook: 3 mos. @ \$3,500/month 3,500
  - diamond drill supervision 1,500
  - core logging (2,000 feet) 1,500
  - assaying 3,000
  - trenching on anomaly #14 3,000
  - geochemical and geological surveying 20,800
  - diamond drilling on anomaly #2 and #14 2,000 feet @ \$20.00/foot 40,000
- 88,500
- Plus 15% contingency 13,300
- (c) to provide general working capital 101,800
- 30,700
- TOTAL: \$277,500
- (d) in the event any of the Series "A" Warrants are exercised, the funds so generated shall be utilized to complete the work program described above with the balance to be added to the general working capital of the Issuer.

None of the proceeds will be used on any properties the Issuer may acquire unless an engineering report is filed with and accepted by the Vancouver Stock Exchange.

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

As at May 11, 1978:

| <u>NAME AND ADDRESS</u>                                                                | <u>CHIEF OCCUPATION</u>                                                                                                                                                                                                                                            | <u>NUMBER OF SHARES OF ISSUER BENEFICIALLY OWNED</u> |
|----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|
| DONALD KENNETH BRAGG<br>3567 - 27th Avenue<br>Vancouver, B.C.<br>DIRECTOR              | Prospector Self-employed mining contractor, D.K. Bragg Ltd.                                                                                                                                                                                                        | 1,000<br>free shares                                 |
| D'ARCY JAMES MORROW<br>2004 Larson Road<br>North Vancouver, B.C.<br>PRESIDENT/DIRECTOR | Consulting Engineer<br>Morrow Engineering Ltd.<br>1974 to date; employee<br>of Imperial Oil Ltd.<br>1964 to 1974                                                                                                                                                   | 90,000<br>escrow shares<br>89,533 free<br>shares     |
| CORBY HILTON STANLEY<br>c/o 502-409 Granville<br>Vancouver, B.C.<br>SECRETARY/DIRECTOR | President, Director<br>Merin Management Ltd.<br>1976 to date.<br>Principal, Geoker<br>Holdings and Services<br>Corp. Ltd. 1973 to date.<br>Agilis Engineering Ltd.<br>1974-1975. Geophysicist<br>and director of various<br>B.C. mining companies<br>1971 to 1973. | 90,000<br>escrow shares<br>132,500 free<br>shares    |
| JOHN PAUL STEVENSON<br>Manson Creek, B.C.<br>DIRECTOR                                  | Self-employed in Far<br>Out Enterprises Ltd.<br>since 1972. Prospector<br>for Bacon and Crowhurst<br>Consulting Engineers<br>Ltd. summer of 1974.                                                                                                                  | 107,500 free<br>shares                               |

6. PARTICULARS OF THE CORPORATE STANDING OF THE ISSUER

The Issuer was incorporated in British Columbia on March 18, 1975 by Memorandum and Articles.



None of the proceeds will be used on any properties the Issuer may acquire unless an engineering report is filed with and accepted by the Vancouver Stock Exchange.

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

As at May 11, 1978:

| <u>NAME AND ADDRESS</u>                                                                | <u>CHIEF OCCUPATION</u>                                                                                                                                                                                                              | <u>NUMBER OF SHARES OF ISSUER BENEFICIALLY OWNED</u> |
|----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|
| DONALD KENNETH BRAGG<br>3567 - 27th Avenue<br>Vancouver, B.C.<br>DIRECTOR              | Prospector Self-employed mining contractor, D.K. Bragg Ltd.                                                                                                                                                                          | 1,000 free shares                                    |
| D'ARCY JAMES MORROW<br>2004 Larson Road<br>North Vancouver, B.C.<br>PRESIDENT/DIRECTOR | Consulting Engineer Morrow Engineering Ltd. 1974 to date; employee of Imperial Oil Ltd. 1964 to 1974                                                                                                                                 | 90,000 escrow shares<br>89,533 free shares           |
| CORBY HILTON STANLEY<br>c/o 502-409 Granville<br>Vancouver, B.C.<br>SECRETARY/DIRECTOR | President, Director Merin Management Ltd. 1976 to date. Principal, Geoker Holdings and Services Corp. Ltd. 1973 to date. Agilis Engineering Ltd. 1974-1975. Geophysicist and director of various B.C. mining companies 1971 to 1973. | 90,000 escrow shares<br>132,500 free shares          |
| JOHN PAUL STEVENSON<br>Manson Creek, B.C.<br>DIRECTOR                                  | Self-employed in Far Out Enterprises Ltd. since 1972. Prospector for Bacon and Crowhurst Consulting Engineers Ltd. summer of 1974.                                                                                                   | 107,500 free shares                                  |

6. PARTICULARS OF THE CORPORATE STANDING OF THE ISSUER

The Issuer was incorporated in British Columbia on March 18, 1975 by Memorandum and Articles.

Agreement dated January 27, 1976 between the Issuer, Frank A. Lang and J. Paul Stevenson as follows:

|                                                             |        |
|-------------------------------------------------------------|--------|
| Frank A. Lang<br>1575 Rena Crescent<br>West Vancouver, B.C. | 37,500 |
| J. Paul Stevenson<br>Manson Creek, B.C.                     | 37,500 |

Further pursuant to the said resolution, shares of the Issuer with a deemed value as of May 5, 1977 of 15¢ per share were issued pursuant to an agreement dated March 18, 1976 between the Issuer, Dauntless Developments Ltd. and J. Paul Stevenson (the "Carrie Agreement") as follows:

|                                                                                                                    |        |
|--------------------------------------------------------------------------------------------------------------------|--------|
| Dauntless Developments Ltd.<br>1575 Rena Crescent<br>West Vancouver, B.C.<br>(Sole Shareholder: Mr. Frank A. Lang) | 25,000 |
| J. Paul Stevenson<br>Manson Creek, B.C.                                                                            | 25,000 |

Shares of the Issuer with a deemed value of 15¢ per share were allotted and issued pursuant to the Carrie Agreement with the approval of the Vancouver Stock Exchange March 21, 1978 as follows:

|                             |        |
|-----------------------------|--------|
| J. Paul Stevenson           | 25,000 |
| Dauntless Developments Ltd. | 25,000 |

Pursuant to an Agency Agreement dated January 27, 1978 and a Statement of Material Facts dated February 16, 1978, 150,000 shares of the Issuer were sold through the facilities of the Vancouver Stock Exchange at various prices between \$1.20 and \$1.81.

9. PARTICULARS OF ANY BONDS, DEBENTURES, NOTES, MORTGAGES, CHARGES, LIENS OR HYPOTHECATIONS OF THE ISSUER

The Issuer has executed a promissory note in the amount of \$20,000 payable on demand carrying interest at 10% per annum from April 25, 1978 in favour of Nielson Equipment Rentals Ltd. for services rendered by Nielson in respect of a bridge across the Osilinka River. No property of the Issuer is used to secure the said note.

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

(a) SUE, SARA EAST AND WEST - Omenica Mining Division,  
British Columbia

The Issuer owns a 100% interest in mineral claims Sara East, record number 135, and Sara West, record number 136, and Sue, record number 55, comprising of a total of 48 units situated in the Omineca Mining Division of the Province of British Columbia.

Pursuant to the engineering report to R. Potter dated September 20, 1976, the company has conducted a program of prospecting, geochemical sampling, soil sampling, and electromagnetic surveying (V.L.F.) as well as additional staking at a total cost up to December 31, 1977 of \$25,675.91. The results of the electromagnetic survey show a conductive source at depth, but the nature of it has not been determined. The results of the other work, above, showed that a coincident copper, zinc and molybdenum soil anomaly has been outlined and both massive copper pyrrhotite and copper-molybdenum porphyry mineralization has been found. The Roxanne claims are staked adjacent to the Sue, Sara East and Sara West claims to cover the extension of the geochemical anomalies. IP survey as well as follow-up diamond drilling has been recommended at an approximate cost of \$60,000.00 in the Engineering Report of R. Potter dated September 20, 1976.

Since the date of the said Statement of Material Facts dated February 16, 1978 no further work has been done by the Issuer on the said properties.

It is the intention of the Issuer to keep the said claims in good standing but no major work is planned this year.

(b) CARIE CLAIMS - Omenica Mining Division, British  
Columbia

The Issuer owns 100% interest in the Carie group of mineral claims, Carie #1 - #4, record numbers 130960 - 130963, inclusive, Carie #5 - #10, record numbers 132742 - 132747, inclusive, Carie #12, record number 132749, Carie #4 - #18, record numbers 132751 - 132755, inclusive, Carie #19 - #32, record numbers 133623 - 133636, inclusive, Cara #1, record number 501 (9 units), Cara #2, record number 502 (4 units), Cara #3, record number 503 (20 units), Cara #4, record number 504 (20 units) in the Omenica Mining Division of the Province of British Columbia.

Up to December 31, 1977, a program of prospecting, geological mapping and soil sampling has been completed as well as a gravity survey.

For particulars of work performed on the said claims refer to the heading "Bevely Claims" below.

(c) BEVELY CLAIMS - Omenica Mining Division, British Columbia

By an agreement dated as of the 26th day of January, 1977, between the Issuer and Ralph Hall, Prospector, 1595 Sheridan Avenue, Victoria, British Columbia, the Issuer acquired a working option exercisable until and including December 31, 1979 to have the sole and exclusive right and option with respect to the following mineral claims:

| <u>Name of Claim</u> | <u>Record Number</u> |
|----------------------|----------------------|
| Carol 1              | 505                  |
| Carol 2              | 506                  |
| Gael 4               | 126009               |
| Gael 5               | 126010               |
| Gael 6               | 128332               |
| Gael 7               | 128333               |
| Gael 8               | 129538               |
| Gael 9               | 129539               |
| Gael 10              | 129767               |
| Gael 11              | 129768               |

all in the Omenica Mining Division, Province of British Columbia.

The Bevely and Carie properties are regarded by the Issuer as one property and the Issuer is working them as such.

Since July 29, 1977, the above Bevely and Carie claims have been covered by gravity, IP and some electro-magnetic surveying and diamond drilling. The results of the geophysical work showed approximately 10 anomalous zones which are diamond drilling targets and were the result of 9 line kilometers, some V.L.F. electromagnetic surveying, 70 line kilometers of induced polarization, and 92 line kilometers of gravity surveying.

Diamond drilling was carried out in two phases. Phase one incorporated the use of a lightweight Winkie drill to test anomalous areas, and if results warranted, phase two employed a large NQ drill. A total of 983

meters of drilling has been completed to date and the drill program continues

Approximately \$17,000 was expended on the old Bevely showing, anomaly #1, \$17,000 on anomaly #14, of Carie claims and a balance of \$72,838 was expended on anomaly #2, Carol #2 claim.

The project is not based on a claim development but on a belt development that covers the Bevely and Carie claims.

Since January 22, 1978 the Issuer has established a major field base on this property. Road access to the anomaly areas has been initiated including the construction of two major bridges. This construction on the property has been necessitated by heavy spring floods and environmental concerns. A total of \$22,738.55 has been expended on the camp to date with some payables still outstanding.

The road and bridge construction, while causing heavy capital outlays for the period, have resulted in savings on air transportation costs. Road maintenance has cost \$6,547.00, road construction has cost \$18,324.72 and bridge construction has cost \$41,000.00 with an account payable outstanding for an additional \$45,000.00 on the second bridge. As indicated in item 3 of this Statement of Material Facts, certain of the bridge costs are recoverable from another company and the Provincial Government.

One thousand nine hundred feet of diamond drilling was completed during this period and to date the Issuer has paid \$22,937.50 to the former contractor and disputes the amount of \$54,000.00 claimed by the contractor. The results obtained during the period will not be available until assays are completed.

During the period engineering costs were \$29,974.72 of which \$20,000.00 was a final payment for last summer's exploration program. Travel and transportation costs were \$9,645.18. Administrative costs including rent, secretarial services, telephone, office expenses and accounting were \$11,650.23.

Up to April 30, 1978 a total of \$495,943.98 has been spent on the Carie and Bevely claims.

(d) SHEILA CLAIMS - Omenica Mining Division, British Columbia

The Company is the registered owner of mineral claims Sheila East and Sheila West, record numbers 584, 585.

(e) MISCELLANEOUS CLAIMS - Omenica Mining Division, British Columbia

Kriker, record number 755, Roxanne, record number 431, MBI, record number 821, and MBII, record number 822.

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

(a) SUSIE CLAIMS - Omenica Mining Division, British Columbia

By agreement dated 27 March 1975, the Issuer acquired from Douglas B. Stelling, of Germansen Landing, British Columbia, Susie #1 - #6, #8, #17, #19 and #21 - #23 mineral claims, record numbers 113402 - 1113407, inclusive, 113409, 121912, 121914, and 121916 - 121918, inclusive, in the Omenica Mining Division of the Province of British Columbia, in consideration of \$7,500.00 cash and for 750,000 shares in the capital of the Issuer allotted and issued as follows:

|                        |                |
|------------------------|----------------|
| Douglas B. Stelling    | 500,000 shares |
| Nautilus Ventures Ltd. | 240,000 shares |
| D'Arcy Morrow          | 10,000 shares  |

the owner of all of the issued and outstanding shares of Nautilus Ventures Ltd., is Mr. Richard W. Hughes, of 2484 Ottawa Avenue, West Vancouver, British Columbia, a former Director of the Issuer.

It is the intention of the Company to allow the Susie claims to lapse as the expiry date passes and therefore Susie claims 7, 19, 21 - 23, have lapsed.

(b) SUE, SARA EAST and SARA WEST - Omenica Mining Division, British Columbia

By agreement dated 27 January 1976, between the Issuer and Frank A. Lang, of 1575 Rena Crescent, West Vancouver, British Columbia, and J. Paul Stevenson, of Manson Creek, British Columbia, the Issuer acquired the Sue, Sara East and Sara West groups of mineral claims in the Omenica Mining Division of the Province of British Columbia, in consideration for \$7,500 and the allotment and issuance of 200,000 shares in the capital of the Issuer.

The Purchase price is payable as follows:

- (i) \$5,000 upon the approval of the Vancouver Curb Exchange of the purchase and sale contemplated by this agreement ("the approval date"); (paid)
- (ii) 75,000 shares within 90 days from the approval date; (issued)
- (iii) \$2,500 within 150 days from the approval date; (paid)
- (iv) 75,000 shares within 180 days from the approval date;
- (v) 50,000 shares within 270 days from the approval date.

The remaining 125,000 shares to be allotted and issued pursuant to the agreement will be allotted subject to the Issuer's filing engineering reports acceptable to the Vancouver Curb Exchange.

(c) CARIE CLAIMS - Omenica Mining Division, British Columbia

By agreement dated 18 March, 1976 between the Issuer and Dauntless Development Ltd., of #202-900 West Pender Street, Vancouver, British Columbia, as to 50%, and J. Paul Stevenson, of Manson Creek, British Columbia, as to 50%, the Issuer acquired the Carie group of mineral claims, in the Omenica Mining Division of the Province of British Columbia, in consideration for \$7,500 and the allotment and issuance of 200,000 shares in the capital of the Issuer.

The purchase price is payable as follows:

- (i) \$5,000 upon the approval of the Vancouver Curb Exchange of the purchase and sale contemplated by this agreement ("the approval date"); (paid)
- (ii) 50,000 shares within 90 days from the approval date; (issued)
- (iii) \$2,500 within 180 days from the approval date; (paid)
- (iv) 50,000 shares within 180 days from the approval date; (issued)

- (v) 50,000 shares within 270 days from the approval date;
- (vi) 50,000 shares within 360 days from the approval date.

The remaining 100,000 shares to be allotted and issued pursuant to the agreement will be allotted subject to the Issuer's filing engineering reports acceptable to the Vancouver Curb Exchange.

All of the issued and outstanding shares of Dauntless Developments Ltd. are owned by Mr. Frank A. Lang of 1575 Rena Crescent, West Vancouver, British Columbia.

(d) BEVELY CLAIMS - Omenica Mining Division, British Columbia

Pursuant to an agreement dated the 26th day of January, 1977, between Ralph Hall, Prospector, 1595 Sheridan Avenue, Victoria, British Columbia and the Issuer, the Issuer acquired a working option from the effective date of the agreements to and including December 31, 1979, covering the following mineral claims:

| <u>Name of Claim</u> | <u>Record Number</u> |
|----------------------|----------------------|
| Carol 1              | 505                  |
| Carol 2              | 506                  |
| Gael 4               | 126009               |
| Gael 5               | 126010               |
| Gael 6               | 128332               |
| Gael 7               | 128333               |
| Gael 8               | 129538               |
| Gael 9               | 129539               |
| Gael 10              | 129767               |
| Gael 11              | 129768               |

In order to acquire the working option of the said claims, the Issuer is required to pay to Ralph Hall an amount of \$5,000 which has been paid on the effective date of the said agreement. Further payments by the Issuer to Ralph Hall re as follows:

|                   |                |
|-------------------|----------------|
| December 31, 1977 | \$5,000 (paid) |
| December 31, 1978 | \$7,000        |
| December 31, 1979 | \$8,000        |

The said agreement provides the Issuer with the sole and exclusive right and option to:

- (1) Enter upon the mineral claims;



- (2) have exclusive and quiet possession thereof;
- (3) to do such prospecting, exploration, development or other mining work thereon and thereunder as Susie in its sole discretion may consider advisable;
- (4) bring upon and erect upon the mineral claims such buildings, plant, machinery and equipment as Susie may deem advisable; and remove from the mineral claims and sell or otherwise dispose of ores, concentrates, metals and other mineral products produced from the mineral claims, but only for the purpose of testing.

The said agreement further provides that upon making the final of the said payments, the Issuer will have acquired from Ralph Hall 100% right, title and interest in the mineral claims, free and clear of all encumbrances, save and except that the Issuer shall pay to Ralph Hall 1% of the net smelter returns up to, but not exceeding, a total amount of \$250,000.

The said agreement further provides that the Issuer shall have the right and option, exercisable at any time prior to December 31, 1985, to discharge its obligations to pay 1% of net smelter returns to Ralph Hall by paying to Ralph Hall the amount of \$250,000.

(e) Sheila Claims

Pursuant to an agreement dated as of the 6th day of December, 1977 between Douglas B. Stelling and Susie Gold Mines Ltd., the Company acquired the Sheila group of mineral claims, Sheila East and Sheila West, record numbers 584, 585, Omineca Mining Division, Province of British Columbia, in consideration of \$7,500 (Douglas B. Stelling's staking costs) and the transfer to Douglas B. Stelling of 675,000 escrowed shares in the capital of the Company.

(f) Miscellaneous Claims

The Kriker Mineral Claims record no. 755, Omineca Mining Division mineral claims are recorded in the name of the Issuer pursuant to a bill of sale dated November 2, 1978.

- (g) The Roxanne mineral claim record no. 431 Omineca Mining Division is recorded in the name of the Issuer pursuant to a bill of sale dated November 2, 1977.

- (h) The MBI claims record no. 821, and MB2 claims record no. 822 Omineca Mining Division have been transferred on February 2, 1978 to the Issuer at a cost of \$1.00 from Mauro Barretta who staked them on behalf of the Issuer. The staking costs charged to the company were \$1,946.64.

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

Douglas B. Stelling, of Germansen Landing, British Columbia, may be considered the Promoter of the Issuer, but he has received nothing of value for so acting.

Douglas B. Stelling did receive 500,000 shares of the Issuer and \$7,500.00 for the Susie mineral claims. With the approval of the regulatory bodies, a 10% escrow release was granted and subsequent thereto Douglas B. Stelling donated the balance of his escrow to the Issuer. For the Sheila Mineral claims, Douglas B. Stelling has received \$7,500.00 in respect of staking costs and 675,000 escrow shares in the capital of the Issuer.

Richard W. Hughes of 2884 Ottawa Avenue, West Vancouver, British Columbia, was a Promoter of the Issuer and assisted in issuing the initial 300,000 primary shares in 1975. He continued in that capacity until the fall of 1976. In consideration for so acting, Richard W. Hughes had issued to Nautilus Ventures Ltd., a company in which he is a sole shareholder, 240,000 shares of the Issuer. The Vancouver Stock Exchange and the Superintendent of Brokers approved a 10% escrow release and subsequent thereto Nautilus Ventures Ltd. donated the balance of their escrow shares to the Company.

J. Paul Stevenson of Manson Creek, British Columbia is a Promoter of the Issuer in that pursuant to an agreement dated February 27, 1976, between the Issuer and Frank A. Lang, and J. Paul Stevenson, the Issuer acquired the Sue, Sara East, and Sara West claims. According to the terms of the said agreement, J. Paul Stevenson has received \$5,500 in cash and 37,500 shares of the Issuer in respect of the Sue, Sara East and Sara West claims.

The Issuer pursuant to an agreement dated March 18, 1976 between the Issuer, Dauntless Developments Ltd. and J. Paul Stevenson acquired the Carie claims. J. Paul Stevenson received \$5,000 in cash and has received 50,000 shares of the Issuer in respect of the Carie claims.

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

There are 675,000 shares of the Issuer held in escrow by the Yorkshire Trust Company, 900 West Pender Street, Vancouver, British Columbia, subject to release only

with the written consent of the Vancouver Stock Exchange and the Superintendent of Brokers.

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

The following information is provided as of May 11, 1978.

| <u>NAME AND ADDRESS</u> | <u>NUMBER OF SHARES</u> |
|-------------------------|-------------------------|
| Douglas Bishop Stelling | 450,000 escrow shares   |
| Germansen Landing       | 112,000 free shares     |
| British Columbia        |                         |

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

In January, 1978 the Issuer entered into a drilling contract for drilling to be performed on the Issuer's Wasi Lake project with White Mine Development Ltd. ("White"). The Issuer has disputed the correctness of certain invoices rendered by White under the said contract with the result that White, has issued a writ against the company claiming, inter alia, \$40,800 pursuant to the said contract and has garnished \$41,010.75 of the proceeds of the Issuer's Agency offering raised pursuant to the Issuer's February 16, 1978 statement of Material facts. The garnishee, Canarim Investment Corporation Ltd. has paid the said sum into court. The Issuer has entered a defence to the action.

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

Up to April 30, 1978 for exploration services, Stellac Ltd., a company wholly owned by Douglas B. Stelling, a Director of the Issuer, received \$10,039.

Donald Kenneth Bragg has been employed since February 3, 1978 by the Issuer at a rate of \$115.00 per day for field supervision and geological services.

Merin Management Ltd. (a company wholly owned by Corby Hilton Stanley) has received since January 1, 1977 \$11,700 for secretarial and management services and office rent.

17. BRIEF PARTICULARS OF ALL OPTIONS TO PURCHASE SECURITIES OF THE ISSUER UNLESS OTHERWISE DISCLOSED HEREUNDER

None.

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

None.

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

None.

All material contracts of the Issuer may be viewed at the Issuer's registered office at 3000 - 1055 West Georgia Street, Vancouver, British Columbia.

GEOLOGICAL REPORT

on the

WASI LAKE LEAD-ZINC-SILVER PROPERTY

(KRIKER, CAROL, GAEL, CARA AND CARIE CLAIM GROUPS)

OMINECA MINING DIVISION  
BRITISH COLUMBIA

Prepared for

SUSIE GOLD MINES LTD.

by

W.G. Smitheringale & Associates Ltd.

October 31, 1977.

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| Figure 4. | Exploration Map of Wasi Lake<br>Property ..... | in pocket |

## INTRODUCTION

At the request of Mr. J. Paul Stevenson, Director, Susie Gold Mines Ltd., the writer examined the Wasi Lake lead-zinc-silver property on October 13 and 14, 1977. On October 15 and 16 several showings similar to those on the Wasi Lake property, but lying 15km to 35km to the southeast, that had come to the attention of Susie Gold Mines were examined. The following report is based on observations the writer made during this trip and on material in unpublished company reports in the files of Susie Gold Mines Ltd. and on published reports by the B.C. Department of Mines and Petroleum Resources and by the Geological Survey of Canada.

## LOCATION, ACCESS AND TOPOGRAPHY

The Wasi Lake property is located in the Omineca Mining Division of Northern British Columbia and is centered at Lat.  $56^{\circ}03'N$ , Long.  $125^{\circ}02'W$  (Fig. 1) It lies north of Wasi Lake and straddles Wasi Creek and Osilinka River (NTS Map Sheets 94C/2W, 3E Fig. 2). The northern part of the property, which includes the old Beveley showings and number 2 anomaly, is accessible by bush road from a point on the Aiken Lake road about 85km from Germansen Landing. Osilinka River must be forded to gain access to the southern part of the property.

The terrain consists of steep hillsides and swampy valleys. The elevation of Osilinka River where it crosses the property is about 2,700 feet, and the elevation of the upper parts of the property north and south of the river are about 5,000 feet. Outcrop is scarce except in cliff areas, although old exploration trenches on the Beveley showing provide numerous exposures in that area.

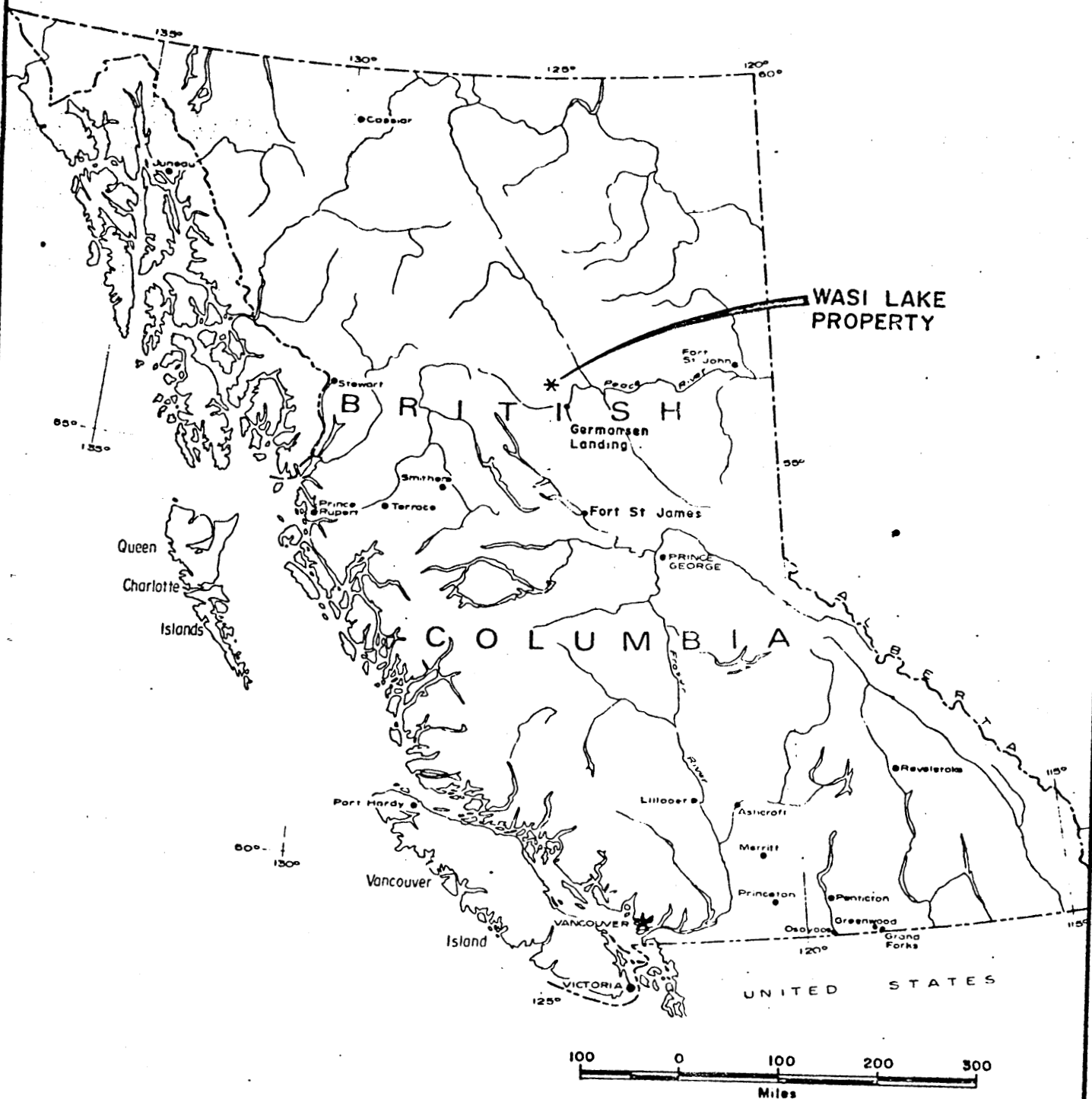


FIG. 1  
LOCATION OF  
WASI LAKE PROPERTY  
SUSIE GOLD MINES LTD.  
W. G. SMITHERINGALE & ASSOCIATES LTD.  
SCALE  
Kilometres 100 0 100 200 300 400 500 kilometres



## PROPERTY AND TITLE

The property consists of the Kriker, the Carol #1 and #2 and the Cara #1 to #7 claims, all staked on the 'modified grid system', and of the Carie group (30 claims) and Gael group (8 claims) staked on the 'old' system (Fig. 3). A list of the claims and pertinent data appears in Appendix #1.

The Gael claims are under option from Ralph Hall, prospector, of Victoria, B.C., to Susie Gold Mines until December 31, 1979. The remainder of the claims are owned 100% by Susie Gold Mines.

A minor discrepancy exists between the position of the Carie claim group as shown on Figure 3, which is drawn according to information supplied by Susie Gold Mines Ltd., and the position of the group as shown on the B.C. Dept of Mines and Petroleum Resources claim map 94C/3E(M). The discrepancy is not important insofar as the general boundaries of the property are concerned, and the writer is satisfied that all the showings and exploration work described in this report as being on the Wasi Lake property are, in fact, within the property boundaries.

## HISTORY

The history of the area prior to 1952 is outlined by McCammon (1952).

The first claims recorded in the belt of carbonate rocks that extends 50km southeastward from the Gael claims where the Childhood Dream and Weber groups which were recorded in 1930. Systematic prospecting in the area by Consolidated Mining & Smelting Company began in 1927 and resulted in the staking of the Beveley group in 1946. Independent

prospectors located the Davies group in 1946, the Gordon group in 1950 and the Vernon group in 1951. Exploration in the carbonate belt was sporadic during the 1950's and 1960's, but about 1973 interest in the belt was renewed and resulted in the acquisition of claims by Pechiney Development Ltd., Placer Development Ltd., Cominco Ltd., Serem Ltd., Imperial Oil Ltd., and others (Fig. 2).




The Gael, Carol and Carie claims are located over the old Beveley and Weber claim groups. Consolidated Mining & Smelting Company, the original owners of the Beveley group, conducted extensive exploration between 1947 and 1951. The claims were allowed to lapse in 1962 and in 1966 a syndicate that included Alexander Leggatt, the C.M.&S. prospector who discovered the property, was formed and exposed several additional zones of mineralization with a bulldozer. In 1967 the property was optioned to Donna Mines Ltd. which constructed the access road to the property and did considerable exploration during the following two years. Although widespread mineralization was exposed by the C.M.&S. and Donna Mines programs, interest by Donna Mines waned and the option was dropped. Mr. Ralph Hall, one the partners in the Leggatt syndicate, subsequently acquired ownership of the property.

The old Weber property was restaked in 1972 by Centura Mines Ltd. as the Cona claim group, but no assessment work was recorded and the claims lapsed.

Susie Gold Mines Ltd. acquired property in the Wasi Lake area through the efforts of Mr. Douglas Stelling, president of Susie Gold Mines, and Mr. J. Paul Stevenson, a director of Susie Gold Mines. Mr. Stelling has been active as a prospector and exploration consultant in the Omineca area since 1969 and he has conducted exploration in the Wasi Lake-Omineca River carbonate belt since 1973.



**LEGEND**

-  Ingonika Group (Hadyrylian) and Cambrian Sedimentary Rocks.
-  Carbonate Belt. Mainly Silurian and Devonian but Includes Some Hadyrylian Carbonate Rocks.
-  Volcanic and Sedimentary Rocks of Permian (?) and Pennsylvanian Age or Older.

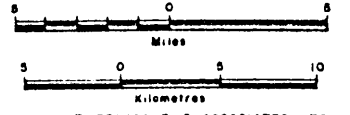
**OLD CLAIM GROUP (Approximate)**

- 1 Bevelley
- 2 Weber
- 3 Childhood Dream
- 4 Davies
- 5 Gordon
- 6 Vernon

**PRESENT CLAIMS**

- A Susie Gold Mines Ltd.
- B Placer Development Ltd.
- C Serem Ltd.
- D Cominco Ltd.
- E Jemima Group
- F Imperial Oil Ltd.

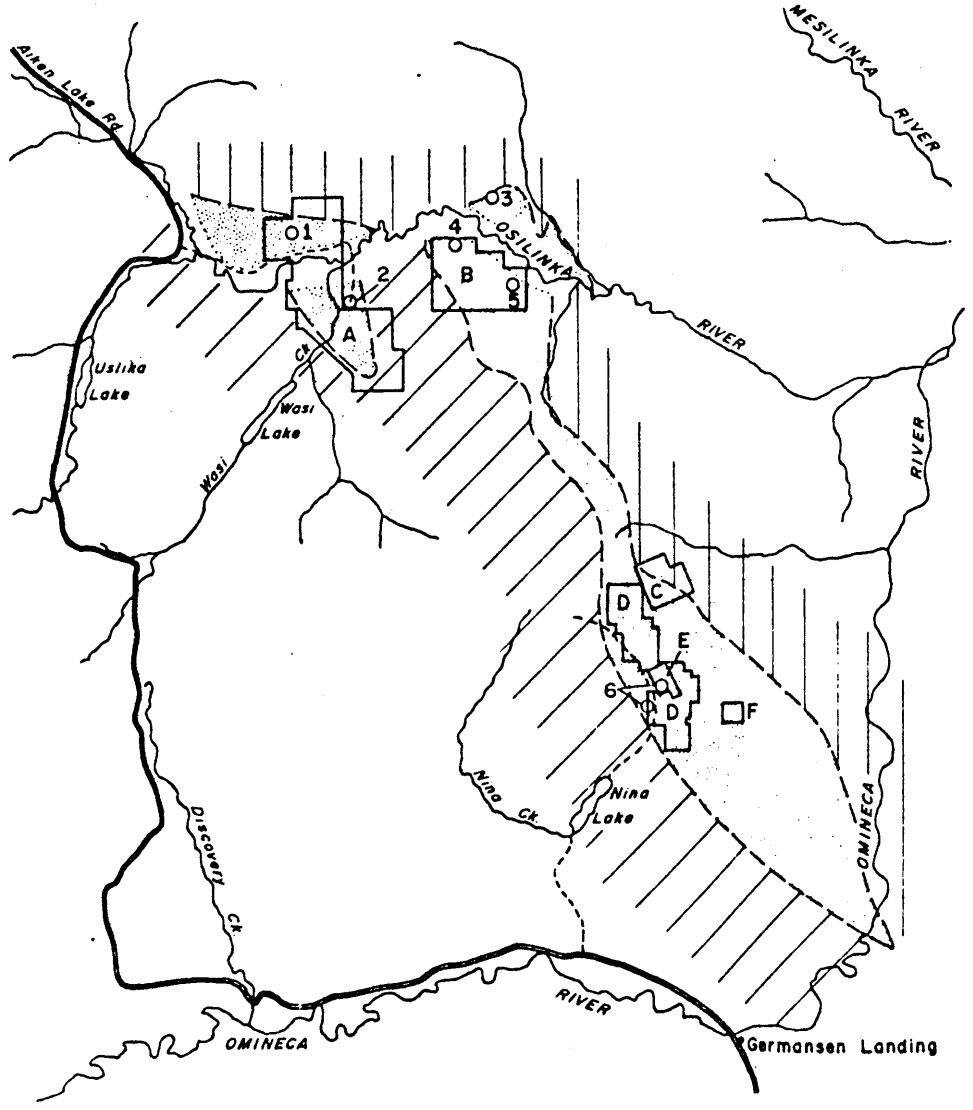
FIG. 2  
**WASI LAKE PROPERTY**  
**SUSIE GOLD MINES LTD.**  
 — REGIONAL GEOLOGY —



W. S. SMITHERINGALE & ASSOCIATES LTD.

DWN BY T.M.

OCT 1977



56°00'

In the writer's opinion his experience in this belt and the properties controlled by him in this belt that could, through him, be available for purchase or option by Susie Gold Mines Ltd. are factors that will enhance the ability of Susie Gold Mines to continue successful exploration in this area. Mr. Stevenson is an experienced exploration technician and prospector and has worked intermittently in the Omineca belt since 1968. As president of his own exploration contracting company he has conducted exploration and staking in the Wasi Lake-Omineca River carbonate belt on behalf of Mr. Stelling and Susie Gold Mines Ltd.

The Carie claim group was staked in the fall of 1974 by Mr. Stelling on the basis of results from a geochemical stream sediment survey and prospecting that he had conducted earlier in the year. The claim group was sold to Mr. Stevenson who then sold it to Susie Gold Mines in April 1976. This was Susie Gold Mines's first property acquisition in the area. On the advise of Mr. Stevenson Susie Gold Mines directed its interest to the old Beveley claims north of Osilinka River. The Gael claim group was optioned from Mr. Hall in January, 1977, and the Carol #1 and #2 and the Cara #1,2,3 and 4 claims, staked in the fall of 1976 by Messrs. Stevenson and Stelling, were acquired in February 1977. The Kriker and Cara #5,6 and 7 claims were staked by Susie Gold Mines in 1977.

#### REGIONAL GEOLOGY

The Wasi Lake property lies at the north end of a belt of dominantly carbonate rocks that trends south-southeasterly for 50km to Omineca River (Fig. 2). The rocks consist of massive to thin-bedded limestone and dolomite and black slate, phyllite or schist. Two different units of interbedded carbonate rocks and slate are present in the belt, each of distinctly different age.

The older unit consists of crystalline limestone and dolomite interbedded with slate and phyllite. It is one of the subdivisions of the Ingenika Group and on the basis of archeocyatha it is dated as late Hadrynian or Lower Cambrian. This unit underlies the ridge immediately east of Tenakihi Creek and north of Osilinka River (west of the Kriker claim). The carbonate rocks containing the Childhood Dream showing north of Osilinka River about 12km east of the Beveley showings also belong to this unit.

The Younger unit consists of dolomite and minor limestone and phyllite. It is dated as Silurian (?) or Devonian on the basis of two-holed crinoid columnals. This unit underlies most of the Wasi Lake property as well as much of the carbonate belt southeast of the property.

The Ingenika strata generally strike  $N20^{\circ}W$  to  $N20^{\circ}E$  and dip  $30^{\circ}$  to  $60^{\circ}$  to the west. The Silurian (?) Devonian strata generally strike  $N20^{\circ}$  to  $60^{\circ}W$  and dip  $10^{\circ}$  to  $40^{\circ}$  to the southwest. Both units appear to form simple, westward dipping homoclines, although minor folding has produced local deviations in attitude from the norm. The carbonate belt is faulted against younger strata along its western margin and in places it is faulted against older strata along its eastern margin, however, in other places along its eastern margin both the Ingenika and Silurian (?) Devonian sequences are interpreted as disconformably overlying older rocks. Within the belt both carbonate units are locally faulted. The nature of the contact between the Ingenika and Silurian (?) Devonian units is unknown.

Both carbonate units in the Wasi Lake-Omineca River belt contain zinc or lead-zinc-silver mineralization. In the Silurian (?) Devonian unit this mineralization is of the general Mississippi Valley type.

## GEOLOGY OF THE WASI LAKE PROPERTY

In the area of the Beveley showings the main rock types are light to dark grey, fine-grained dolomite, brown ferro-dolomite, grey to black limestone and minor brown to black slate a sericitic phyllite and schist. Dolomite is more abundant than limestone. Rubble breccia and other forms of collapse breccia are common in the dolomite. Breccia fragments are cemented and variably replaced by medium-to fine-grained, light grey dolomite, barite and calcite in varying proportions. In places the fragments have been almost completely replaced, leaving a rock with no identifiable primary features. Outside of the Beveley area outcrops are sparse, except in cliff areas, but the same rock types appear to underlie most of the property.

Slate and phyllite beds are present within the carbonate sequence in places. A major slate and phyllite unit bounds the carbonate sequence to the west. The contact runs the length of the southwest side of the Carie claim block. Where it is exposed the contact is a fault, although regional bedding attitudes suggest the slate unit stratigraphically overlies the carbonate sequence.

Bedding attitudes are variable due to minor folding and also probably due to rotation of large blocks in unrecognized collapse structures. However, the general trend is north-northwesterly with dips subhorizontal to  $45^{\circ}$  southwestward. The carbonate strata contain gentle flexure folds and a related fracture cleavage striking  $N25^{\circ}$  to  $30^{\circ}W$  and dipping vertically. Deformation has been more complicated than the carbonate strata indicate, for the less competent shales reflect a polydeformational history. Several faults have been mapped by previous workers (Fig. 4).

## MINERALIZATION

Significant mineralization on the Wasi Lake property is confined to dolomite. Galena is the main sulphide but minor sphalerite and pyrite are present. In places the galena is argentiferous. Pyrite is locally abundant in some slates. Galena occurs in both breccia filling and breccia fragments as veinlets, thread-like networks, disseminations and scattered blebs. In places the mineralization follows bedding structures. Galena and barite are commonly, but not everywhere, associated.

The mineral association, the relationship of mineralization to collapse breccia, the textural appearance of the mineralization and the regional setting of the Wasi Lake showings are all characteristic of Mississippi Valley type deposits.

## PREVIOUS EXPLORATION

Most of the previous exploration was done on the Beveley showings. Between 1947 and 1951 Consolidated Mining and Smelting Company did about 8,000' of hand trenching, 1,100' of diamond drilling (12 holes), geological mapping and considerable channel sampling and assaying. In 1966 some bulldozer trenching was done by a private syndicate. During 1967 and 1968 Donna Mines Ltd. built an access road from Tenakihi Creek to a base camp at 5,000' elevation, conducted geological and geophysical surveys, completed more than 19,000' of bulldozer and backhoe trenching, drove a 1,000' adit and drilled a 200' percussion hole and 3 diamond drill holes totalling 500' (Garnett, 1973). Thirteen thousand feet of channel samples from the trenches were assayed.

As a result of this work 9 zones of mineralization were outlined (Fig. 4). The writer has not seen the assay results from the CM&S and Donna Mines Ltd. programs. White (1967), who studied the CM&S data, stated "Sampling has been extensively

carried out by Cominco and silver, lead values of favourable grades have been indicated in a wide area over good widths. In one section of trenching, a body of rock 200 by 200 feet, showed assays of approximately 1 oz. silver/ton and around 3% lead. One other section assayed 3.3 oz. silver/ton and 11.4% lead over 25 feet". In a review of the Donna Mines program Bronlund and Tegart (1968) stated "This trenching was in the main confined to the mineralized areas previously known by Cominco's work in 1947 and has done little to extend the picture generally. Much of the trenching was done without proper guidance as to location and direction and has to some extent confused the picture as to true widths and trend of the mineralization. This again makes it difficult and in part impossible to properly evaluate some of the sample results". One must conclude that neither positive nor negative deductions regarding the merit of the property can be made from the results of the Donna Mines program. Check sampling of the old results from sloughed trenches has, in general, returned lower values than the original samples. This is likely due to oxidation and leaching since the trenches were opened.

It is important to note that very little diamond drilling has been done on the property considering the widespread distribution of mineralization and the fact that close spaced drilling is required to explore for irregular shaped deposits such as are characteristic of Mississippi Valley type deposits.

The significance of the previous work is that it exposed discontinuous mineralization over a trace length of about 1,000m, and that in places this material is ore grade. There is a good possibility that the mineralized area has not been adequately explored.



EXPLORATION BY SUSIE GOLD MINES LTD.

During July of 1976 Susie Gold Mines Ltd. conducted geological mapping, soil sampling and a gravity survey on the Carie claim groups. The soil sampling was a continuation of work done in 1975 by Mr. D. Stelling. During the summer of 1977 gravity and induced polarization surveys were conducted over the Carol #1, Carol #2 and Carie claims north of Wasi Creek on a metric grid with lines spaced 150m apart and stations along the lines spaced 50m (Fig. 4). A VLF electromagnetic survey was conducted over certain portions of the grid. In total this work amounted to 80 line miles of gravity, 80 line miles of IP, and 20 line miles of EM surveys <sup>(1)</sup>. The geophysical data is currently being processed.

On the basis of the unprocessed field data from the 1976 and 1977 programs 15 geophysical anomalies and 2 geochemical anomalies have been outlined. Most of the geophysical anomalies are coincident gravity and IP anomalies, although some are gravity anomalies without an IP response. The locations, but not the shapes, of these anomalies are shown on Figure 4. Gravity and IP anomaly number 2 are coincident with a soil lead anomaly, with a recently discovered surface showing of galena in dolomite and with a large area containing scattered mineralized float. The second geochemical anomaly lies east of the geophysical grid shown on Figure 4 in the southeast corner of the Carie group. It is about 1,500m long, up to 450m wide, trends northwesterly and contains over 1000 ppm Pb and over 2000 ppm Zn for much of its length. The area has not been tested geophysically.

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<sup>(1)</sup> The geophysical work in 1976 and 1977 was carried out by C.A. Ager & Associates Ltd.

In September, 1977, testing mineralized zones in the old Beveley showing and testing geophysical anomaly number 2 was begun with a Winkie diamond drill equipped to recover AX core. Ten holes and about 1,000' were drilled, and although core recovery was poor some worthwhile information and encouraging assays were obtained. Assay certificates for these samples are reproduced in Appendix II. The best intersections are summarized in Table 1. Late in October a larger drill capable of recovering NQ core began a 2,000' program on anomaly number 2 to confirm results obtained with the Winkie drill.

The total value of exploration in 1976 and to the end of September, 1977, conducted by Susie Gold Mines Ltd. on the Wasi Lake property is in excess of \$200,000.

The discovery of mineralization on anomaly 2 is significant because it shows that on the Wasi Lake property geophysical anomalies can indicate lead mineralization. Another important factor in evaluating the results of exploration by Susie Gold Mines is the encouraging assays in spite of very poor core recovery. Most of the core recovered was in the form of ground pebbles less than 2cm across. The true tenor of the mineralization is likely to be higher than the core assays indicate because friable sulfides would be more subject to fine grinding and incomplete recovery than the more resistant dolomite host.

Table 1: Summary of Best Drill Hole Intersections

| Footage                                                                                                                                                                                               | Interval | % Core Recovery | % Pb | % Zn | Oz/t Ag |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-----------------|------|------|---------|
| <u>DDH 77-2</u>                                                                                                                                                                                       |          |                 |      |      |         |
| 19' - 39'                                                                                                                                                                                             | 20'      | 25              | 1.33 | 0.16 | 0.30    |
| Coarse-grained dolomite and ferrodolomite with several interbeds of limestone and a 1 ft. bed of phyllite. Dolomite contains barite in places. Blebs and stringers of galena, in places 'high-grade'. |          |                 |      |      |         |
| <u>DDH 77-3</u>                                                                                                                                                                                       |          |                 |      |      |         |
| 3' - 26'                                                                                                                                                                                              | 23'      | 18              | 1.46 | 0.18 | 0.28    |
| Mottled and dark grey dolomite and dolomitic limestone; healed breccia in places. Several 1 ft. intervals of barite. Galena nonuniformly disseminated in dolomite and L.S. and as pods in barite.     |          |                 |      |      |         |
| -----                                                                                                                                                                                                 |          |                 |      |      |         |
| 29' - 33'                                                                                                                                                                                             | 4'       | --              | 1.04 | 0.97 | 0.37    |
| Not logged                                                                                                                                                                                            |          |                 |      |      |         |
| -----                                                                                                                                                                                                 |          |                 |      |      |         |
| 38' - 50'                                                                                                                                                                                             | 12'      | --              | 1.71 | 0.57 | 0.44    |
| Not logged                                                                                                                                                                                            |          |                 |      |      |         |
| -----                                                                                                                                                                                                 |          |                 |      |      |         |
| 50' - 76'                                                                                                                                                                                             | 26'      | --              | 6.08 | 0.86 | 0.72    |
| Not logged                                                                                                                                                                                            |          |                 |      |      |         |

| Footage                                                                                                                                                                                                                                                                                               | Interval     | % Core Recovery  | % Pb  | % Zn | Oz/t Ag |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|------------------|-------|------|---------|
| <u>DDH 77-8</u>                                                                                                                                                                                                                                                                                       |              |                  |       |      |         |
| 0' - 2'                                                                                                                                                                                                                                                                                               | 2'           | Less than<br>25% | 33.50 | 0.11 | 22.60   |
| Dolomite. Core recovered consists of fragments of dolomite and galena.                                                                                                                                                                                                                                |              |                  |       |      |         |
| -----                                                                                                                                                                                                                                                                                                 |              |                  |       |      |         |
| 2' - 26'                                                                                                                                                                                                                                                                                              | 24'          | Less than<br>25% | 3.57  | 0.48 | 1.37    |
| Dolomite, mostly tan colored.                                                                                                                                                                                                                                                                         |              |                  |       |      |         |
| -----                                                                                                                                                                                                                                                                                                 |              |                  |       |      |         |
| 26' - 42'                                                                                                                                                                                                                                                                                             | 16'          | Less than<br>25% | 0.25  | 2.12 | 0.38    |
| Dolomite, mostly tan colored                                                                                                                                                                                                                                                                          |              |                  |       |      |         |
| -----                                                                                                                                                                                                                                                                                                 |              |                  |       |      |         |
| <u>DDH 77-9</u> (intersections given in metres)                                                                                                                                                                                                                                                       |              |                  |       |      |         |
| 0 - 8m                                                                                                                                                                                                                                                                                                | 8m           | 34               | 3.24  | 0.37 | 1.81    |
| Dolomite breccia. Fine-grained, grey dol. fragments cemented with medium-grained tan and creamy dol. Fine-grained galena occurs in thread-like networks. Minor pyrite.                                                                                                                                |              |                  |       |      |         |
| -----                                                                                                                                                                                                                                                                                                 |              |                  |       |      |         |
| 8m - 16m                                                                                                                                                                                                                                                                                              | 8m<br>(26')  | 7                | 2.36  | 3.36 | 2.88    |
| Dolomite breccia. Fine-grained, tan dol. fragments cemented with medium-grained creamy dol. Fine-grained galena occurs in thread-like networks, stringers and pods. Sphalerite not identified, but entire interval gives strong positive reaction to zinc spot test. Variably oxidized and weathered. |              |                  |       |      |         |
| -----                                                                                                                                                                                                                                                                                                 |              |                  |       |      |         |
| 16m - 26m                                                                                                                                                                                                                                                                                             | 10m<br>(33') | 30               | 0.68  | 3.89 | 0.92    |
| Note: This interval includes 2m of 2.10% Pb, 10.10% Zn and 1.78 oz/t Ag.                                                                                                                                                                                                                              |              |                  |       |      |         |
| Dolomite breccia. Same as 8m to 16m, only less galena                                                                                                                                                                                                                                                 |              |                  |       |      |         |
| -----                                                                                                                                                                                                                                                                                                 |              |                  |       |      |         |

\* Figures for core recovery, Pb, Zn and Ag are weighted averages.

## CONCLUSIONS

1. Mineralization on the Wasi Lake property is of the general Mississippi Valley type. The showings occur in a 50km long belt of carbonate rocks containing a number of Mississippi Valley type Pb-Zn-Ag-Ba showings. All but a few of these showings are associated with solution breccia in dolomite.
2. The factors controlling the distribution of mineralization on the Wasi Lake property are as yet unknown. However, it can be expected that mineralization is likely confined to particular strata, that the distribution of mineralized bodies within favourable strata are erratic and that the shapes of bodies are irregular. These should not be considered as negative factors for they are simply characteristics of Mississippi Valley type deposits. However, exploration programs must be modified to accommodate them.
3. Although the geology of the property is not well known, there is no geological reason at present to expect that the mineralization is confined to the present showings.
4. The old Beveley showings have not been adequately explored by diamond drilling.
5. Geophysical and geochemical anomalies can be valid drill targets, for example anomaly #2.
6. Drill results from 77-3 on the old Beveley showings and 77-8 & 9 on anomaly #2 are very encouraging.
7. Acquisition and exploration of the Wasi Lake property by Susie Gold Mines Ltd. has been done in a competent manner.
8. The Wasi Lake property warrants further exploration. A program of diamond drilling, hand pitting, geophysical exploration and geological mapping costing approximately \$331,100.00 is recommended.

RECOMMENDATIONS

The following exploration program is recommended for the Wasi Lake property.

1. Production of a detailed topographic map. This will be produced from the gravity data at no specific cost.
2. Compilation and plotting of all data from previous exploration programs.
3. Diamond drilling in the area of the old Bevely showings  
Twenty 100 foot (approx.) holes, NQ core.  
2,000 feet at \$20./ft. .... \$ 40,000.00
4. Diamond drill 12 geophysical anomalies and  
1 geochemical anomaly.  
Fifteen 300 foot (approx.) holes, NQ core  
5,000 ft. @ \$20./ft. .... 100,000.00
5. Core logging  
1 Junior geologist  
2 months @ \$1,000/month ..... 2,000.00
6. Core sample shipping and assaying ..... 2,000.00
7. Geological mapping  
Project geologist  
2 months @ \$1,500/month ..... 3,000.00
8. Complete reconnaissance IP and gravity surveys  
over the entire property.  
75 line km. @ \$1,000. per km ..... 75,000.00
9. Electromagnetic surveys over IP-gravity  
anomalies  
( to help assign priorities to anomalies as  
drill targets, providing EM proves useful on  
anomaly #2)  
50 line km @ \$100. per km ..... 5,000.00

|                              |                                                                                                                                                                                                                                                  |              |
|------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 10.                          | Detailed IP surveys over anomalies<br>20 line km @ \$500. per km .....                                                                                                                                                                           | \$ 10,000.00 |
| 11.                          | Hand pitting or pack-sack drilling over<br>geophysical and geochemical anomalies in<br>areas of shallow overburden to outline<br>sub-outcrop mineralization as a guide<br>to drilling.<br>2 labourers<br>2 months @ \$1,500./month per man ..... | 6,000.00     |
| 12.                          | Construction of 15 helicopter pads<br>2 labourers<br>1 month @ \$1,500./month per man .....                                                                                                                                                      | 3,000.00     |
| <u>Support of Facilities</u> |                                                                                                                                                                                                                                                  |              |
| 13.                          | Helicopter<br>2 months @ \$15,000./month .....                                                                                                                                                                                                   | 30,000.00    |
| 14.                          | 4X4 Vehicle rental<br>3 months @ \$500./month .....                                                                                                                                                                                              | 1,500.00     |
| 15.                          | Construction of core shack .....                                                                                                                                                                                                                 | 1,000.00     |
| 16.                          | Camp for 15 men .....                                                                                                                                                                                                                            | 2,000.00     |
| 17.                          | Cook and bullcook<br>3 months @ \$3,500./month .....                                                                                                                                                                                             | 10,500.00    |
| 18.                          | Food and supplies<br>Approximately 1,000 man-days @ \$10./man day                                                                                                                                                                                | 10,000.00    |

|                    |              |
|--------------------|--------------|
| Subtotal.....      | \$301,000.00 |
| Contingency 10%... | 30,100.00    |
| Total .....        | \$331,100.00 |

Respectfully submitted

*W. G. Smitheringale*  
W.G. Smitheringale & Associates Ltd

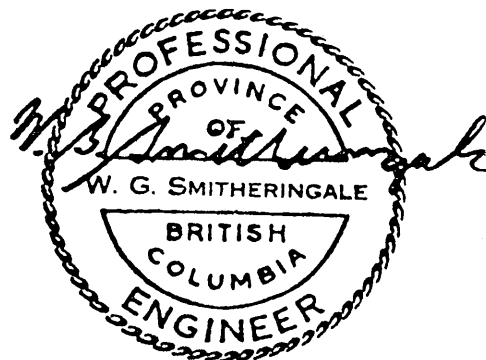


October 31, 1977.

CERTIFICATION

I, William G. Smitheringale, do hereby certify that:

1. I am a practicing Professional Geological Engineer, resident at 362 West 28th Street, North Vancouver, B.C.
2. I am a graduate of the University of British Columbia with a degree in Geological Engineering (B,Ap.Sc., 1955) and of the Massachusetts Institute of Technology with the degree of Doctor of Philosophy in Geology (Ph.D., 1962).
3. I have practiced my profession continuously for fifteen years as geologist with the Geological Survey of Canada, as Assistant and Associate Professor, Department of Geology, Memorial University of Newfoundland, and since 1974, as a Consulting Geologist.
4. I am a member in good standing of the Association of Professional Engineers of the Province of British Columbia and of the Association of Professional Engineers of Newfoundland.
5. This report is based on observations made during an examination of the Wasi Lake Property and from information obtained from the Annual Reports of the Ministry of Mines of B.C., from officers of Susie Gold Mines Ltd. and from unpublished company reports in the files of Susie Gold Mines Ltd.
6. The claims described in this report are assumed by the writer to be in the approximate locations described by the officers of Susie Gold Mines Ltd. and by B.C. Department of Mines claim maps.
7. I have no interest in Susie Gold Mines Ltd. or in any of the claims described herein, nor do I expect to acquire any such interest.
8. Permission is granted for use of this report in a prospectus or for filing with any stock exchange or securities commission.



704-535 Thurlow St,  
Vancouver, B.C.

W.G. Smitheringale, P. Eng.



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Minister of Mines, B.C., Annual Reports:

- (a) Beveley property  
1950, p. 101; 1951, p. 118; 1952, p. 98 and 101; 1967,  
p. 120; 1968, p. 194.
- (b) Carie property  
1930, p. 153; 1952, p. 105; 1974, p. 290.

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White, Gordon P.E., 1967, report on Donna Mines Ltd. (NPL) Beveley Prospect, Gordon P.E. White & Associates Ltd., consulting geologists, unpublished report in files of Susie Gold Mines Ltd., 8 pp.

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APPENDIX 1

CLAIM LIST, WASI LAKE PROPERTY

Claims Owned 100% by Susie Gold Mines Ltd.

| <u>Name</u>                 | <u>Record No.</u>                | <u>Approx. Number of Units</u> | <u>Approx. Area (acres)</u> | <u>Expiry Date</u> |
|-----------------------------|----------------------------------|--------------------------------|-----------------------------|--------------------|
| Carol 1                     | 505                              | 16.7                           | 1034                        | Nov. 17, 1977      |
| Carol 2                     | 506                              | 18.3                           | 1132                        | Nov. 17, 1977      |
| Cara 1                      | 501                              | 6.2                            | 386                         | Nov. 17, 1977      |
| Cara 2                      | 502                              | 0.2                            | 10                          | Nov. 17, 1977      |
| Cara 3                      | 503                              | 13.5                           | 836                         | Nov. 17, 1977      |
| Cara 4                      | 504                              | 20                             | 1235                        | Nov. 17, 1977      |
| Cara 5                      | *                                | 2.5                            | 154                         | *                  |
| Cara 6                      | *                                | 1.5                            | 93                          | *                  |
| Cara 7                      | *                                | 3.5                            | 216                         | *                  |
| Kriker                      | 755                              | 10.4                           | 643                         | Sept. (?) 1978     |
| Carie 1 to<br>4 inclusive   | 130960 to<br>130963<br>inclusive | --                             | 4X<br>51.65                 | Aug. 17, 1979      |
| Carie 5 to<br>10 inclusive  | 132742 to<br>132747<br>inclusive | --                             | 6X<br>51.65                 | Oct. 7, 1979       |
| Carie 12                    | 132749                           | --                             | 51.65                       | Oct. 7, 1979       |
| Carie 14 to<br>18 inclusive | 13751 to<br>132755               | --                             | 5X<br>51.65                 | Oct. 7, 1979       |
| Carie 19 to<br>32 inclusive | 133623<br>133636                 | --                             | 14X<br>51.65                | Jan. 3, 1979       |
|                             |                                  |                                | Area                        | 7289 acres owned   |

\* Cara #5, 6 and 7, which were staked recently, have been recorded but their record was not in the public files of the Vancouver office of the Ministry of Mines and Petroleum Resources as of October 20, 1977.

Claims Under Option to Susie Gold Mines Ltd.

| <u>Name</u> | <u>Record No</u> | <u>Approx. Number of Units</u> | <u>Approx. Area (acres)</u> | <u>Expiry Date</u> |
|-------------|------------------|--------------------------------|-----------------------------|--------------------|
| Gael 4      | 126009           | --                             | 51.65                       | July 6, 1978       |
| Gael 5      | 126010           | --                             | 51.65                       | July 6, 1978       |
| Gael 6      | 128332           | --                             | 51.65                       | ?                  |
| Gael 7      | 128333           | --                             | 51.65                       | ?                  |
| Gael 8      | 129538           | --                             | 51.65                       | Nov. 13, 1978      |
| Gael 9      | 129539           | --                             | 26                          | Nov. 13, 1978      |
| Gael 10     | 129767           | --                             | 51.65                       | Nov. 22, 1978      |
| Gael 11     | 129768           | --                             | 45                          | Nov. 22, 1978      |

---

Area 381 acres optioned

The foregoing information was obtained from the files of the B.C. Ministry of Mines and Petroleum Resources on October 20, 1977. The officers of Susie Mines are in minor disagreement with the position of the Carie claims shown on the Ministry of Mines claim map. Susie Gold Mines has therefore recently staked the Cara #5,6 and 7 claims adjacent to the Carie group to cover any possible error. Figure 3 shows the claim positions according to Susie Gold Mines data.

Regardless of any possible discrepancy the writer is satisfied that the mineral showings and exploration work described in the report do occur on and relate to claims held by Susie Gold Mines Ltd.

APPENDIX II

ASSAY CERTIFICATES FOR DRILL HOLE SAMPLES

WASI LAKE PROPERTY

# Rossbacher Laboratory

GEOCHEMICAL ANALYSTS & ASSAYERS

2225 S. SPRINGER AVE.,  
BURNABY, B. C.  
CANADA  
TELEPHONE: 299-6910  
AREA CODE: 604

## CERTIFICATE OF ASSAY

TO: SUSIE GOLD MINES LTD.  
502-409 Granville St.  
Vancouver, B.C.  
Core Samples

CERTIFICATE NO. 7150

INVOICE NO. 7148

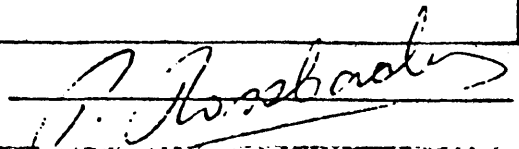
DATE RECEIVED Oct, 1977

DATE ANALYSED Oct, 1977

ATTN:

| SAMPLE NO.: | %     | %    | oz/T |
|-------------|-------|------|------|
|             | Pb    | Zn   | Ag   |
| 77-1 0-15   | 0.144 | 0.04 | 0.10 |
| 15-39       | 0.02  | 0.04 | 0.02 |
| 77-2 2-5    | 1.60  | 0.20 | 0.26 |
| 5-11        | 0.32  | 1.32 | 0.16 |
| 11-18       | 0.28  | 0.24 | 0.14 |
| 19-20       | 3.28  | 1.20 | 0.66 |
| 21-28       | 1.92  | 0.20 | 0.14 |
| 28-33       | 1.00  | 0.02 | 0.20 |
| 34-39       | 0.96  | 0.08 | 0.24 |
| 39-45       | 0.32  | 0.52 | 0.20 |
| 77-3 0-3    | 0.88  | 0.08 | 0.22 |
| 3-7         | 2.48  | 0.40 | 0.48 |
| 7-12        | 1.92  | 0.08 | 0.38 |
| 13-16       | 1.32  | 0.12 | 0.18 |
| 16-23       | 1.12  | 0.24 | 0.22 |
| 24-26       | 1.16  | 0.08 | 0.26 |
| 26-29       | 0.72  | 0.24 | 0.12 |
| 29-31       | 1.16  | 0.30 | 0.22 |
| 31-33       | 0.92  | 1.64 | 0.52 |
| 33-36       | 0.56  | 0.10 | 0.20 |
| 36-38       | 0.60  | 0.04 | 0.16 |
| 38-43       | 0.96  | 0.06 | 0.46 |
| 43-50       | 2.24  | 0.94 | 0.42 |
| 50-55       | 6.40  | 0.14 | 0.76 |
| 55-69       | 6.10  | 1.04 | 0.74 |
| 69-76       | 5.20  | 0.14 | 0.64 |
| 77-4 15-18  | 0.04  | 0.02 | 0.04 |
| 18-22       | 0.02  | 0.04 | 0.04 |
| 22-27       | 0.06  | 0.06 | 0.06 |
| 27-30       | 0.04  | 0.02 | 0.04 |
| 30-35       | 0.20  | 0.04 | 0.06 |
| 35-36       | 0.08  | 0.02 | 0.04 |
| 36-39       | 0.04  | 0.02 | 0.04 |
| 39-47       | 0.10  | 0.02 | 0.08 |
| 47-57       | 0.02  | 0.04 | 0.10 |

Certified by



# MIN-EN LABORATORIES LTD.

705 WEST 15TH STREET  
NORTH VANCOUVER, B.C.  
Phone: 980-5814

## Certificate of Assay

TO: Susie Gold Mines, PROJECT No. \_\_\_\_\_

502-409 Granville St., DATE Oct. 14/77.

Vancouver, B.C. File No. 4594

| SAMPLE No.      | Pb %  | Zn % | Ag<br>oz/t on |
|-----------------|-------|------|---------------|
| D $\Delta$ H778 |       |      |               |
| 0-2'            | 33.50 | .11  | 22.60         |
| 2-4'            | 2.06  | .72  | .79           |
| 4-15'           | 3.30  | .20  | 1.46          |
| 15-22'          | 1.01  | .14  | .48           |
| 22-26'          | 9.55  | 1.50 | 2.99          |
| 26-36'          | .25   | 1.00 | .28           |
| 36-39'          | .10   | 4.61 | .38           |
| 39-42'          | .42   | 3.35 | .69           |
| 42-44'          | .08   | .40  | .17           |
| 44-45'          | .07   | .27  | .14           |
|                 |       |      |               |
|                 |       |      |               |
|                 |       |      |               |
|                 |       |      |               |
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|                 |       |      |               |

MIN-EN Laboratories Ltd.  
CERTIFIED BY [Signature]



MIN-EN LABORATORIES LTD.

705 WEST 15TH STREET  
 NORTH VANCOUVER, B.C.  
 Phone: 980-5814

Certificate of Assay

TO: Susie Gold Mines, PROJECT No. \_\_\_\_\_  
502-409 Granville St., DATE Oct. 21/77.  
Vancouver, B.C. File No. 4609

| SAMPLE No.                         | Pb % | Zn %  | Ag<br>oz/ton |
|------------------------------------|------|-------|--------------|
| DDH 77-9                           |      |       |              |
| 4801*                              | 4.55 | .28   | 2.45         |
| 02                                 | 3.28 | .17   | 1.90         |
| 03                                 | 3.45 | .20   | 1.87         |
| 04                                 | 1.68 | .82   | 1.02         |
| 05                                 | 1.70 | 2.62  | 2.82         |
| 06                                 | 2.10 | 3.27  | 2.75         |
| 07                                 | 4.08 | 5.01  | 4.30         |
| 08                                 | 1.55 | 2.55  | 1.65         |
| 09                                 | .38  | 3.18  | .88          |
| 10                                 | .63  | .72   | .68          |
| 11                                 | .78  | 3.22  | .90          |
| 12                                 | 2.10 | 10.10 | 1.78         |
| 13                                 | .45  | 2.25  | .38          |
| 4814                               | .02  | .10   | .06          |
| * Each sample represents 2 metres. |      |       |              |
|                                    |      |       |              |
|                                    |      |       |              |
|                                    |      |       |              |
|                                    |      |       |              |
|                                    |      |       |              |
|                                    |      |       |              |
|                                    |      |       |              |

MIN-EN Laboratories Ltd.

CERTIFIED BY [Signature]

May 12, 1978.

Mr. J. Paul Stevenson  
Director,  
Susie Gold Mines Ltd.  
502- 409 Granville St.  
Vancouver, B.C.

Re: Proposed exploration on  
Wasi Lake Property

Dear Mr. Stevenson:

Today by telephone you asked me to prepare an estimate of costs for an exploration program on the Wasi Lake Property consisting of:

1. 2,000 feet of diamond drilling on anomalies # 2 & 14.
2. Trenching on anomaly #14
3. Completion of soil geochemistry survey over the entire property.

This program will take one month to complete. I estimate the costs will be as follows:

|                           |                                                                    |             |
|---------------------------|--------------------------------------------------------------------|-------------|
| CAMP COSTS:               | includes groceries, fuel, trailers,<br>supplies, maintenance, etc. |             |
|                           | 1 mo. @ \$10,000/month                                             | \$10,000.00 |
| TRAVEL:                   | 1 mo. @ 3,000/month                                                | 3,000.00    |
| EQUIPMENT RENTAL:         | 2- 4X4 trucks @\$600/m ea.                                         | 1,200.00    |
| CORE SHACK                |                                                                    | 1,000.00    |
| COOK AND BULLCOOK:        | 1 mo. @ \$3,500/month                                              | 3,500.00    |
| DIAMOND DRILL SUPERVISION |                                                                    | 1,500.00    |
| CORE LOGGING (2,000 feet) |                                                                    | 1,500.00    |
| ASSAYING                  |                                                                    | 3,000.00    |

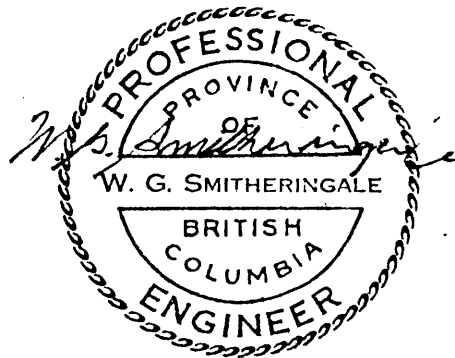
.... /2

May 12, 1978

Estimated Costs (Cont'd)

|                                                                     |                            |
|---------------------------------------------------------------------|----------------------------|
| TRENCHING ON ANOMALY #2 and #14                                     | \$ 3,000.00                |
| GEOCHEMICAL AND GEOLOGICAL SURVEYING                                | 20,800.00                  |
| DIAMOND DRILLING ON ANOMALY #2 and #14<br>2,000 feet @ \$20.00/foot | <u>40,000.00</u>           |
|                                                                     | \$ 88,500.00               |
| Plus 15% Contingency                                                | <u>13,300.00</u>           |
|                                                                     | <u><u>\$101,800.00</u></u> |

Yours Sincerely,



WGS:lp.

W.G. Smitheringale

c.c. Mr. Grant Weaver  
Bull Houser & Tupper

---

# Morgan & Company

---

Chartered Accountants

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1210 675 West Hastings Street  
Vancouver, B.C. V6B 1N2  
Telephone (604) 687-5811

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John F. Morgan  
Tor B. Barth  
Lorne M. Beauchamp  
James K.C. Fraser

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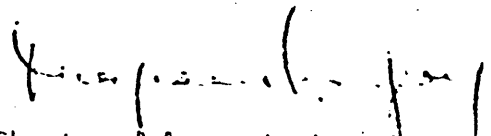
## AUDITORS' REPORT

The Shareholders,  
Susie Gold Mines Ltd.  
Vancouver, Canada

We have examined the balance sheet of Susie Gold Mines Ltd. as at February 28, 1978 and the statements of deferred exploration and administrative expenditure and of changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at February 28, 1978 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, Canada  
April 17, 1978

  
Chartered Accountants

SUSIE GOLD MINES LTD.

BALANCE SHEET

FEBRUARY 28, 1978

(with comparative figures as at February 28, 1977)

|                                                                                     | <u>1978</u>       | <u>1977</u>       |
|-------------------------------------------------------------------------------------|-------------------|-------------------|
| <b>ASSETS</b>                                                                       |                   |                   |
| <b>CURRENT ASSETS</b>                                                               |                   |                   |
| Cash in bank                                                                        | \$ 1,566          | \$ 1,348          |
| Accounts receivable and sundry advances                                             | <u>8,661</u>      | <u>          </u> |
|                                                                                     | 10,227            | 1,348             |
| <b>OFFICE FURNITURE, at cost (note 1)</b>                                           | 255               | 255               |
| <b>INTEREST IN MINERAL PROPERTIES, at cost (note 2)</b>                             | 67,202            | 41,975            |
| <b>DEFERRED EXPLORATION AND ADMINISTRATIVE EXPENDITURES, per attached statement</b> | 498,018           | 122,379           |
| <b>INCORPORATION COSTS</b>                                                          | <u>656</u>        | <u>656</u>        |
|                                                                                     | <u>\$ 576,358</u> | <u>\$ 166,613</u> |
| <b>LIABILITIES</b>                                                                  |                   |                   |
| <b>CURRENT LIABILITIES</b>                                                          |                   |                   |
| Accounts payable (note 3)                                                           | 97,710            | 10,219            |
| Due to director and shareholder                                                     | <u>510</u>        | <u>543</u>        |
|                                                                                     | <u>98,220</u>     | <u>10,762</u>     |
| <b>SHAREHOLDERS' EQUITY</b>                                                         |                   |                   |
| <b>SHARE CAPITAL (note 4)</b>                                                       |                   |                   |
| Authorized:                                                                         |                   |                   |
| 10,000,000 shares of no par value                                                   |                   |                   |
| Issued:                                                                             |                   |                   |
| 1,617,002 shares for cash (1977 967,002 shares)                                     | 553,851           | 163,782           |
| Less commission                                                                     | <u>39,811</u>     | <u>15,431</u>     |
|                                                                                     | 514,040           | 148,351           |
| 875,000 shares for mineral properties<br>(1977 - 750,000 shares)                    | <u>26,250</u>     | <u>7,500</u>      |
| <u>2,492,002</u> shares                                                             | <u>540,290</u>    | <u>155,851</u>    |
| <b>DEFICIT</b>                                                                      |                   |                   |
| Cost of and expenditures incurred on the Susie mineral claims - claims abandoned:   |                   |                   |
| Cost of claims, net of shares subsequently surrendered by gift and cancelled        | (8,250)           |                   |
| Expenditures, per attached statement                                                | <u>(53,902)</u>   |                   |
|                                                                                     | <u>(62,152)</u>   |                   |
|                                                                                     | <u>478,138</u>    |                   |
| Approved on behalf of the Board:                                                    | <u>\$ 576,358</u> | <u>\$ 166,613</u> |

..... Director

..... Director

SUSIE GOLD MINES LTD.

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 1978

1. ACCOUNTING POLICIES

In common with most mining companies in the exploration stage the Company defers all direct expenditures on properties and areas in which it is interested and all administrative expenditure. At such time as the Company loses or abandons title or its interest in any property the accumulated expenditure on such property and the attributable portion of administrative expenditure is charged to deficit. If any property reaches commercial production applicable deferred expenditure will be amortized over the productive period.

No depreciation has been recorded on the Company's office furniture.

2. INTEREST IN MINERAL PROPERTIES

- a) Sue, Sara East and Sara West claims,  
Omineca Mining Division, B.C.

The Company has entered into an agreement to acquire these claims for the following consideration:

|                                                                                                                       |            |
|-----------------------------------------------------------------------------------------------------------------------|------------|
| Cash paid                                                                                                             | \$ 7,500   |
| 200,000 shares to be issued subject to the filing of satisfactory engineering reports with the regulatory authorities |            |
| To date 75,000 of these shares have been issued                                                                       | 11,250     |
| Additional claims have been staked in this area at a cost of                                                          | <u>215</u> |

\$ 18,965

- b) Carie and Beveley property, Wasi Lake project,  
Omineca Mining Division, B.C.

The Company has entered into an agreement to acquire the Carie claims for the following consideration:

|                                                                                                                       |              |
|-----------------------------------------------------------------------------------------------------------------------|--------------|
| Cash paid                                                                                                             | 7,500        |
| 200,000 shares to be issued subject to the filing of satisfactory engineering reports with the regulatory authorities |              |
| To date 50,000 of these shares have been issued                                                                       | <u>7,500</u> |
|                                                                                                                       | 15,000       |

The Company has entered into an option agreement to acquire the Beveley property for \$ 25,000 cash (\$10,000 paid) and the undertaking to keep the claims in good standing during the term of the agreement. The Company is also committed to pay a 1% royalty to the optioner (maximum \$250,000) of the net smelter returns.

The Company has also staked additional claims in the Carie-Beveley property at a staking cost of 8,987

33,987  
\$ 52,952

SUSIE GOLD MINES LTD.

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 1978

2. INTEREST IN MINERAL PROPERTIES - cont'd

forward

\$ 52,952

c) Sheila claims, Omineca Mining Division, B.C.  
The Company has acquired this property for the following consideration:

Cash paid

\$ 7,500

675,000 shares of the company being portion of the escrowed shares originally issued for the Susie claims which now have been abandoned -- deemed value

6,750

14,250

\$ 67,202

3. ACCOUNTS PAYABLE

Included with the accounts payable of \$ 97,710 on the balance sheet is an amount of approximately \$ 26,300 due regarding invoices received for drilling services on the company's Wasi Lake project. The Company is disputing the amount due under these invoices (see note 6 for subsequent events)

4. SHARE CAPITAL

675,000 of the issued shares are held in escrow, subject to release only on the approval of regulatory authorities.

Since February 28, 1977 the Company has issued the following shares:

125,000 shares under property acquisition agreements at a deemed value of

18,750

650,000 shares for cash - net proceeds

\$ 365,689

In addition 675,000 shares originally issued for the Susie Mineral claims were surrendered to the company by way of gift during the period and re-issued for the Sheila claims.

As at February 28, 1978 the Company had entered into an underwriting agreement for the sale of 150,000 of its treasury shares. Subsequently the shares were sold and the sales proceeds received - see note 6.

SUSIE GOLD MINES LTD.

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 1978

5. DIRECTORS' REMUNERATION

No remuneration was paid during the year to any of the directors in their capacity as such while the following amounts were paid or credited for other consideration:

- To one company with which one of the directors was associated in respect of field services rendered and equipment rental \$ 5,700
  - To one director for mineral properties vended to the company (being reimbursement of staking costs) 7,780
- \$ 13,480

6. SUBSEQUENT EVENTS

The Company in January, 1978 entered into a drilling contract for drilling to be performed on the Company's Wasi Lake project. Subsequent to the date of the balance sheet the correctness of certain invoices rendered by the contractor under this contract was disputed by the Company and the contractor has taken legal action for an amount of \$ 40,860 claimed to be owing as at March 20, 1978 (including approximately \$ 26,300 owing at February 28, 1978). The directors of the Company have indicated that the Company will defend the action.

The Company entered into an underwriting agreement in January, 1978 for the sale of 150,000 of its treasury shares. Subsequent to the date of the balance sheet all the shares were sold for net cash proceeds to the company of \$ 187,414. Of these proceeds an amount of \$ 41,010 was paid over to the Supreme Court of B.C. as deposit pending the outcome of the legal action mentioned above and \$ 146,404 was deposited in the Company's bank account.

Subsequent to February 28, 1978 the Company also issued another 50,000 shares under the agreement to acquire the Carie mineral claims (see note 2b).

The Company subsequent to February 28, 1978 executed an agreement with a contractor for the building of a bridge across the Osilinka River for a fixed contract price of \$ 51,000 of which another company would be liable for \$ 10,000 and of which the Provincial Government may pay \$ 20,000. The Company subsequently paid \$ 31,000 to the contractor (including the \$ 10,000 received from another company) and executed a promissory note for the balance of \$ 20,000. The promissory note is carrying interest at 10% from April 25, 1978 and payable on demand as of that date.



SUSIE GOLD MINES LTD.

STATEMENT OF DEFERRED EXPLORATION AND ADMINISTRATIVE EXPENDITURES

FOR THE YEAR ENDED FEBRUARY 28, 1978

(with comparative figures for the year ended February 28, 1977)

|                                                                                                         | Balance at<br>February 29,<br>1976 | Expenditures<br>Year ended<br>February 28,<br>1977 | Expenditures<br>Year ended<br>February 28,<br>1978 | Charged to<br>Deficit<br>Year ended<br>February 28,<br>1978 | Balance at<br>February 28,<br>1978 |
|---------------------------------------------------------------------------------------------------------|------------------------------------|----------------------------------------------------|----------------------------------------------------|-------------------------------------------------------------|------------------------------------|
| <b>EXPLORATION EXPENDITURES</b>                                                                         |                                    |                                                    |                                                    |                                                             |                                    |
| Susie claims, Omineca<br>Mining Division, B.C.                                                          | \$ 11,150                          | \$ 21,279                                          | \$ 773                                             | \$ (33,202)                                                 |                                    |
| Sue, Sara East and Sara<br>West claims, Omineca<br>Mining Division, B.C.                                | 225                                | 21,988                                             | 3,458                                              |                                                             | 25,671                             |
| Wasi Lake project (Carie,<br>Beveley, and other claims)<br>Omineca Mining Division,<br>British Columbia | 225                                | 20,529                                             | 375,437                                            |                                                             | 396,191                            |
| Sheila claims,<br>Omineca Mining Division, B.C.                                                         |                                    |                                                    | 1,370                                              |                                                             | 1,370                              |
|                                                                                                         | <u>11,600</u>                      | <u>63,796</u>                                      | <u>381,038</u>                                     | <u>(33,202)</u>                                             | <u>423,232</u>                     |
| <b>ADMINISTRATIVE EXPENDITURES</b>                                                                      |                                    |                                                    |                                                    |                                                             |                                    |
| Accounting and audit fees<br>and disbursements                                                          | 1,193                              | 4,772                                              | 4,440                                              |                                                             | 10,405                             |
| Legal fees and disbursements                                                                            | 5,691                              | 4,987                                              | 17,425                                             |                                                             | 28,103                             |
| Management and supervision                                                                              | 3,500                              | 3,000                                              | 3,750                                              |                                                             | 10,250                             |
| Stock exchange fees                                                                                     | 3,300                              | 700                                                | 5,300                                              |                                                             | 9,300                              |
| Transfer agent fees and<br>disbursements                                                                | 1,787                              | 905                                                | 1,659                                              |                                                             | 4,351                              |
| Office and sundry expense                                                                               | 2,315                              | 1,464                                              | 2,126                                              |                                                             | 5,904                              |
| Printing and stationery                                                                                 | 2,205                              | 931                                                | 3,724                                              |                                                             | 6,861                              |
| Rent and telephone                                                                                      | 3,650                              | 929                                                | 5,416                                              |                                                             | 9,995                              |
| Travel and accommodation                                                                                | 4,218                              | 2,713                                              | 3,839                                              |                                                             | 10,770                             |
| Promotion                                                                                               | 223                                |                                                    | 424                                                |                                                             | 647                                |
| Free miners licence                                                                                     | 400                                | 800                                                | 400                                                |                                                             | 1,600                              |
|                                                                                                         | <u>28,482</u>                      | <u>21,201</u>                                      | <u>48,503</u>                                      |                                                             | <u>98,186</u>                      |
| Less interest income                                                                                    | <u>1,037</u>                       | <u>1,663</u>                                       |                                                    |                                                             | <u>2,700</u>                       |
|                                                                                                         | <u>27,445</u>                      | <u>19,538</u>                                      | <u>48,503</u>                                      |                                                             | <u>95,486</u>                      |
| Less charged to deficit                                                                                 |                                    |                                                    |                                                    | <u>(20,700)</u>                                             | <u>(20,700)</u>                    |
|                                                                                                         | <u>27,445</u>                      | <u>19,538</u>                                      | <u>48,503</u>                                      | <u>(20,700)</u>                                             | <u>74,786</u>                      |
| <b>TOTAL DEFERRED EXPENDITURES -</b>                                                                    |                                    |                                                    |                                                    |                                                             |                                    |
| to balance sheet                                                                                        | \$ <u>39,045</u>                   | \$ <u>83,334</u>                                   | \$ <u>429,541</u>                                  | \$ <u>(53,902)</u>                                          | \$ <u>498,018</u>                  |

SUSIE GOLD MINES LTD.

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED FEBRUARY 28, 1978

(with comparative figures for the year ended February 28, 1977)

|                                                                             | <u>1978</u>        | <u>1977</u>       |
|-----------------------------------------------------------------------------|--------------------|-------------------|
| SOURCE OF FUNDS                                                             |                    |                   |
| Proceeds from the issue of shares from the treasury                         | \$ <u>365,689</u>  | \$ <u>37,074</u>  |
| APPLICATION OF FUNDS                                                        |                    |                   |
| Acquisition of interest in mineral properties                               | 14,727             | 19,475            |
| Exploration and administrative expenditures, per<br>attached statement, net | 429,541            | 83,334            |
| Commission on prior period share issues                                     |                    | 100               |
|                                                                             | <u>444,268</u>     | <u>102,909</u>    |
| DECREASE IN WORKING CAPITAL                                                 | (78,579)           | (65,835)          |
| WORKING CAPITAL (DEFICIENCY) AT BEGINNING OF YEAR                           | <u>(9,414)</u>     | <u>56,421</u>     |
| WORKING CAPITAL (DEFICIENCY) AT END OF YEAR                                 | \$ <u>(87,993)</u> | \$ <u>(9,414)</u> |
| Represented by:                                                             |                    |                   |
| Current Assets                                                              | \$ 10,227          | \$ 1,348          |
| Current Liabilities                                                         | <u>(98,220)</u>    | <u>(10,762)</u>   |
|                                                                             | \$ <u>87,993</u>   | \$ <u>9,414</u>   |

SUSIE GOLD MINES LTD.

STATEMENT OF DISBURSEMENTS

FOR MONTH ENDING FEBRUARY 28th, 1978

DISBURSEMENTS

Exploration & Development

Jupiter

Recording 5.00CR

Sheila

|               |             |           |
|---------------|-------------|-----------|
| Engineering   | \$ 710.22   |           |
| Maps & Assays | <u>8.62</u> | \$ 748.84 |

Wasi Lake

|                         |               |                  |
|-------------------------|---------------|------------------|
| Engineering             | 2,483.00      |                  |
| Camp Expenses           | 5,985.48      |                  |
| Travel & Transportation | 146.50        |                  |
| Maps & Assays           | 844.00        |                  |
| Drilling                | 2,295.00      |                  |
| Road Construction       | 4,215.88      |                  |
| Prepaid Washcar Rental  | <u>800.00</u> | <u>16,769.86</u> |

\$17,513.70

Administration

|                                       |               |                 |
|---------------------------------------|---------------|-----------------|
| Rent, Secretarial &<br>Office Expense | 2,827.84      |                 |
| Accounting                            | 595.20        |                 |
| Telephone                             | 404.21        |                 |
| Travel                                | 316.50        |                 |
| Promotion                             | <u>350.95</u> | <u>4,494.70</u> |

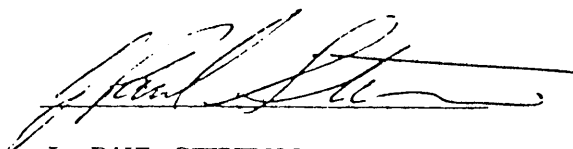
\$22,008.40

Less: Balance of Cash at Beginning of Period 23,730.25

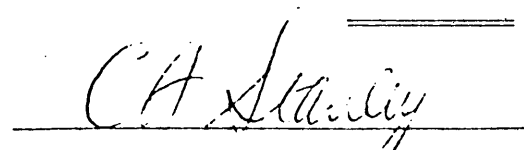
\$ 1,721.85

Less: Accounts Recoverable 155.90

Balance of Cash at End of Period \$ 1,565.95



J. PAUL STEVENSON, DIRECTOR



C.H. STANLEY, DIRECTOR

Prepared by: M. J. Bone and J. P. Stevenson

SUSIE GOLD MINES LTD.

STATEMENT OF CASH RECEIPTS & DISBURSEMENTS

FOR MONTH ENDING MARCH 31st, 1978

RECEIPTS

|                             |                 |             |
|-----------------------------|-----------------|-------------|
| Advance from Underwriter    | \$44,300.00     |             |
| Director's Loan - D. Morrow | <u>5,000.00</u> | \$49,300.00 |

DISBURSEMENTS

Exploration & Development

Jupiter

|             |  |          |
|-------------|--|----------|
| Engineering |  | 1,350.00 |
|-------------|--|----------|

Wasi Lake

|                         |                  |                  |
|-------------------------|------------------|------------------|
| Drilling                | \$13,368.94      |                  |
| Engineering             | 24,368.72        |                  |
| Transportation & Travel | 2,817.19         |                  |
| Camp Expenses           | 2,095.46         |                  |
| Road Construction       | 1,370.59         |                  |
| Bridge Construction     | <u>41,000.00</u> | <u>85,020.90</u> |
|                         |                  | \$86,370.90      |

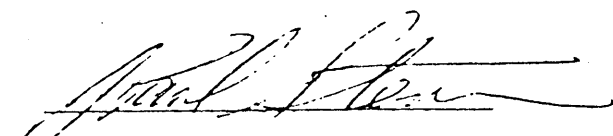
Administration

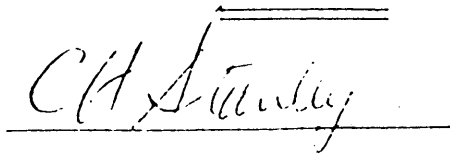
|                                        |               |                  |
|----------------------------------------|---------------|------------------|
| Rent, Secretarial &<br>Office Expenses | 3,565.47      |                  |
| Telephone                              | 500.00        |                  |
| Travel                                 | <u>232.00</u> | <u>4,297.47</u>  |
|                                        |               | <u>90,668.37</u> |

Excess Disbursements Over Receipts \$41,368.37

Less: Balance of Cash at Beginning of Period 1,565.95

Bank Overdraft at End of Period \$39,802.42

  
J. PAUL STEVENSON, DIRECTOR

  
C.H. STANLEY, DIRECTOR

Prepared by: M. J. Bone and J. P. Stevenson

SUSIE GOLD MINES LTD.

STATEMENT OF CASH RECEIPTS & DISBURSEMENTS

FOR MONTH ENDING APRIL 30th, 1978

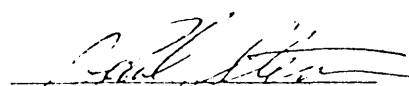
RECEIPTS

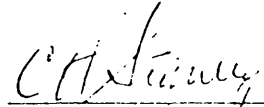
|                                                                          |               |                     |                     |
|--------------------------------------------------------------------------|---------------|---------------------|---------------------|
| Proceeds received to date from Underwriter<br>on "best efforts" offering |               | \$161,981.25        | * (See Note below)  |
| <u>Less: Commission on Stock</u>                                         | \$15,224.40   |                     |                     |
| Legal Expenses                                                           | <u>353.50</u> | 15,577.90           |                     |
|                                                                          |               | <u>\$146,403.35</u> |                     |
| <u>Deduct: Advance paid in March</u>                                     |               | <u>44,300.00</u>    | \$102,103.35        |
| Placer Development Ltd.                                                  |               |                     | <u>10,000.00</u>    |
|                                                                          |               |                     | <u>\$112,103.35</u> |

DISBURSEMENTS

|                                                    |                  |                 |                    |
|----------------------------------------------------|------------------|-----------------|--------------------|
| <u>Director's Loan Repaid</u>                      |                  | 5,000.00        |                    |
| <u>Exploration &amp; Development</u>               |                  |                 |                    |
| <u>Wasi Lake</u>                                   |                  |                 |                    |
| Camp Expenses                                      | \$14,657.61      |                 |                    |
| Engineering                                        | 5,606.00         |                 |                    |
| Transportation & Travel                            | 6,827.99         |                 |                    |
| Drilling                                           | 7,268.65         |                 |                    |
| Road Maintenance                                   | 6,547.00         |                 |                    |
| Road Construction                                  | <u>12,738.25</u> | 53,645.50       |                    |
| <u>Administration</u>                              |                  |                 |                    |
| Rent, Secretarial &<br>Office Expenses             | 6,382.49         |                 |                    |
| Telephone                                          | 650.55           |                 |                    |
| Sundry Expenses                                    | 376.97           |                 |                    |
| Bank Charges                                       | <u>142.75</u>    | <u>7,552.76</u> | <u>66,198.26</u>   |
| <u>Excess Receipts over Disbursements</u>          |                  |                 | \$ 45,905.09       |
| <u>Less: Bank Overdraft at Beginning of Period</u> |                  |                 | <u>39,802.42</u>   |
| <u>Balance of Cash at End of Period</u>            |                  |                 | <u>\$ 6,102.67</u> |

\* Note: This amount does not include \$41,010.75 which was paid into Court by Canarim Investment under a Garnishing Order issued on behalf of White Mine Development Ltd. and served to us on April 4th, 1978.

  
J. PAUL STEVENSON  
DIRECTOR

  
C.H. STANLEY  
DIRECTOR

Prepared by: M. J. Bone and J.P. Stevenson

20. STATUTORY RIGHTS OF RESCISSION

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

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

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

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

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

June 6th, 1978  
\_\_\_\_\_  
(Date)

er:

*D. Morrow*  
D. ARCY MORROW, PRESIDENT, DIRECTOR

er:

*Corby Hilton Stanley*  
CORBY HILTON STANLEY, SECRETARY, DIRECTOR

er:

*J. Paul Stevenson*  
J. PAUL STEVENSON, DIRECTOR

er:

*D. K. Bragg Donald Kenneth Bragg*  
DONALD KENNETH BRAGG, DIRECTOR

CERTIFICATE OF THE UNDERWRITER(S):

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

June 6th, 1978  
\_\_\_\_\_  
(Date)

er:

CANARIM INVESTMENT CORPORATION LTD.  
*Peter Brown*  
PETER BROWN