

THIS PROSPECTUS CONSTITUTES A PUBLIC OFFERING OF THESE SECURITIES ONLY IN THOSE JURISDICTIONS WHERE THEY MAY BE LAWFULLY OFFERED FOR SALE AND THEREIN ONLY BY PERSONS PERMITTED TO SELL SUCH SECURITIES.

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

PROSPECTUS

DATED: JULY 19, 1988

016886

# ST. PHILIPS RESOURCES INC.

Vancouver, British Columbia  
(hereinafter called the "Issuer")

**675,000 COMMON SHARES @ \$0.35 PER SHARE**

## DISTRIBUTION SPREAD

|       | Price to Public | Commissions | Net Proceeds to be received by the Issuer * |
|-------|-----------------|-------------|---|
| ..... | \$0.35          | \$0.03      | \$0.32                                      |
| ..... | \$236,250       | \$20,250    | \$216,000 *                                 |

.....  
tion of the balance of the costs of the issue estimated to be \$12,000.

NO MARKET THROUGH WHICH THE SECURITIES OF THE ISSUER MAY BE SOLD.

THE SECURITIES OFFERED BY THIS PROSPECTUS MUST BE CONSIDERED A SPECULATIVE PROPERTY IN WHICH THE ISSUER HAS AN INTEREST IS IN THE EXPLORATION AND DEVELOPMENT STAGE ONLY AND IS WITHOUT A KNOWN BODY OF COMMERCIAL ORE. NO SURVEY OR PROPERTY OF THE ISSUER HAS BEEN MADE AND THEREFORE IN ACCORDANCE WITH THE LAWS OF THE JURISDICTION IN WHICH THE PROPERTY IS SITUATE, ITS EXISTENCE AND AREA COULD NOT BE DETERMINED. SEE ALSO THE HEADING "RISK FACTORS" HEREIN.

THE VANCOUVER STOCK EXCHANGE HAS CONDITIONALLY LISTED THE SECURITIES BEING OFFERED TO THIS PROSPECTUS. LISTING IS SUBJECT TO THE ISSUER FULFILLING ALL OF THE LISTING REQUIREMENTS OF THE VANCOUVER STOCK EXCHANGE ON OR BEFORE JANUARY 30, 1989 INCLUDING FINANCIAL DISTRIBUTION AND FINANCIAL REQUIREMENTS.

NO PERSON IS AUTHORIZED BY THE ISSUER TO PROVIDE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS IN CONNECTION WITH THE ISSUE AND SALE OF THE SECURITIES OFFERED BY THE ISSUER.

UPON COMPLETION OF THIS OFFERING THIS ISSUE WILL REPRESENT 22.83% OF THE SHARES THEN OUTSTANDING AS COMPARED TO 28.08% THAT WILL THEN BE OWNED BY THE CONTROLLING PERSONS, PROMOTERS, DIRECTORS AND SENIOR OFFICERS OF THE ISSUER AND ASSOCIATES OF THE AGENT. REFER TO THE HEADING "PRINCIPAL HOLDERS OF SECURITIES" HEREIN FOR DETAILS OF SHARES HELD BY DIRECTORS, PROMOTERS AND CONTROLLING PERSONS AND ASSOCIATES OF THE AGENT.

CERTAIN PRINCIPALS AND/OR EMPLOYEES OF UNDERWRITERS AND/OR THEIR ASSOCIATES HAVE PURCHASED SHARES OF THE ISSUER DURING THE NON-REPORTING STAGE. REFER TO THE HEADING "PRIOR SALES" FOR FURTHER PARTICULARS.

UPON COMPLETION OF THIS OFFERING THE NET TANGIBLE BOOK VALUE OF THE ISSUED SHARES WILL BE \$0.0903 PER SHARE WHICH CONSTITUTES A 74.20% DILUTION RELATIVE TO THE OFFERING PRICE.

THIS PROSPECTUS ALSO QUALIFIES THE ISSUANCE OF THE AGENT'S WARRANTS AND THE SALE AT THE MARKET PRICE AT THE TIME OF SALE OF ANY SHARES ACQUIRED BY THE AGENT PURSUANT TO THEIR GUARANTEE. THE AGENT MAY SELL ANY SHARES ACQUIRED ON THE EXERCISE OF THE AGENT'S WARRANTS WITHOUT FURTHER QUALIFICATION. THE AGENT WILL RECEIVE THE PROCEEDS FROM THE SALE OF SUCH SHARES AND NONE OF THESE PROCEEDS WILL ACCRUE TO THE ISSUER.

ONE OR MORE OF THE DIRECTORS OF THE ISSUER HAS AN INTEREST, DIRECT OR INDIRECT, IN OTHER NATURAL RESOURCE COMPANIES. REFERENCE SHOULD BE MADE TO THE HEADING "DIRECTORS AND OFFICERS" FOR A COMMENT AS TO THE RESOLUTION OF POSSIBLE CONFLICTS OF INTEREST.

WE, AS AGENT, CONDITIONALLY OFFER THESE SECURITIES SUBJECT TO PRIOR SALE, IF, AS AND WHEN ISSUED BY THE ISSUER AND ACCEPTED BY US IN ACCORDANCE WITH THE CONDITIONS CONTAINED IN THE AGENCY AGREEMENT REFERRED TO UNDER THE HEADING "PLAN OF DISTRIBUTION" HEREIN SUBJECT TO THE APPROVAL OF ALL LEGAL MATTERS ON BEHALF OF THE ISSUER BY MESSRS. BOUGHTON & COMPANY, VANCOUVER, BRITISH COLUMBIA.

### NAME AND ADDRESS OF AGENT

**CANARIM INVESTMENT CORPORATION LTD.**

2200 - 609 Granville Street  
Vancouver, British Columbia

Effective Date: August 2, 1988

D.L.  
PROPERTY FILE 05  
Ron L & Du 94E 094

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The Offering

AMOUNT: \$236,250.00

OFFERING: 675,000 COMMON SHARES

PRICE: \$0.35 PER SHARE

USE OF PROCEEDS: The estimated net proceeds of \$216,000 to be received by the Issuer from this offering will be primarily used to fund the exploration and development of the Issuer's mineral property located in the Toadoggone region of the Omineca Mining Division, British Columbia.

AGENT: Canarim Investment Corporation Ltd.

The Business

The Issuer is a natural resource company engaged in the acquisition, exploration and development of natural resource properties. The Issuer's present activities are the exploration and development of the Issuer's natural resource property in British Columbia. The Issuer has an interest in that property described under the heading "Description of Business and Property of Issuer" herein.

The common shares offered hereunder must be considered speculative due to the nature of the Issuer's business. Mineral exploration and development is inherently speculative and carries with it many risks. See "Risk Factors" herein for further details.

## 2. PLAN OF DISTRIBUTION

### Offering

The Issuer, by its Agent, hereby offers (the "Offering") to the public through the facilities of the Vancouver Stock Exchange (the "Exchange") Six Hundred Seventy-five Thousand (675,000) Shares (the "Shares") at a price of Thirty-Five (\$.35) Cents per share, which price was established by negotiation with the Issuer.

The Offering will be made in accordance with the rules and policies of the Exchange and will take place on a day (the "Offering Day") as determined by the Agent and the Issuer, with the consent of the Exchange, within a period of 180 days from the date upon which the securities of the Issuer are conditionally listed on the Exchange (the date that the Issuer's shares are conditionally listed on the Exchange shall hereinafter be referred to as the "Effective Date").

### Conditional Listing

The Vancouver Stock Exchange has conditionally listed the Securities being offered pursuant to this Prospectus. Unconditional listing is subject to the Issuer fulfilling all the listing requirements of the Vancouver Stock Exchange on or before January 30, 1989, including prescribed distribution and financial requirements.

### Appointment of Agent

The Issuer, by an agreement dated March 29, 1988, (the "Agency Agreement") appointed the following as its Agent ("Agent") to offer the Shares through the facilities of the Exchange:

#### Name and Address

Canarim Investment Corporation Ltd.  
2200 - 609 Granville Street,  
Vancouver, British Columbia,

The Agent will receive a commission of \$.03 per share or approximately 8.6% of the gross sales at the time the Shares are sold.

The Agent has agreed to purchase any Shares not sold at the conclusion of the Offering. In consideration therefor the Agent has been granted non-transferable share purchase warrants (the "Agent's Warrants") entitling it to purchase up to One Hundred and Sixty-Eight Thousand Seven Hundred Fifty (168,750) shares of the Issuer at any time up to the close of business 180 days from the listing of the Issuer's shares on the Exchange or twelve months from the date of this Prospectus, whichever is earlier, at a price of Forty (\$.40) Cents per share.

The Agent reserves the right to offer selling group participation, in the normal course of the brokerage business, to selling groups of other licensed broker-dealers, brokers and investment dealers, who may or may not be offered part of the commissions or bonuses derived from this Offering.

The obligations of the Agent under the Agency Agreement may be terminated by the Agent at any time before the opening of the market on the Offering Day, at the Agent's discretion on the basis of its assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events.

The Issuer has granted the Agent a right of first refusal to provide future public equity financing to the Issuer for a period of twelve (12) months from the Effective Date.

Except as disclosed above, there are no payments in cash, securities or other consideration being made, or to be made, to a promoter, finder or any other person or company in connection with the Offering.

The Directors, Officers and other Insiders of the Issuer may purchase Shares from this Offering. Any Shares purchased by Directors, Officers and other Insiders of the Issuer will be purchased at the Offering price of \$.35 per Share. No discount will be received by or any commissions paid to the Directors, Officers and other Insiders of the Issuer in respect of the Offering.

### Description of Securities Offered

**Shares** - The shares being offered to the public by this Prospectus are common shares of the Issuer. The Issuer has only one kind and class of share and each share ranks equally as to dividends, voting rights, participation in assets on winding-up and in all other respects. The shares to be issued pursuant to this Prospectus will be fully paid and will not be subject to any call or assessment.

**Agent's Warrants** - The Agent's Warrants will be non-transferable and in registered form and will entitle the holder thereof to purchase up to 168,750 common shares in the capital of the Issuer at any time up to the close of business 180 days from the date of listing of the Issuer's shares on the Exchange or 12 months from the date of this Prospectus, whichever is earlier, at a price of \$0.40 per share.

The Agent's Warrants will contain, among other things, anti-dilution provisions and provision for appropriate adjustment of 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, or the payment of stock dividends.

### Additional Offering

This Prospectus also qualifies the issuance of the Agent's Warrants and the sale at the market price at the time of sale of any shares acquired by the Agent pursuant to their guarantee. The Agent may sell any shares acquired on the exercise of the Agent's Warrants without further qualification. The Agent will receive the proceeds from the sale of such shares and none of these proceeds will accrue to the Issuer.

## 3. USE OF PROCEEDS TO ISSUER

The estimated net proceeds to be derived by the Issuer from the sale of 675,000 Shares offered by this Prospectus, namely \$216,000, together with cash on hand at the date hereof of \$246 aggregating \$216,246 will be used for the following purposes:

|  |                   |
|--|-------------------|
| 1. To pay the balance of legal, audit and printing expenses of this Prospectus estimated to be:        | \$ 12,000         |
| 2. To pay accounts payable:  | \$ 29,952         |
| 3. To pay the balance of the estimated costs of Phase I exploration work as recommended by E. Livgard: | \$ 147,000        |
| 4. For general administrative expenses and addition to working capital:                                | \$ 27,294*        |
| <b>TOTAL</b>   | <b>\$ 216,246</b> |

\* Management has undertaken to exercise sufficient directors or employees incentive stock options prior to calling the shares for trading to meet the minimum working capital requirement of the Vancouver Stock Exchange, being \$30,000.

Proceeds realized by the Issuer from the exercise of the Agent's Warrants will be added to working capital.

The proceeds from the sale of Shares offered by this Prospectus are intended to be used for the purposes set forth above. However, the Issuer, pursuant to the recommendations of a qualified independent engineer, may abandon in whole or in part any of its property or, as work progresses, may alter the work program recommended or make such arrangements for the performance of all or any portion of such work by other persons or companies and may use any monies so diverted for the purpose of conducting work or examining other properties acquired by the Issuer after the date of this Prospectus. All of the foregoing is subject to the advice and recommendation of a qualified independent engineer. If any such event occurs during the primary distribution of the Shares referred to in this Prospectus, an amendment to this Prospectus will be filed. If any such event occurs after primary distribution of the Shares, the shareholders will be notified.

No part of the proceeds will be used to invest, underwrite or trade in securities other than those that qualify as an investment in which trust funds may be invested under the laws of the jurisdiction in which the securities offered by this Prospectus may be lawfully sold. Should the Issuer intend to use the proceeds to acquire other than Trustee type securities after the distribution of the securities offered by this Prospectus, approval by the shareholders of the Issuer must first be obtained and notice of the intention must be filed with the regulatory bodies having jurisdiction over the sale of the securities offered by this Prospectus.

#### 4. SALES OTHERWISE THAN FOR CASH

No shares are being offered other than for cash.

#### 5. SHARE AND LOAN CAPITAL STRUCTURE

| Designation of Security         | Amount Authorized | Amount Outstanding at April 30, 1988<br>Balance Sheet contained in Prospectus | Amount Outstanding as at date of Prospectus | Amount to be Outstanding on Completion of Offering* |
|---------------------------------|-------------------|---|---|---|
| Common Shares Without Par Value | 10,000,000        | 2,281,001   | 2,281,001                                   | 2,956,001   |

\* This amount does not include up to 168,750 shares which may be issued by the Issuer pursuant to the Agent's Warrants referred to in "Plan of Distribution" herein.

The authorized capital of the Issuer is 10,000,000 common shares without par value of which 2,281,001 common shares are issued and outstanding as at the date hereof.

Particulars of shares sold for cash to date are as follows:

| No. of Securities Sold | Price  | Total Cash Received | Commissions Paid |
|------------------------|--------|---------------------|------------------|
| 1                      | \$1.00 | \$1.00              | NIL              |
| 1,131,000              | \$ .20 | \$226,200           | NIL              |
| 400,000                | \$ .25 | \$100,000           | NIL              |

All of the foregoing shares were sold for cash.

The 400,000 shares issued at \$.25 per share were issued during the preceding twelve months. Three Hundred Thousand of those shares were issued pursuant to Exploration and Development Agreements which provided flow-through income tax benefits to the participants.

All of these shares are issued free of trading restrictions.

The Issuer has issued 750,000 shares at a deemed price of \$.01 per share in consideration of the assignment of property which shares are subject to escrow conditions. This issuance occurred January 21, 1982 and was in respect of a prior mineral property which was subsequently abandoned.

6. NAME AND INCORPORATION OF ISSUER

The full name of the Issuer is St. Philips Resources Inc. Its Registered and Records Offices are located at 1600 - 1100 Melville Street, Vancouver, British Columbia. The Issuer's Head Office is located at 670 - 650 West Georgia Street, Vancouver, British Columbia, V6B 4N8

The Issuer was incorporated on October 3, 1980, under the name St. Philips Resources Inc. by registration of its Memorandum and Articles under the Company Act of the Province of British Columbia. The Issuer became a reporting company as defined by the Company Act of the Province of British Columbia upon the approval of a Prospectus by the Superintendent of Brokers and the issuance of a receipt therefor on June 25, 1984. No shares were issued pursuant to that Prospectus.

7. DESCRIPTION OF BUSINESS AND PROPERTY OF ISSUER

The Issuer is a natural resource company engaged in the acquisition and exploration of mineral properties. The Issuer owns or has an interest in the property described hereafter and intends to seek and acquire additional properties worthy of exploration and development.

During the period since incorporation on October 3, 1980 through to the issuance of a receipt for the Issuer's initial prospectus on June 5, 1984 the Issuer was active in mineral resource exploration. No funds were raised pursuant to that prospectus and, in the result the Issuer became inactive in terms of business activity. In 1987 control of the Issuer changed, its previous properties were formally abandoned and all related costs were written off. The Kemess Creek property was acquired and active exploration of this property commenced in 1987.

Kemess Creek Property, Omineca Mining Division, British Columbia

The Kemess Creek Property is located in the Omineca Mining Division, British Columbia, particulars of which are as follows:

| <u>Claim Name</u> | <u>Record No.</u> | <u>Units</u> | <u>Expiry Date</u> |
|-------------------|-------------------|--------------|--------------------|
| Ron #4            | 3630              | 20           | March 3, 1990      |
| Du                | 6396              | 20           | July 16, 1990      |

The property consists of two contiguous staked claims with a total of 40 units.

By an option agreement dated September 1, 1987 the Issuer was granted an option to acquire up to an undivided seventy-five (75%) percent interest in the Kemess Creek Property from Pacific Ridge Resources Corp., of #670 - 650 West Georgia Street, Vancouver, B. C., a public company whose shares are listed for trading on the Vancouver Stock Exchange.

Pursuant to the terms of the Option Agreement the Issuer will earn the incremental percentage interests described hereafter by incurring exploration expenditures within specified time periods.

| <u>Percentage Interest</u> | <u>Required Expenditure</u> | <u>Time Deadline</u> |
|----------------------------|-----------------------------|----------------------|
| 25%                        | \$ 75,000                   | December 31, 1987    |
| 25%                        | 75,000                      | December 31, 1988    |
| 25%                        | 150,000                     | December 31, 1988    |

The maximum percentage which may be earned is 75% for incurring aggregate expenditures of \$300,000. Thereafter the parties will jointly develop the property. The initial 25% interest has been earned.

Location and Access

The property is located 260 kilometers north of Smithers, B.C., 6-8 kilometers east of Thutade Lake. It lies on map sheets 94E/2E and W; 94D/15E and W; at longitude 126° 45'W and latitude 57° 00'N, and is within the Omineca Mining Division.

The property can be reached by float plane from Smithers to Thutade Lake or Duncan Lake, a distance of 260 kilometers. These lakes are from 5 to 8 kilometers from the property. Helicopter service is also available in Smithers. Road access to the Toodoggone area has now been built. It passes within 5 kilometers of the property.

History

Placer mining for gold is the earliest known mining activity in the area (1899). Lead-zinc skarn mineralization was located in the Lawyer's Pass area in the 1930's. The McConnell Creek geology map 962A (G.S.C., Lord 1949) published locations for a number of copper-gold and silver properties along Moose Valley.

From 1968 to 1972, regional porphyry copper geochemistry programs in the Toodoggone River area resulted in the discovery of the prospect which became the Baker or Chappelle Mine. During 1981-82 this mine produced 53,540 tons averaging 0.48 oz/T Au and 9.68 oz. Ag/T. Geological reserves are listed as 100,000 tons grading 0.82 oz. Au/T and 16.35 oz. Ag/T (September 1983). This property is now being put back into production.

A large number of other significant mineral prospects were also discovered. These were skarn-type mineralization, high grade quartz - gold - silver veins, copper-silver gold breccia, or porphyry copper-gold deposits.

A deposit of the latter type has been located 4 kilometers north of the claims (New Kemess Property), where diamond drilling cut values of about 0.20% copper, 3 grammes silver and 0.4 grammes gold over widths from 100 to 300 metres, in fractured andesite intruded by granodiorite.

The property was staked in 1981 to cover generally favourable geology holding promise of mineralization similar to that at the New Kemess property, 4 km. to the north. The gold-copper discovery on the claim ground is a new find by Pacific Ridge Resources Corp., which resulted from a soil geochemical survey in 1982 and 1983. A detailed grid (still serviceable in 1987) was completed in 1984, together with 13.0 km of magnetometer and I.P. surveys. Three hundred and twenty-two (322) meters

of BQ (1 1/8" diameter core) diamond drilling was done in six holes. Significant values in gold and copper were intersected over widths between 50 to 100 m.

During late 1987 about 28 kilometers of soil lines with sample spacing of 25 meters, and about 31 kilometers of VLF-Electromagnetic surveying was done.

E. Livgard, P. Eng., of Livgard Consultants Ltd., the Issuer's independent consulting engineers, has reviewed the Issuer's property and in his report dated January 4, 1988, recommends a two stage exploration program.

Excerpts from his report under sub-headings, "Summary", "Conclusions" "Recommendations" and "Estimated Costs of Recommendations" are recited hereafter. For more detailed information readers are referred to complete report which is appended hereto and forms a part of this Prospectus.

#### "SUMMARY

The property consists of two claims named Ron #4 and Du with a total of 40 units located 260 km north of Smithers, B.C. on map sheets 94E-2E and 2W and on 94D-15 E and 15W. The main rock types in the area are Takla Group of rocks consisting largely of volcanics of Triassic age, Toodoggone volcanics and sedimentary rocks of middle and upper Jurassic age and intrusive rocks of middle to lower Jurassic age, consisting largely of monzonite and granodiorite.

Three types of deposits are primarily exploration targets in the Toodoggone area:

1. Auriferous quartz veins and breccia quartz-gold deposits
2. Porphyry copper-gold deposits
3. Skarn-type base metal deposits.

The claims were located in 1981 and subsequent exploration consisting of prospecting and soil surveying located mineralization in monzonite intrusive and in Takla group rocks. A northwest extension of the Moose Valley Fault is interpreted on the property. Further soil surveying, Induced Polarization surveying and subsequent diamond drilling in 1984 indicate that a large copper-gold porphyry system is present largely on the Ron #4 mineral claim. The values obtained in the drill holes went as high as 0.24% Cu and 0.754g of gold per tonne and mineralized float gave yet higher values.

The dense soil survey and VLF-Electromagnetic surveying carried out in late 1987 added interpreted features which may held in locating higher concentrations of gold values.

In a second type of deposit native copper mineralization is associated with chert and breccia and appears to extend east-west for some 1,000 meters. It may be strata or fault controlled."

#### "CONCLUSIONS

Evidence from past exploration indicates that a very large porphyry copper-gold system is located on the property. The grade in the preliminary drilling is on the order of 0.2% Cu and 0.5 g Au/tonne. Other information suggests that parts of the system may be of higher grade. The writer concludes that this porphyry system constitutes an excellent exploration target and further work will be recommended".

#### "RECOMMENDATIONS

##### First Stage

It is necessary to better understand the geology in order to lay out the drilling with greater certainty and extensive trenching should therefore be done.

Some 5 to 7 kilometers of jeep road should be built to and on the property with a bulldozer. Trenching should preferably be done with a large hoe. Up to 15 meters of overburden was encountered in the diamond drilling.

The trenching should be concentrated mostly on the porphyry copper-gold and its interpreted boundaries (VLF-EM and IP) as well as in the area of highest soil value (4,200 E to 4,400 E, 1,600 N to 1,900 N). A smaller amount of trenching should also be done at the chert-native copper outcrop and at coincident lead-zinc-arsenic anomalies to the north and west on the grid.

It is estimated that 20 days of bulldozer and/or hoe work is required.

During and after mapping and sampling the trenching drill location can be selected.

It is recommended that 15 holes of 100 meters length be drilled. The drill chips must be logged and sampled.

##### Second Stage

The Stage Two is dependent upon a favourable evaluation of the Stage One work.

It is recommended that if Stage One is successful, 3,000 meters of reverse circulation rotary drilling be carried out. This will require some road and drill site Cat work.

When the above work is completed, a preliminary economic evaluation report should be completed."

**"ESTIMATED COSTS OF RECOMMENDATIONS**

**First Stage**

|  |                   |
|--|-------------------|
| Trenching - Drilling                                       |                   |
| Roadwork, treching and drill sites, 20 days at \$1,200/day | \$ 24,000         |
| Supervision and geology - geologist and helper - 2 months  | 18,000            |
| Reverse circulation rotary drilling - 1,500 m @ \$45/m     | 67,500            |
| Supplies camp  | 6,000             |
| Travel, mobilization and demob                             | 5,000             |
| Assaying - 500 samples @ \$16.00/sample                    | 8,000             |
| Engineer report evaluation                                 | <u>5,000</u>      |
|  | 133,000           |
| Contingency  | <u>13,500</u>     |
| Total First Stage  | \$ <u>147,000</u> |

**Second Stage**

|  |                   |
|--|-------------------|
| Road and drill site preparation, 5 days at \$1,200 | \$ 6,000          |
| 3,000 m reverse circulation rotary at \$45/m       | 135,000           |
| Mobilization and demob                             | 5,000             |
| Camp-supplies                                      | 6,000             |
| Supervision, sampling, geology                     | 15,000            |
| Assaying, 1,000 x \$16                             | 16,000            |
| Report, maps - economic evaluation                 | <u>20,000</u>     |
|  | 203,000           |
| Contingency  | <u>20,000</u>     |
| Total Second Stage                                 | \$ <u>223,000</u> |

During 1987 the Issuer had an engineering report prepared for the property, conducted an exploration program consisting of dense soil surveying and VLF-electro magnetic surveying, had the results of these surveys correlated with previous work and had a further engineering report prepared. The approximate aggregate cost of this work was \$78,631.

The cost of the Stage I program as recommended by Egil Livgard, P. Eng., namely \$146,000 will be paid from the proceeds of this Offering.

There is no underground plant or equipment.

The property is without a known body of commercial ore and the proposed exploration program is an exploratory search for ore.

**8. RISK FACTORS**

**Dilution**

On completion of this Offering there will be a total of 2,956,001 shares of the Issuer outstanding with an approximate total net tangible asset value,, based on the Issuer's financial statements at at April 30, 1988, of \$267,049, or approximately \$0.0903 per share.

If the shareholder's equity with respect to the 2,281,001 shares issued prior to this Offering has not changed between April 30, 1988 and the date of this Offering, the purchasers of the shares offered by this Prospectus will suffer immediate dilution of approximately \$0.2597 in net tangible asset value per share, equal to 74.20% of the \$0.35 per share Offering Price.

**Risks Inherent in Mining**

Exploration for economic deposits of minerals is subject to a number of risk factors. While the rewards to an investor can be substantial if an economically viable discovery is made, few of the properties which are explored are ultimately developed into producing mines. If the Issuer's exploration programmes are not successful, a purchaser of shares may lose his entire investment.

The Issuer's property is in the exploration and development stage only and is without a known body of commercial ore. There is no assurance that expenditures to be made by the Issuer will result in any discoveries of minerals in commercial quantities.

The Issuer's ability to continue exploration and development of its property will be dependent upon its ability to raise significant additional financing hereafter. Should the Issuer be unable to obtain such financing, its property may be lost entirely.

The Issuer's mineral operations will be subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. In addition, the profitability of a particular mining prospect will be affected by the market for precious and base metals, which entails the assessment of many factors, some of which include changing production costs, the supply and demand for precious metals, the rate of inflation, the inventory of precious metal producing corporations, the political environment and changes in international investment patterns.

The mining industry has been subject to increasing government controls and regulation in recent years. The industry is highly competitive and the Issuer will be required to compete in the future directly with the other corporations that may have greater resources.

The Issuer may become subject to liability for hazards against which it cannot insure or against which it may elect not to insure because of high premium costs or other reasons. Payment of such liabilities would reduce funds available for acquisition of mineral prospects or exploration and development.



## Title Opinions

No survey has been made of the located mineral claim held under option by the Issuer and, in accordance with the mining laws of the jurisdiction in which the claim is situate, its precise location and area may be in doubt.

Although title opinions are obtained by management, such opinions are restricted in scope and do not constitute any guarantee of the validity of the claims in question.

## Conflicts of Interest

There are potential conflicts of interest to which directors and officers of the Issuer will be subject in connection with the operations of the Issuer. Some of the directors and officers are engaged and will continue to be engaged in the search for mineral resource properties on their own behalf and on behalf of other corporations, and situations may arise where these directors and officers will be in direct competition with the Issuer. Conflicts, if any, will be dealt with in accordance with the relevant provisions of the Company Act (British Columbia).

Some of the Directors and Officers of the Issuer are or may become directors or officers of other companies engaged in natural resource exploration and development. In order to avoid the possible conflict of interest which may arise between the Directors' duties to the Issuer and their duties to the other companies on whose boards they serve, the Directors and Officers of the Issuer have agreed to the following:

- (a) participation in natural resource prospects offered to the Directors will be allocated between the various companies on the basis of prudent business judgement and the relative financial abilities and needs of the companies to participate;
- (b) no commissions or other extraordinary consideration will be paid to such Directors and Officers; and
- (c) natural resource prospects formulated by or through the other companies in which the Directors and Officers are involved will not be offered to the Issuer except on the same or better terms than the basis on which they are offered to third party participants.

## 9. DILUTION

The following table sets forth certain information based on the balance sheet date of April 30, 1988 with respect to the dilution of the Common shares offered hereby, after giving effect to the Offering:

## Dilution per common share

|   |          |                 |
|---|----------|-----------------|
| Offering Price  |          | \$ .35          |
| Net asset value as at April 30, 1988  | \$ .0224 |                 |
| Increase of the net asset value resulting from the Offering                     | \$ .0679 |                 |
| Proforma net asset value at April 30, 1988, after giving effect to the Offering |          | \$ .0903        |
| Dilution to subscribers   |          | <u>\$ .2597</u> |
| Percentage of dilution in relation to the offering price                        |          | <u>74.20%</u>   |

## 10. PROMOTERS

Nick Kravariotis, Charles Raymond and Artemios Kourtessis, acting in their capacities as Directors of the Issuer, are the Promoters of the Issuer as defined by Section 1 of the Securities Act.

The Promoters have purchased shares of the Issuer at the following prices:

- (a) Shares previously issued by the Issuer:

| <u>Promoter</u>     | <u>Shares</u> | <u>Price Paid Per Share</u> |
|---------------------|---------------|-----------------------------|
| Charles Raymond     | 300,000       | \$ .01 (deemed value)       |
| Artemios Kourtessis | 300,000       | \$ .01 (deemed value)       |
| Nick Kravariotis    | 150,000*      | \$ .01 (deemed value)       |
|                     | 30,000        | \$ .25                      |

\*These shares are held by Patra Ventures Ltd.

- (b) Directors' and Employees' Incentive Stock Options.

| <u>Directors Options</u> | <u>Number</u> | <u>Exercise Price</u> |
|--------------------------|---------------|-----------------------|
| Nick Kravariotis         | 71,250        | \$ .35                |
| Artemios Kourtessis      | 71,250        | \$ .35                |
| <u>Employee Options</u>  |               |                       |
| Charles Raymond          | 92,500        | \$ .35                |
| Jerry Minni              | 50,000        | \$ .35                |

The options are for a two year term commencing on the Effective Date of this Prospectus.



11. LEGAL PROCEEDINGS

Neither the Issuer nor its property is a party to or the subject of pending legal proceedings.

12. ISSUANCE OF SHARES

The authorized capital of the Issuer consists of 10,000,000 Common shares without par value of which 2,281,001 shares are issued as fully paid and non-assessable as at the date hereof.

All of the shares of the Issuer, both issued and unissued, rank equally as to dividends, voting powers and participation in assets. No shares have been issued that are subject to call or assessment. There are no pre-emptive rights, conversion rights, provisions for redemption or purchase for either cancellation or surrender or provisions for sinking or purchase funds. Provisions as to the modifications, amendments or variations of such rights or such provisions are contained in the Company Act of the Province of British Columbia.

13. ISSUANCE OF OBLIGATIONS

The Issuer is not offering any debt obligations.

14. ISSUANCE OF OTHER SECURITIES

No other securities are being offered by the Issuer.

15. DIVIDEND RECORD

Since incorporation the Issuer has not paid any dividends. The Issuer has no present intention of paying dividends and the future dividend policy will be determined by the Board of Directors on the basis of earnings, financial requirements and other relevant factors.

16. DIRECTORS AND OFFICERS

The names, addresses and principal occupations in which each of the Directors and Officers of the Issuer have been engaged during the immediately preceding five (5) years are as follows:

| <u>Name and Address</u>  | <u>Position with Company</u> | <u>Principal Occupation For Past Five Years</u>   |
|--|------------------------------|---|
| Charles Maurice Raymond*<br>290 Ocean View Road<br>Lions Bay, B.C. | Director<br>President        | Chairman, AUTO-TRAC SYSTEMS INC., Formerly Secretary Pacific Ridge Resources Corporation, President of Medallion Books Limited, vice-president and director of Tunstall Resources Inc., director of Geotech Resources Inc. and Donnex Resources Inc., president of Primary Equities Ltd., president of Termgard Properties Inc. |
| Nick Kravariotis*<br>2796 West 29th Avenue<br>Vancouver, B.C.      | Director                     | Managing Director of United Maritime Suppliers Inc.; Currently director of Merit Technologies Inc. and Zeus Ventures Ltd. and secretary and director of Dominco Industries Corp.; Formerly director of Vein Ventures Ltd.   |
| Artemios Kourtessis*<br>#55 - 10091 Swinton Rd.<br>Richmond, B.C.  | Director                     | Floor Manager of Seven Seas Fish Company; Formerly manager of Yanni's Restaurant  |
| Jerry Anthony Minni<br>3830 Union Street<br>Burnaby, B. C.         | Secretary                    | Self employed accountant; Formerly employed by Touche Ross and Co. and D.H. Martin, C.A.; Currently director and president of Morocco Explorations Inc. and Winspear Resources Ltd.; Formerly director and president of Rio Grande Ventures Ltd. and director of Vein Ventures Ltd.   |

\*Denotes Members of the Audit Committee

Directors of the Issuer may also serve as Directors of other companies involved in natural resource development. Accordingly, it may occur that mineral properties will be offered to both the Issuer and such other companies. Furthermore, those other companies may participate in the same properties as those in which the Issuer has an interest. As a result, there may be situations which involve a conflict of interest. In that event, the Directors would not be qualified to vote at meetings of Directors on resolutions which evoke any such conflict. The Directors will attempt to avoid dealing with such other companies in situations where conflicts might arise and will, at all times, use their best efforts to act in the best interests of the Issuer.

17. EXECUTIVE COMPENSATION

None of the directors or senior officers of the Issuer have received any remuneration from the Issuer. There is no immediate intention of paying any such remuneration within the next twelve months. However, the right to do so is reserved.

18. OPTIONS TO PURCHASE SECURITIES

The Issuer has granted 285,000 Directors' and Employees' Incentive Stock Options to the following parties in the amounts indicated. The options are for a two year term commencing on the Effective Date of this Prospectus at an exercise price of \$.35 per share.

| <u>Directors' Options</u> | <u>Number</u> |
|---------------------------|---------------|
| Nick Kravariotis          | 71,250        |
| Artemios Kourtessis       | 71,250        |
| <br>                      |               |
| <u>Employees' Options</u> |               |
| Charles Raymond           | 92,500        |
| Jerry Minni               | 50,000        |

19. ESCROWED SECURITIES

As of the date of this Prospectus, 750,000 Shares are held in escrow by Guaranty Trust Company of Canada, 800 West Pender Street, Vancouver, British Columbia, subject to the direction or determination of the Superintendent of Brokers. The escrow restrictions provide that the shares may not be traded in, dealt with in any manner whatsoever, or released, nor may the Issuer, its Transfer Agent or Escrow Holder make any transfer or record any trading of the shares without the consent of the Superintendent of Brokers. Any escrowed shares not released within ten years will be cancelled. The complete text of the Escrow Agreement is available for inspection at the Registered Office of the Company, 16th Floor, 1100 Melville Street, Vancouver, British Columbia.

| <u>Designation of Class</u> | <u>Number of Shares Held in Escrow</u> | <u>Percentage of Class</u> |
|-----------------------------|--|----------------------------|
| Common                      | 750,000                                | 32.88%                     |

The escrowed shares are currently owned by the following parties in the amounts indicated:

| <u>Name</u>          | <u>Number of Escrowed Securities</u> |
|----------------------|--------------------------------------|
| Charles Raymond      | 300,000                              |
| Artemios Kourtessis  | 300,000                              |
| Patra Ventures Ltd.* | 150,000                              |
|                      | 750,000                              |

\*Patra Ventures Ltd. is beneficially owned by Nick Kravariotis.

20. PRINCIPAL HOLDERS OF SECURITIES

The following shareholders beneficially, directly or indirectly hold greater than 10% of the issued shares of the Company as at the Effective Date of this Prospectus:

| <u>Name</u>         | <u>No. of Shares</u> |
|---------------------|----------------------|
| Charles Raymond     | 300,000              |
| Artemios Kourtessis | 300,000              |

The percentage of Shares of the Issuer being offered to the public for cash will represent 22.83% of the shares issued and outstanding upon completion of the offering and the number of shares currently held by Promoters and Directors of the Issuer will represent 26.39% of the shares issued and outstanding upon completion of the offering.

The number and percentage of shares of the Issuer beneficially owned, directly or indirectly, by all Promoters, Directors, Senior Officers and controlling persons of the Issuer as a group is as follows:

| <u>Designation of Class</u> | <u>Number of Shares Beneficially Owned</u> | <u>Percentage of Class</u> |
|-----------------------------|--|----------------------------|
| Common Shares               | 780,000                                    | 26.39%                     |

21. PRIOR SALES

The only prior sales are as disclosed under "Share and Loan Capital Structure".

Underwriters, their shareholders, partners, employees and/or associates own, directly or indirectly, 50,000 shares in the capital stock of the Issuer which were acquired at \$0.25 per share.

22. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The Directors and Officers of the Issuer have no interest in any material transactions which has materially affected or will materially affect the Issuer.

23. AUDITOR, TRANSFER AGENT, AND REGISTRAR

The auditor of the Issuer is Corcoran & Company, Chartered Accountants, 575 - 885 Dunsmuir Street, Vancouver, British Columbia.

The transfer agent and registrar of the Issuer is Guaranty Trust Company of Canada, 800 West Pender Street, Vancouver, British Columbia.

The Issuer's solicitor is John R. Cumming of Boughton & Company, 1600 - 1100 Melville Street, Vancouver, British Columbia.

**24. MATERIAL CONTRACTS**

The Issuer has entered into the following material contracts as at the date of this Prospectus:

- (i) Property Option Agreement, dated September 1, 1987, with Pacific Ridge Resources Inc. (see Item 7, page 7);
- (ii) Agency Agreement, dated March 29, 1988 with Canarim Investment Corporation Ltd. (see Item 2, page 3);
- (iii) Escrow Agreement, dated November 12, 1987 with Guaranty Trust Company of Canada (see Item 19, page 17);
- (iv) Directors' and Employees' Incentive Stock Option Agreement dated November 12, 1987 (see Item 18, page 17);
- (v) Management Service Agreement, dated June 1, 1988, with Ionian Ventures Ltd (see Item 25, page 19);

The above contracts may be inspected at the Issuer's Registered and Records Office at 1600 - 1100 Melville Street during normal business hours while primary distribution of the securities offered hereunder is in progress and for a period of thirty (30) days thereafter.

**25. OTHER MATERIAL FACTS**

The Issuer has entered into a Management Service Agreement dated June 1, 1988, with Ionian Ventures Ltd. whereunder Ionian Ventures Ltd. will provide all usual office management services for the sum of \$750.00 per month plus rent (\$250.00 per month). The agreement is for a one year term but may be terminated by either party upon one months notice. Ionian Ventures Ltd. is owned by Evangelos Catevatis.

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

**26. STATUTORY RIGHT OF WITHDRAWAL AND RESCISSION**

The Securities Act provides a purchaser with a right to withdraw from an agreement to purchase securities within two business days after receipt or deemed receipt of a prospectus and further provides a purchaser with remedies for rescission or damages where the prospectus and any amendment contains a material misrepresentation or is not delivered to the purchaser prior to delivery of the written confirmation of sale or prior to midnight on the second business day after entering into the agreement, but such remedies must be exercised by the purchaser within the time limits prescribed. For further information concerning these rights and the time limits within which they must be exercised the purchaser should refer to Sections 66, 114, 118 and 124 of the Securities Act or consult a lawyer.

# CORCORAN & COMPANY

CHARTERED ACCOUNTANTS

A LIMITED PARTNERSHIP

## AUDITORS' REPORT

To the Board of Directors,  
St. Philips Resources Inc.

We have examined the balance sheets of St. Philips Resources Inc. as at September 30, 1987, 1986, 1985 and 1984 and the statements of loss and deficit, deferred exploration expenses and changes in financial position for the years 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 September 30, 1987, 1986, 1985 and 1984 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles applied on a consistent basis.

Vancouver, B.C.  
February 4, 1988

*Corcoran & Company*  
Chartered Accountants

## REVIEW ENGAGEMENT REPORT

To the Board of Directors,  
St. Philips Resources Inc.

We have reviewed the balance sheet of St. Philips Resources Inc. as at April 30, 1988 and the statements of loss and deficit, deferred exploration expenses and changes in financial position for the seven months then ended. Our review was made in accordance with generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the company.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements. The most recent audited financial statements issued to shareholders on which we have expressed an opinion were for the year ended September 30, 1987.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with generally accepted accounting principles.

Vancouver, B.C.  
May 26, 1988

*Corcoran & Company*  
Chartered Accountants

ST. PHILIPS RESOURCES INC.  
Incorporated under the Company Act of British Columbia  
BALANCE SHEET  
as at

|  | April<br>30, 1988<br>(unaudited) | September<br>30, 1987 | September<br>30, 1986 | September<br>30, 1985 | Note 7<br>September<br>30, 1984 |
|--|----------------------------------|-----------------------|-----------------------|-----------------------|---------------------------------|
| <b>ASSETS</b>  |                                  |                       |                       |                       |                                 |
| Current  |                                  |                       |                       |                       |                                 |
| Cash   | \$ 2,369                         | \$ 61,617             | \$ 170                | \$ 229                | \$ 25,047                       |
| Resource properties<br>- Note 2  | 1                                | 1                     | -                     | -                     | -                               |
| Deferred exploration<br>expenses   | 78,631                           | 35,830                | -                     | -                     | -                               |
|  | \$ 81,001                        | \$ 97,448             | \$ 170                | \$ 229                | \$ 25,047                       |
| <b>LIABILITIES</b>   |                                  |                       |                       |                       |                                 |
| Current  |                                  |                       |                       |                       |                                 |
| Accounts payable   | \$ 29,952                        | \$ 28,463             | \$ 27,324             | \$ 21,092             | \$ 18,187                       |
| <b>SHAREHOLDERS' EQUITY</b>  |                                  |                       |                       |                       |                                 |
| Capital stock - Note 3   |                                  |                       |                       |                       |                                 |
| Authorized<br>10,000,000 common shares<br>without par value                |                                  |                       |                       |                       |                                 |
| Issued and fully paid  |                                  |                       |                       |                       |                                 |
| 2,281,001 common shares<br>September 30, 1987 -<br>1,881,001 common shares | 333,700                          | 233,700               | 233,700               | 233,700               | 233,700                         |
| Subscribed   |                                  |                       |                       |                       |                                 |
| NIL common shares<br>September 30, 1987 -<br>400,000 common shares         | -                                | 100,000               | -                     | -                     | -                               |
| Deficit  | (282,651)                        | (264,715)             | (260,854)             | (254,563)             | (226,840)                       |
|  | 51,049                           | 68,985                | (27,154)              | (20,863)              | 6,860                           |
|  | \$ 81,001                        | \$ 97,448             | \$ 170                | \$ 229                | \$ 25,047                       |

APPROVED BY THE DIRECTORS

*Cliff Raymond*, Director  
*A. Kourkassif*, Director

SEE ACCOMPANYING NOTES

CORCORAN & COMPANY

ST. PHILIPS RESOURCES INC.  
STATEMENT OF LOSS AND DEFICIT

| Expenses   | 7 months                                  | Year                           | Year                           | Year                           | Note 7                                 |
|--|---|--------------------------------|--------------------------------|--------------------------------|--|
|  | ended<br>April<br>30, 1988<br>(unaudited) | ended<br>September<br>30, 1987 | ended<br>September<br>30, 1986 | ended<br>September<br>30, 1985 | Year<br>ended<br>September<br>30, 1984 |
| Exploration  |   |                                |                                |                                |  |
| Road work and<br>equipment rental  | \$ _____                                  | \$ _____                       | \$ 4,200                       | \$ 6,454                       | \$ 5,387                               |
| Administrative   |   |                                |                                |                                |  |
| Advertising  | 133                                       | -                              | -                              | -                              | -                                      |
| Filing fees  | 4,270                                     | -                              | -                              | 150                            | -                                      |
| Finance fee  | -   | -                              | -                              | -                              | 8,260                                  |
| Management fees  | 4,900                                     | 2,800                          | -                              | 1,500                          | 18,319                                 |
| Office and printing  | 1,476                                     | 800                            | 609                            | 4,092                          | 1,618                                  |
| Professional fees  | 7,717                                     | 501                            | 746                            | 1,666                          | 17,442                                 |
| Transfer agent fees  | 249                                       | -                              | 736                            | 1,096                          | -                                      |
| Travel and promotion   | -   | -                              | -                              | 3,099                          | 3,961                                  |
|  | <u>18,745</u>                             | <u>4,101</u>                   | <u>2,091</u>                   | <u>11,603</u>                  | <u>49,600</u>                          |
| Less: Interest earned  | <u>809</u>                                | <u>240</u>                     | <u>-</u>                       | <u>334</u>                     | <u>3,578</u>                           |
|  | <u>17,936</u>                             | <u>3,861</u>                   | <u>2,091</u>                   | <u>11,269</u>                  | <u>46,022</u>                          |
| Other  |   |                                |                                |                                |  |
| Write-off of acquisition<br>costs related to<br>abandoned Slocan<br>mineral claims | -   | -                              | -                              | 10,000                         | 72,500                                 |
| Write-off of deferred<br>exploration expenses                                      | -   | -                              | -                              | -                              | 72,505                                 |
|  | <u>-</u>                                  | <u>-</u>                       | <u>-</u>                       | <u>10,000</u>                  | <u>145,005</u>                         |
| Net loss for the period  | <u>17,936</u>                             | <u>3,861</u>                   | <u>6,291</u>                   | <u>27,723</u>                  | <u>196,414</u>                         |
| Deficit, beginning of<br>the period as previously<br>reported                      | 264,715                                   | 260,854                        | 254,563                        | 226,840                        | -                                      |
| Adjustment due to retro-<br>active change in accounting<br>policy - Note 1(d)      | -   | -                              | -                              | -                              | 30,426                                 |
| Deficit, beginning of the<br>period as restated                                    | <u>264,715</u>                            | <u>260,854</u>                 | <u>254,563</u>                 | <u>226,840</u>                 | <u>30,426</u>                          |
| Deficit, end of the<br>period  | \$ <u>282,651</u>                         | \$ <u>264,715</u>              | \$ <u>260,854</u>              | \$ <u>254,563</u>              | \$ <u>226,840</u>                      |

SEE ACCOMPANYING NOTES

CORCORAN & COMPANY

ST. PHILIPS RESOURCES INC.  
STATEMENT OF DEFERRED EXPLORATION EXPENSES

| Expenses   | 7 months                                  | Year                           | Year                           | Year                           | Note 7                                 |
|--|---|--------------------------------|--------------------------------|--------------------------------|--|
|  | ended<br>April<br>30, 1988<br>(unaudited) | ended<br>September<br>30, 1987 | ended<br>September<br>30, 1986 | ended<br>September<br>30, 1985 | Year<br>ended<br>September<br>30, 1984 |
| Exploration  |   |                                |                                |                                |  |
| Assays and sampling  | \$ 16,530                                 | \$ -                           | \$ -                           | \$ -                           | \$ -                                   |
| Planning, surveys<br>and report                              | 5,498                                     | 35,830                         | -                              | -                              | -                                      |
| Road work and<br>equipment rental                            | 14,609                                    | -                              | -                              | -                              | -                                      |
| Travel   | <u>6,164</u>                              | <u>-</u>                       | <u>-</u>                       | <u>-</u>                       | <u>-</u>                               |
| Total expenses for the<br>period                             | 42,801                                    | 35,830                         | -                              | -                              | -                                      |
| Deferred exploration<br>expenses, beginning<br>of the period | <u>35,830</u>                             | <u>-</u>                       | <u>-</u>                       | <u>-</u>                       | <u>-</u>                               |
| Deferred exploration<br>expenses, end of<br>the period       | \$ <u>78,631</u>                          | \$ <u>35,830</u>               | \$ <u>-</u>                    | \$ <u>-</u>                    | \$ <u>-</u>                            |
| Represented by   |   |                                |                                |                                |  |
| Exploration expense<br>Ron #4 and Du<br>mineral claims       | \$ <u>78,631</u>                          | \$ <u>35,830</u>               | \$ <u>-</u>                    | \$ <u>-</u>                    | \$ <u>-</u>                            |

SEE ACCOMPANYING NOTES

CORCORAN & COMPANY

ST. PHILIPS RESOURCES INC.  
STATEMENT OF CHANGES IN FINANCIAL POSITION / CASH FLOW

SEE ACCOMPANYING NOTES  
ST. PHILIPS RESOURCES INC.  
NOTES TO THE FINANCIAL STATEMENTS  
April 30, 1988

|  | 7 months<br>ended<br>April<br>30, 1988<br>(unaudited) | Year<br>ended<br>September<br>30, 1987 | Year<br>ended<br>September<br>30, 1986 | Year<br>ended<br>September<br>30, 1985 | Note 7<br>Year<br>ended<br>September<br>30, 1984 |
|--|---|--|--|--|--|
| <b>Operations</b>                                      |   |  |  |  |  |
| Net loss for the period                                | \$( 17,936)   | \$( 3,861)                             | \$( 6,291)                             | \$( 27,723)                            | \$(196,414)                                      |
| Adjustments resulting from operations                  |   |  |  |  |  |
| Accounts payable                                       | 1,489   | 1,139                                  | 6,232                                  | 2,905                                  | 4,989  |
| Total expenses for the period                          | ( 42,801)   | ( 35,830)                              | -                                      | -                                      | -  |
| Write-off of exploration expenses and acquisition cost | -   | -                                      | -                                      | -                                      | 125,005  |
| Net change / operations - (outflow)                    | ( 59,248)   | ( 38,552)                              | ( 59)                                  | ( 24,818)                              | ( 66,420)  |
| <b>Financing</b>                                       |   |  |  |  |  |
| Shares issued  | 100,000   | -                                      | -                                      | -                                      | -  |
| Shares subscribed                                      | (100,000)   | 100,000                                | -                                      | -                                      | -  |
| Net change / financing - inflow                        | -   | 100,000                                | -                                      | -                                      | -  |
| <b>Investing</b>                                       |   |  |  |  |  |
| Acquisition of resource properties                     | -   | ( 1)                                   | -                                      | -                                      | -  |
| Net change / investing - (outflow)                     | -   | ( 1)                                   | -                                      | -                                      | -  |
| Net inflow (outflow) of cash                           | ( 59,248)   | 61,447                                 | ( 59)                                  | ( 24,818)                              | ( 66,420)  |
| Cash, beginning  | 61,617  | 170                                    | 229                                    | 25,047                                 | 91,467   |
| Cash, ending   | \$ 2,369  | \$ 61,617                              | \$ 170                                 | \$ 229                                 | \$ 25,047  |

See also Note 8

Note 1 Summary of Significant Accounting Policies

(a) Resource Properties

The acquisition of resource properties are initially recorded at cost. Producing resource properties are depleted over their estimated useful lives based upon a method relating recoverable resource reserves to production. Non-producing resource properties that the company abandons interest in are written off in the year of abandonment.

(b) Deferred Exploration Expenses

The company capitalizes all exploration expenses that result in the acquisition and retention of resource properties or an interest therein. The accumulated costs including applicable exploration expenses relative to non-productive resource properties that the company abandons interest in are written off. Otherwise, the exploration expenses are depleted over the estimated useful lives of the producing resource properties based on a method relating recoverable reserves to production.

(c) Values

The amounts shown for resource properties and deferred exploration expenses represent costs to date and do not necessarily reflect present or future values.

(d) Retroactive Change in Accounting Policy

Administrative expenses incurred by the company are written off directly to deficit. In prior periods, administrative expenses were deferred and depleted on a unit of production basis. The prior period financial statements have been retroactively restated to reflect this change in accounting policy.

(e) Earnings Per Share

Net earnings per share figures are not provided as management considers this information to be not meaningful given the exploratory nature of the company's operations to date.

Note 2 Resource Properties

Slocan Mineral Claims - Option

The company acquired an option to purchase 2 mineral claims and 2 reverted crown grants located in the Slocan Mining Division of British Columbia for \$82,500. The company subsequently abandoned these mineral claims and wrote off all related costs.

Note 2 Resource Properties - (cont'd)

Ron #4 and Du Mineral Claims - Option

The company acquired an option to purchase up to a 75% interest in 2 mineral claims located in the Omineca Mining Division of British Columbia for an aggregate expenditure of \$300,000 to be spent on exploration as follows:

For 25% - \$75,000 on or before December 31, 1987, which has been done

For 25% - \$75,000 on or before December 31, 1988

For 25% - \$150,000 on or before December 31, 1988.

Note 3 Capital Stock

The current period's common share transactions are summarized as follows:

|                            | <u>Number of<br/>Shares</u> | <u>Amount</u>     |
|----------------------------|-----------------------------|-------------------|
| Issuance of shares         |                             |                   |
| For cash                   |                             |                   |
| By subscription agreements | 1,231,001                   | \$ 251,200        |
| By C.E.E. agreement        | 300,000                     | 75,000            |
| For resource properties    | <u>750,000</u>              | <u>7,500</u>      |
| Balance, end of the period | <u>2,281,001</u>            | <u>\$ 333,700</u> |

Management Incentive Stock Options

The company has granted directors and employees of the company options to purchase up to 285,000 common shares of the company at \$0.35 per share. These options expire two years commencing on the effective date of the company's prospectus (see Note 9).

Note 4 Canadian Exploration Expense

Investors subscribed for 300,000 flow-through and 100,000 common shares of the company at \$0.25 per share. The flow-through funds raised thereto (\$75,000) have been expended on the company's mineral claims under Canadian Exploration Expense (C.E.E.) flow-through share agreements and are not available to the company for income tax purposes.

Note 5 Directors' Remuneration

During 1985, \$1,500 was paid to a company controlled by a former director of the company and during 1984 \$15,100 was paid to a former shareholder of the company for management services.

Note 6 Related Party Transactions

During the period, the company has paid or accrued as payable \$8,052 to a law firm of which the former secretary of the company is a partner (1987 - \$NIL), (1986 - \$245), (1985 - \$1,165), (1984 - \$10,592).

Note 7 Comparative Financial Statements

The comparative financial statements are for the years ended September 30, 1987, 1986, 1985 and 1984.

The year ended September 30, 1984 has been reported on by other auditors and has been restated to show the retroactive change in accounting policy per Note 1(d).

Note 8 Working Capital Deficiency

The ability of the company to continue as a going concern is dependent upon the company arranging adequate financing (see Note 9).

Note 9 Commitment to Issue Common Shares

The company entered into an agency agreement whereby it will offer up to 675,000 common shares to the public to net \$216,000 after commissions of \$20,250.



**REPORT**  
  
**ON THE**  
  
**RON #4 AND DU**  
**MINERAL CLAIMS**  
  
**IN THE TOODOGGONE AREA**  
  
**FOR**  
  
**ST. PHILLIPS RESOURCES INC.**

**E. Livgard, P.Eng.**  
**Livgard Consultants Ltd.**  
**January 4, 1988**



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|---|
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### INTRODUCTION

At the request of Mr. Charles Raymond, President of St. Phillips Resources Inc., the writer examined the Ron #4 and Du mineral claims at Kemess Creek in the Toodoggone area on June 22nd, 1987, accompanied by Wim Vanderpoll (Geologist), who worked on the property during the summer of 1984. His report on the property has also been particularly informative and valuable.

During the fall of 1987 the company carried out an exploration program consisting of dense soil surveying and VLF-Electromagnetic surveying. The results of these surveys have been correlated with previous work and evaluated.

The available information on the property as listed in the references has also been reviewed. The above information is summarized in this report and an exploration program is recommended.

A road has now been completed to the Toodoggone area. It passes within five kilometers of the property and will allow access for heavy equipment.



### RESULTS



## SUMMARY

The property consists of two claims named Ron #4 and Du with a total of 40 units located 260 km north of Smithers, B.C. on map sheets 94E-2E and 2W and on 94D-15 E and 15W. The main rock types in the area are Takla Group of rocks consisting largely of volcanics of Triassic age, Toodoggone volcanics and sedimentary rocks of middle and upper Jurassic age and intrusive rocks of middle to lower Jurassic age, consisting largely of monzonite and granodiorite.

Three types of deposits are primary exploration targets in the Toodoggone area:

1. Auriferous quartz veins and breccia quartz-gold deposits
2. Porphyry copper-gold deposits
3. Skarn-type base metal deposits.

The claims were located in 1981 and subsequent exploration consisting of prospecting and soil surveying located mineralization in monzonite intrusive and in Takla group rocks. A northwest extension of the Moose Valley Fault is interpreted on the property. Further soil surveying, Induced Polarization surveying and subsequent diamond drilling in 1984 indicated that a large copper-gold porphyry system is present largely on the Ron #4 mineral claim. The values obtained in the drill holes went as high as 0.24% Cu and 0.754 g of gold per tonne and mineralized float gave yet higher values.

The dense soil survey and VLF-Electromagnetic surveying carried out in late 1987 added interpreted features which may help in locating higher concentrations of gold values.

In a second type of deposit native copper mineralization is associated with chert and breccia and appears to extend east-west for some 1,000 metres. It may be strata or fault controlled.



## CONCLUSIONS

Evidence from past exploration indicates that a very large porphyry copper-gold system is located on the property. The grade in the preliminary drilling is on the order of 0.2% Cu and 0.5 g Au/tonne. Other information suggests that parts of the system may be of higher grade. The writer concludes that this porphyry system constitutes an excellent exploration target and further work will be recommended.

## RECOMMENDATIONS

### First Stage

It is necessary to better understand the geology in order to lay out the drilling with greater certainty and extensive trenching should therefore be done.

Some 5 to 7 kilometers of jeep road should be built to and on the property with a bulldozer. Trenching should preferably be done with a large hoe. Up to 15 meters of overburden was encountered in the diamond drilling.

The trenching should be concentrated mostly on the porphyry copper-gold and its interpreted boundaries (VLF-EM and IP) as well as in the area of highest soil value (4,200 E to 4,400 E, 1,600 N to 1,900 N). A smaller amount of trenching should also be done at the chert-native copper outcrop and at coincident lead-zinc-arsenic anomalies to the north and west on the grid.

It is estimated that 20 days of bulldozer and/or hoe work is required.

During and after mapping and sampling the trenching drill locations can be selected.

It is recommended that 15 holes of 100 meters length be drilled. The drill chips must be logged and sampled.



**Second Stage**

The Stage Two work is dependent upon a favourable evaluation of the Stage One work.

It is recommended that if Stage One is successful, 3,000 metres of reverse circulation rotary drilling be carried out. This will require some road and drill site Cat work.

When the above work is completed, a preliminary economic evaluation report should be completed.



**ESTIMATED COSTS OF RECOMMENDATIONS**

**First Stage**

**Trenching - Drilling**

|   |                   |
|---|-------------------|
| Roadwork, trenching and drill sites, 20 days at \$1,200/day | 24,000            |
| Supervision and geology - geologist and helper - 2 months   | 18,000            |
| Reverse circulation rotary drilling - 1,500 m @ \$45/m      | 67,500            |
| Supplies - camp   | 6,000             |
| Travel, mobilization and demob                              | 5,000             |
| Assaying - 500 samples @ \$16.00/sample                     | 8,000             |
| Engineer report evaluation                                  | 5,000             |
|   | <hr/>             |
|   | 133,500           |
| Contingency   | 13,500            |
|   | <hr/>             |
| <b>Total First Stage</b>                                    | <b>\$ 147,000</b> |

**Second Stage**

|  |                   |
|--|-------------------|
| Road and drill site preparation, 5 days at \$1,200 | \$ 6,000          |
| 3,000 m reverse circulation rotary at \$45/m       | 135,000           |
| Mobilization and demob                             | 5,000             |
| Camp - supplies                                    | 6,000             |
| Supervision, sampling, geology                     | 15,000            |
| Assaying, 1,000 x \$16                             | 16,000            |
| Report, maps - economic evaluation                 | 20,000            |
|  | <hr/>             |
|  | 203,000           |
| Contingency  | 20,000            |
|  | <hr/>             |
| <b>Total Second Stage</b>                          | <b>\$ 223,000</b> |



GEOGRAPHY



**PROPERTY**

The property consists of two contiguous mineral claims with a total of 40 units as follows:

| <u>Claim Name</u> | <u>Record Number</u> | <u>Units</u> | <u>Expiry Date</u> |
|-------------------|----------------------|--------------|--------------------|
| Ron #4            | 3630                 | 20           | March 3, 1988      |
| Du                | 6396                 | 20           | July 16, 1988      |

The claims are in the name of Pacific Ridge Resources Corp.

The above information was obtained from the Mining Recorder's office for Omenica M.D. in Smithers on June 16th, 1987.

The writer examined the southwest corner post of the Du claim. Its position is correctly marked on the accompanying map as far as could be determined by the topography

The writer has no knowledge as to any agreements regarding the claims.

**LOCATION AND ACCESS**

The property is located 260 kilometres north of Smithers, B.C., 6-8 kilometres east of Thutade Lake. It lies on map sheets 94E/2E and W; 94D/15E and W; at longitude 126° 45' W and latitude 57° 00' N, and is in the Omineca Mining Division.

The property can be reached by float plane from Smithers to Thutade Lake or Duncan Lake, a distance of 260 kilometres. These lakes are from 5 to 8 kilometres from the property. Helicopter service is also available in Smithers. Road access to the Toodoggone area has now been built. It passes within 5 kilometers of the property.



## TOPOGRAPHY AND CLIMATE

The property straddles Kemess Creek with most of the claim ground being northwest of the creek. The creek valley is at about 1,250 m asl. The southern part of the property (Ron #4 M.C.) has flat to moderate topography while to the north (Du M.C.) steep hillsides rise up from a central lake to an elevation of 1,700 metres asl.

Treeline in the area is about 1,500 m. Below this elevation, vegetation consists of spruce, balsam and pine with alder and willow thickets in swampy areas.

Climatic data recorded at Ware indicate temperature variations in the range of minus 45°C to plus 30°, with a mean of minus 1°C and rainfall at 374 mm per year and snowfall of 1,574 mm per year. Snowfree ground will be encountered in a good season from June 1st to November 1st.



## HISTORY



## HISTORY

Placer mining for gold is the earliest known mining activity in the area (1899). Lead-zinc skarn mineralization was located in the Lawyer's Pass area in the 1930's. The McConnell Creek geology map 962A (G.S.C., Lord 1949) published locations for a number of copper-gold and silver properties along Moose Valley.

From 1968 to 1972, regional porphyry copper geochemistry programs in the Toodoggone River area resulted in the discovery of the prospect which became the Baker or Chappelle Mine. During 1981-82 this mine produced 53,540 tons averaging 0.48 oz/T Au and 9.68 oz. Ag/T. Geological reserves are listed as 100,000 tons grading 0.82 oz. Au/T and 16.35 oz. Ag/T (September 1983). This property is now being put back into production.

A large number of other significant prospects were also discovered. These were skarn-type mineralization, high-grade quartz - gold - silver veins, copper-silver-gold breccia, or porphyry copper-gold deposits.

A deposit of the latter type has been located 4 kilometres north of the claims (New Kemess property), where diamond drilling cut values of about 0.20% copper, 3 grammes silver and 0.4 grammes gold over widths from 100 to 300 metres, in fractured andesite intruded by granodiorite.

The property was staked in 1981 to cover generally favourable geology holding promise of mineralization similar to that at the New Kemess property, 4 km to the north. The gold-copper discovery on the claim ground is a new find by Pacific Ridge Resources Corp., which resulted from a soil geochemical survey in 1982 and 1983. A detailed grid (still serviceable in 1987) was completed in 1984, together with 13.0 km of magnetometer and I.P. surveys. Three hundred and twenty-two (322) meters of BQ diamond drilling was done in six holes. Significant values in gold and copper were intersected over widths between 50 to 100 m.

During late 1987 about 28 kilometers of soil lines with sample spacing of 25 meters, and about 31 kilometers of VLF-Electromagnetic surveying was done.



## GEOLOGY





## REGIONAL

The main rock types of the area are:

1. The Takla Group consisting of porphyries (andesite), tuffs, agglomerates and some sediments. It is of Triassic age.
2. Toodoggone volcanics consisting of dacite, latite, rhyolite, tuff, breccia and local maroon weathering conglomerate. It is of middle to upper Jurassic age.
3. Asitka Group - Permian sediments.
4. Granodiorite and quartz monzonite - lower to middle Jurassic in age.

The major structures in the area are north-northwest striking faulting, such as the Moose Valley Fault which appears to extend onto the property and the Ingenika Fault, which runs into or becomes a north striking structure. Several thrust faults have been mapped east of the property.

The contact between intrusive and sedimentary-volcanic rocks exhibit considerable contact metamorphic alteration.

The Toodoggone area exhibits in the main three types of mineralization:

- A. High-grade gold-silver in veins and breccias mineralization associated with northwest structures and northeast to east-southeast quartz veins.
- B. Skarn-type base metal and associated silver-gold deposits at the contact between limey sediments - volcanics and Jurassic intrusives.
- C. Porphyry copper-gold deposits in and near the intrusive bodies.



## PROPERTY GEOLOGY

### Rock Types

The property is largely overburden covered and only fragments of the geology is thus known.

The regional mapping shows the property underlain by Takla Group rocks and this is in part confirmed by float fragments: andesitic rocks are fine-grained to plagioclase porphyry, dark green to grey and augite porphyry.

On the west side of the property is exposed a sequence of argillite, breccia, chert and chert breccia, quartzite and conglomeratic rocks which are hematite stained and in part carry native copper mineralization. Exposures and float of these rocks extend easterly over several hundred metres.

Monzonite (porphyritic) intrusive rock have been cut in diamond drill holes on the Ron #4 M.C. and mapped on the northwest of the Du M.C. The drill holes contain chalcopyrite, pyrite and gold mineralization.

### Structure

The northwest trending creek valley on Du claim marks the boundary between interbedded volcanics and sediments to the northeast, while to the west mostly andesitic volcanics occur. The volcanics on both sides are similar in appearance and are probably all of the Takla Group. The valley may be the location of a fault, possibly the extension of the Moose Valley Fault to the south.

Another northwest striking fault may lie along the Kemess Creek Valley. An east-west fault has been mapped east of the property and another may be located at the hematized - brecciated - mineralized sediments noted above. The induced polarization and VLF-Electromagnetic surveys indicate another northwest striking structure bounding the soil anomalies on the southwest.



**MINERALIZATION**

Two types of mineralization has been located on the claims.

Three diamond drill holes (84-1 to 3) cut significant gold-copper values over good widths. The holes graded as follows:

| <u>Hole</u> | <u>Width</u> | <u>g Au</u> | <u>% Cu</u> |                           |
|-------------|--------------|-------------|-------------|---------------------------|
| 84-1        | 54.5 m       | 0.485       | 0.17        |                           |
| 84-2        | 73.9 m       | 0.339       | 0.13        |                           |
| 84-3        | 68.7 m       | 0.554       | 0.19        | (including 16.5 m grading |
| 84-4,5      | No values    |             |             | 0.754 g Au and 0.24% Cu)  |

Angular float of this material has reportedly assayed up to 2 grammes of gold per tonne. Holes 1-2 and 3 are 300 metres apart and soil-geophysical surveys suggest a possible size of roughly 600 metres by 700 metres and still open to the east.

The deposit is a gold-copper porphyry in monzonite. The monzonite indicates the usual porphyry deposit alteration and this may be a valuable mineral deposit indicator in the future and should be carefully noted.

Frequent quartz veining carrying pyrite was noted throughout the core, but a sample of this taken by the writer did not give good values (see Appendix). Pyrite, minor chalcopyrite and occasionally molybdenite was noted in the core.

The second type of mineralization consists of native copper mineralization associated with (silicified?) hematized chert breccia and conglomerate. The mineralization may be fault controlled or stratabound. Values have ranged up to 12.8% Cu in selected samples. The relationship, if any, of the two types of mineralization is not known.



SURVEYS 1984



#### SOIL SURVEYING (1984)

Soil surveying covering an area 1,000 m by 800 m was carried out in 1984. The results show a strong well-defined anomaly of greater than 100 ppm Cu in the central grid area, surrounding a lenticular area with values greater than 1000 ppm Cu. The anomaly is open east and west. Two strong gold anomalies (+100 ppb Au) lie to the north and partly coincident with the high copper. A strong zinc anomaly lies north of the copper gold anomaly and is also open to the east and west.

The location of the anomalies are possible indications of metal zoning.

Ron #4 is largely covered by glacial material (ablation till, lodgement till, glacio-fluvial deposits (strike north to north-northwest), aeolian sand and considerable swamp. Interpretation of soil surveys must take this into account.

#### MAGNETOMETER SURVEY (1984)

A magnetometer survey was carried out over the soil grid. The configuration of low and high magnetic intensity does not seem to have indicated any particularly useful information. As further geological information is gained a reinterpretation of the magnetic survey may be valuable.

#### INDUCED POLARIZATION SURVEY (1984)

A new grid system was put in by Anaconda (property under option) during 1984 and an Induced Polarization survey carried out over the previously located soil anomaly. The survey indicated a strong anomaly over about 700 by 600 metres and open to the east. The anomaly is largely coincident with the copper-gold soil anomalies, extending further south, but not as far west.

The presence of a large disseminated sulphide system is strongly indicated by these results.



#### DIAMOND DRILLING (1984)

Six diamond drill holes were drilled during the Fall of 1984 totalling 322 metres in six holes. The first three holes intersected monzonite carrying porphyry copper-gold type mineralization as noted under mineralization heading. The next two holes cut weakly mineralized chert and "demonstrates the presence of strata controlled copper mineralization over a strike distance of 1,000 metres" (Dr. D.L. Cooke). The last hole was terminated before reaching bedrock due to severe freezing conditions.

The writer took a sample of bits of core from Hole #84-1, which contained quartz stringers and pyrite. It gave low values in gold and silver.

#### SOIL SURVEYING (1987)

Soil surveying in 1987 covered 31 kilometers of lines spaced at 25 meters and samples taken every 25 meters for a total of 1,100. The samples were analysed (ICP) for among other elements, Cu, Ag, Pb, Zn, As and Au and a good definition of the anomalous soil condition was obtained. The property divides very clearly along stations 1,975 north (east-west). All gold and copper anomalies lie to the south of this line and lead, zinc and arsenic anomalies lies to the north of the line.

The copper anomaly (+500 ppm) extends over 750 meters east-west still open to the east, and about 300 meter to 400 meters north-south. The gold anomaly (+100 ppb) extend over much the same area. Highly anomalous values (+500 ppb) are scattered over this area. These anomalies are sharply bounded on the southwest. The I.P. and EM surveys indicate that this may not be the boundary of the underlying mineralization and diamond drill hole #2 has copper-gold values south of the soil anomaly boundary. It appears that a change in overburden occurs along this line. The northern boundary is more irregular and gradual. It extends roughly east-west.

Lead, zinc and arsenic anomalies on the north and mainly west part of the grid are approximately coincident. The source of these anomalies is not known. It is



probably irregular mineralization associated with but peripheral to the porphyry gold-copper deposit indicating possible mineral zoning. The native copper mineralization known east of the grid does not appear to extend to the grid.

#### VLF-ELECTROMAGNETIC SURVEYING (1987)

VLF-Electromagnetic surveying in late 1987 covered about 27 kilometers of lines spaced at 25 meters with readings spaced at 25 meters. The survey utilized stations at Seattle which does not lie at a good angle, and Annapolice which was intermittently off and on. The writer had hoped the survey would indicate structures within the anomalous area which might contain higher gold-copper values. This did not happen. The porphyry deposit area is without significant features. The survey does, however, seem to indicate the boundaries of the porphyry deposit to the north, coincident with the soil anomalies and the IP survey anomaly. To the southwest a line of anomalies lie along the IP anomaly boundary and may indicate a bounding structure. Other highs are found northwest on the grid roughly coincident with the lead, zinc, arsenic anomalies.

Respectfully submitted,

  
Egil Livgard, P.Eng.  
Livgard Consultants Ltd.

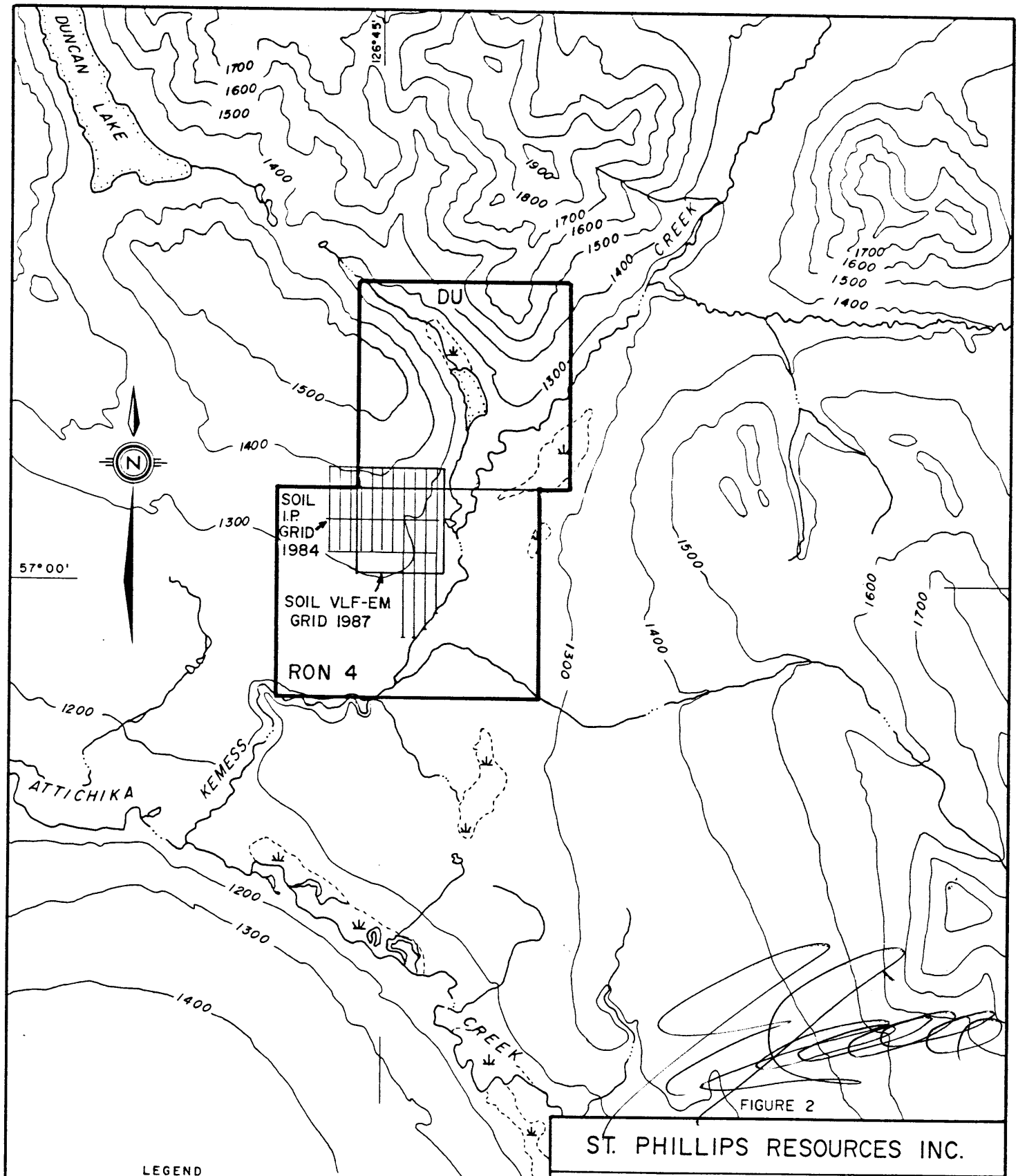


M A P S

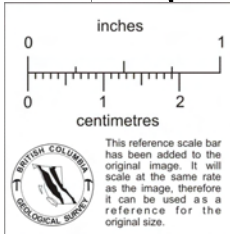


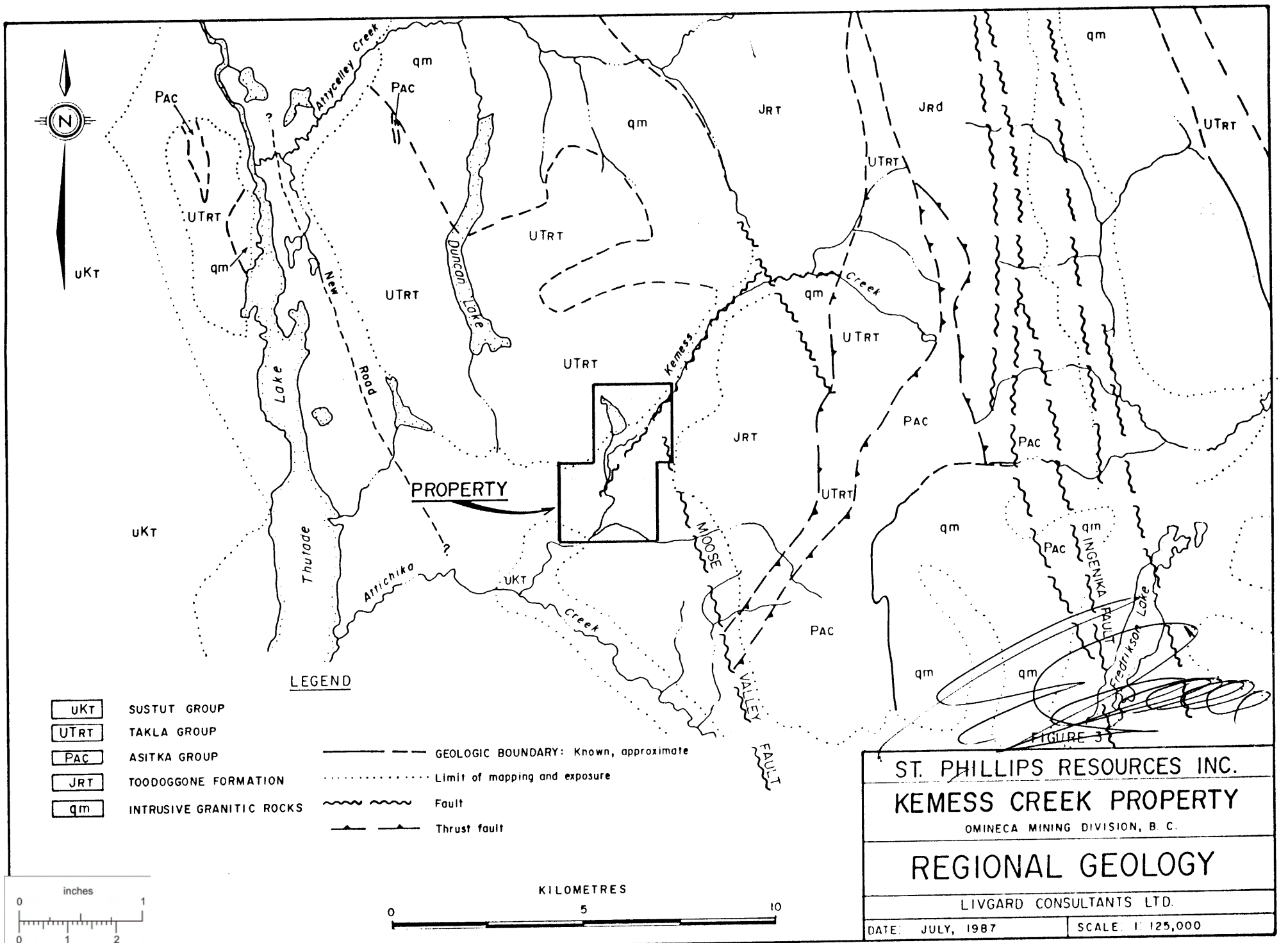


ST. PHILLIPS RESOURCES INC.  
 KEMESS CREEK PROPERTY  
 OMINECA MINING DIVISION, B. C.  
**LOCATION MAP**  
 LIVGARD CONSULTANTS LTD.  
 DATE: JULY, 1987      SCALE: 1: 8,000,000

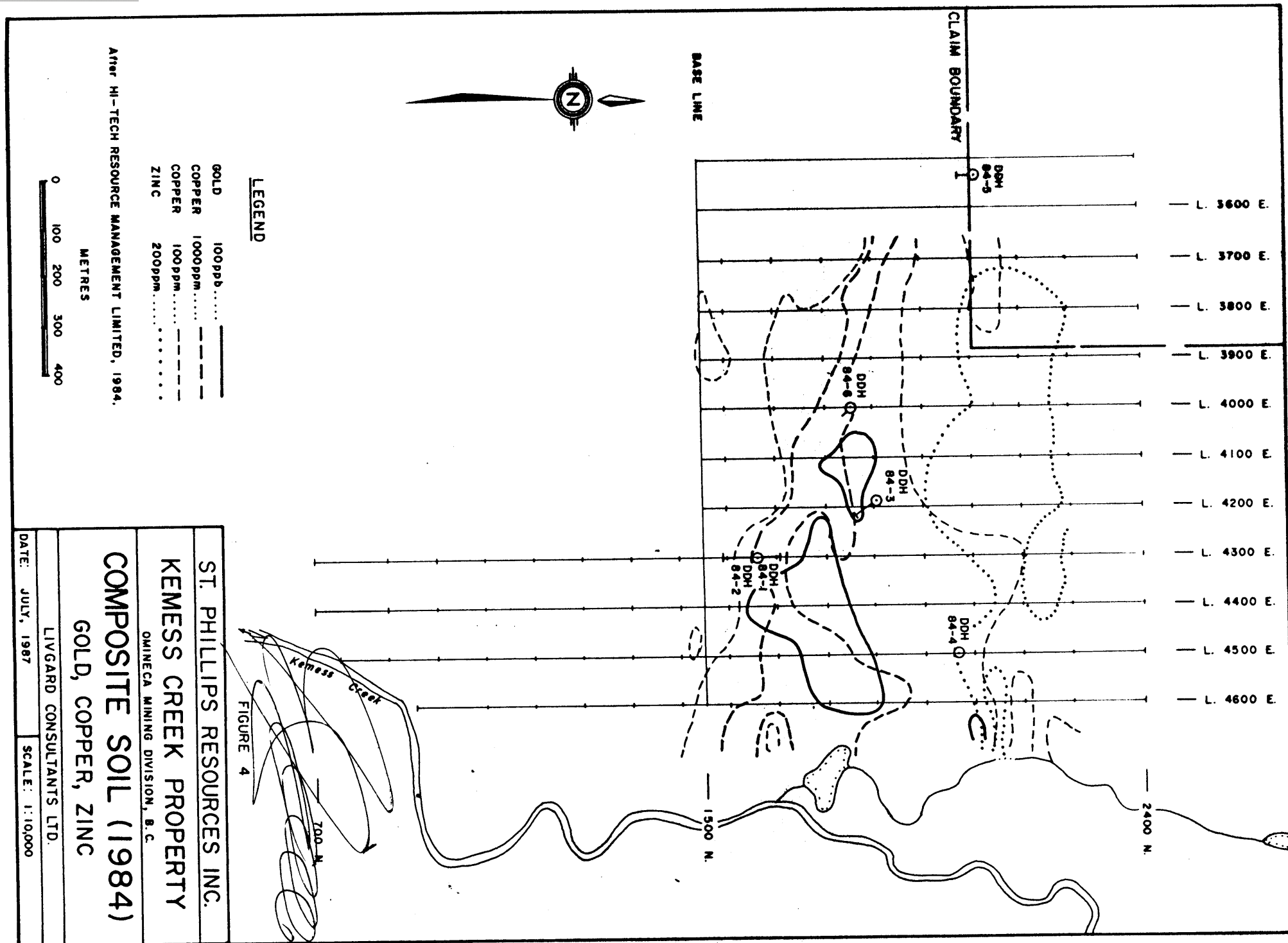


ST. PHILLIPS RESOURCES INC.  
 KEMESS CREEK PROPERTY  
 OMINECA MINING DIVISION, B. C.  
**CLAIM MAP**  
 LIVGARD CONSULTANTS LTD.  
 DATE: JULY, 1987      SCALE: 1: 50,000

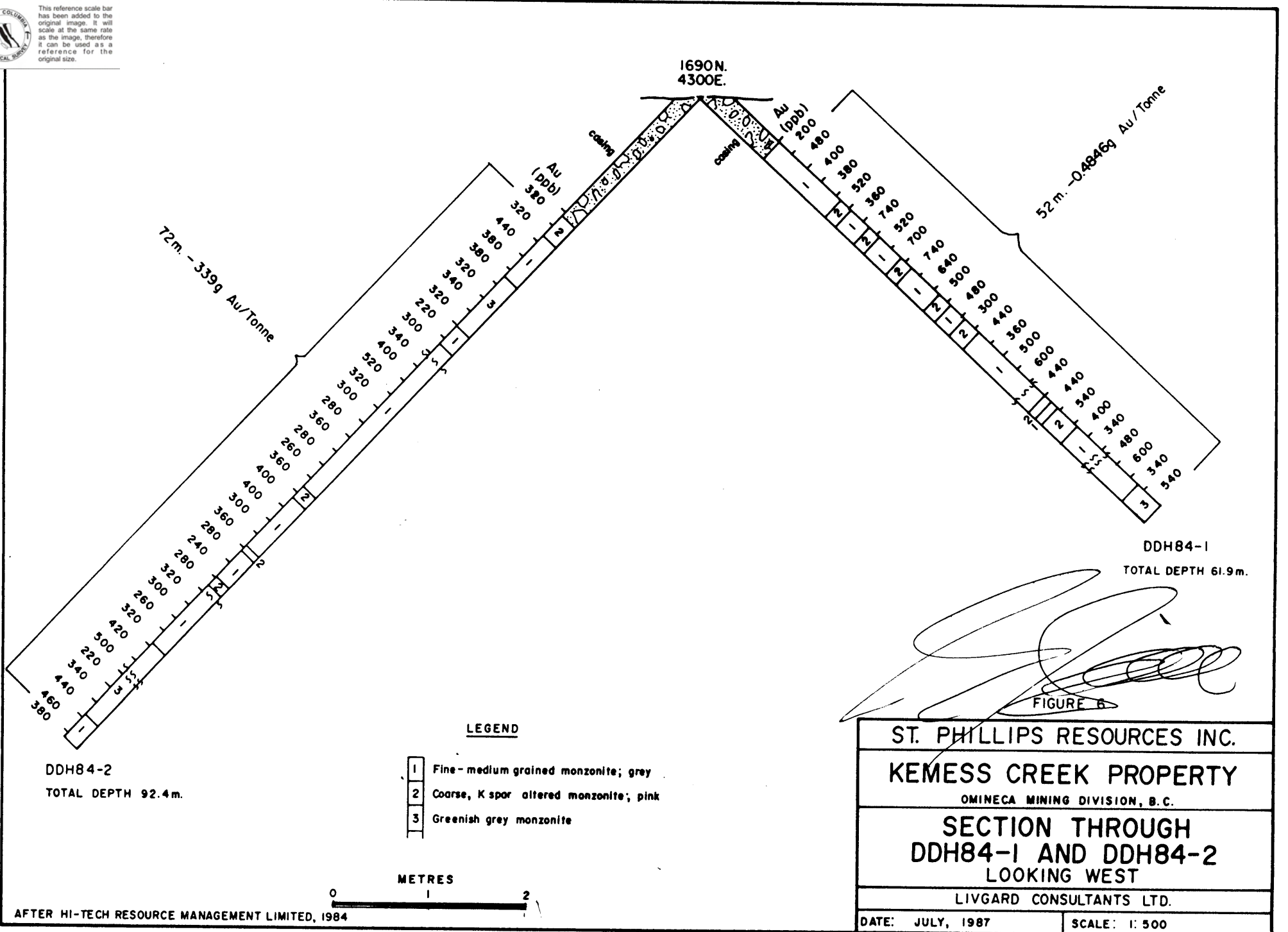
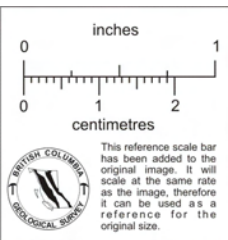
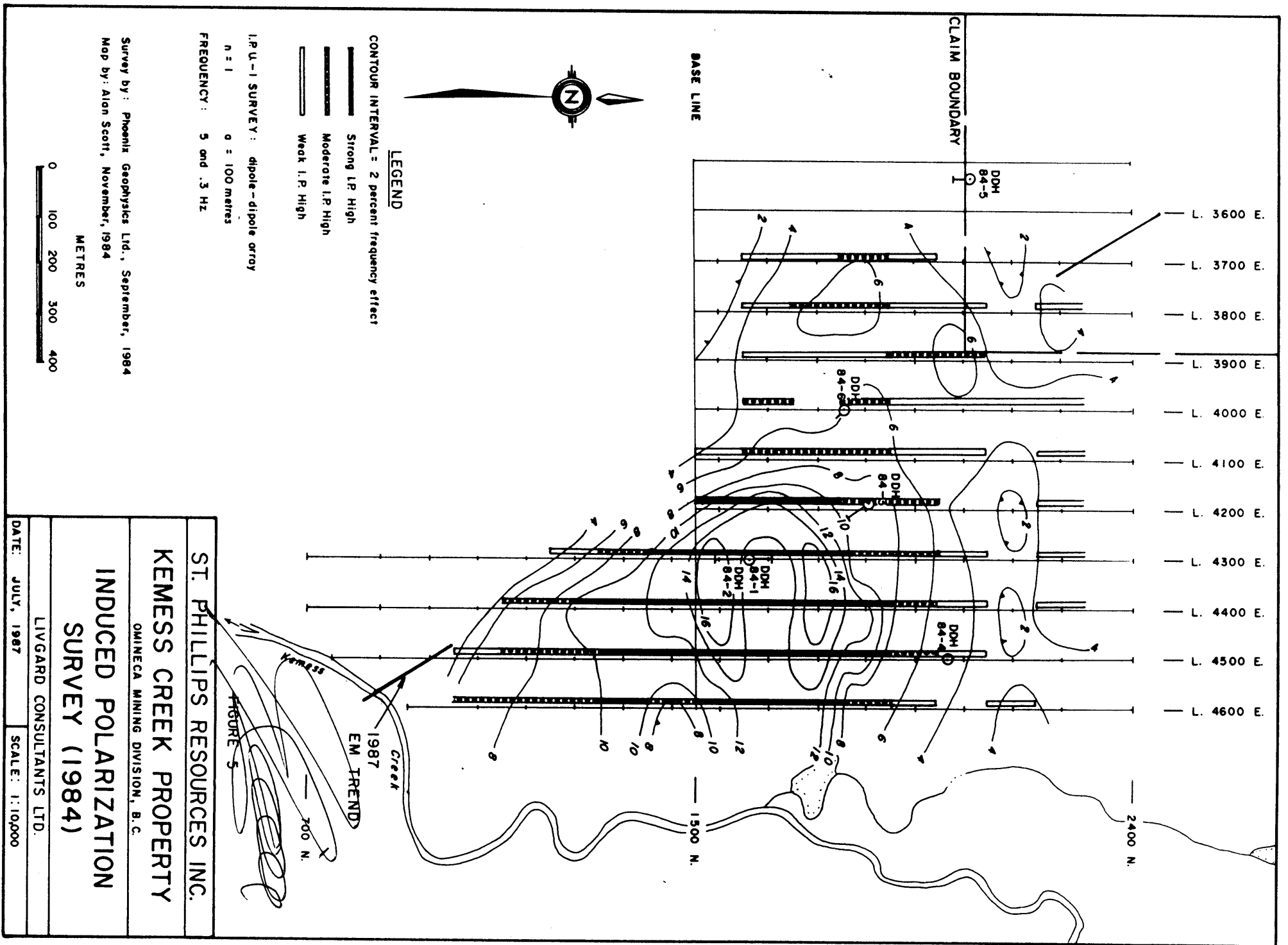




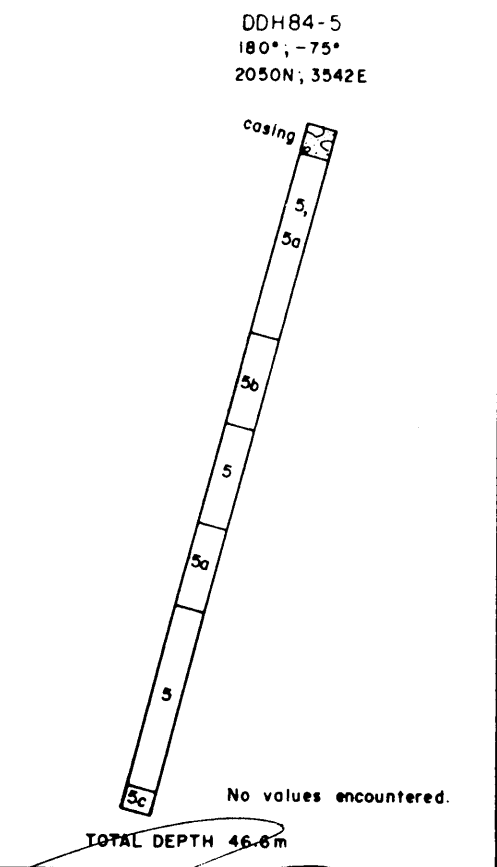
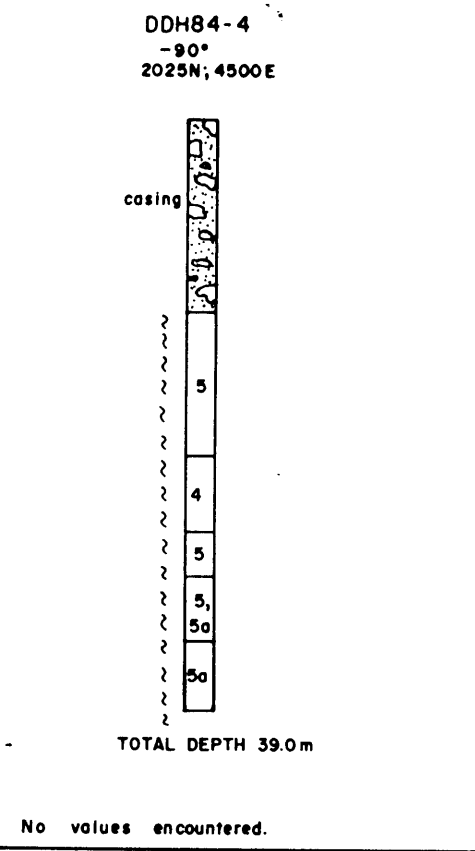
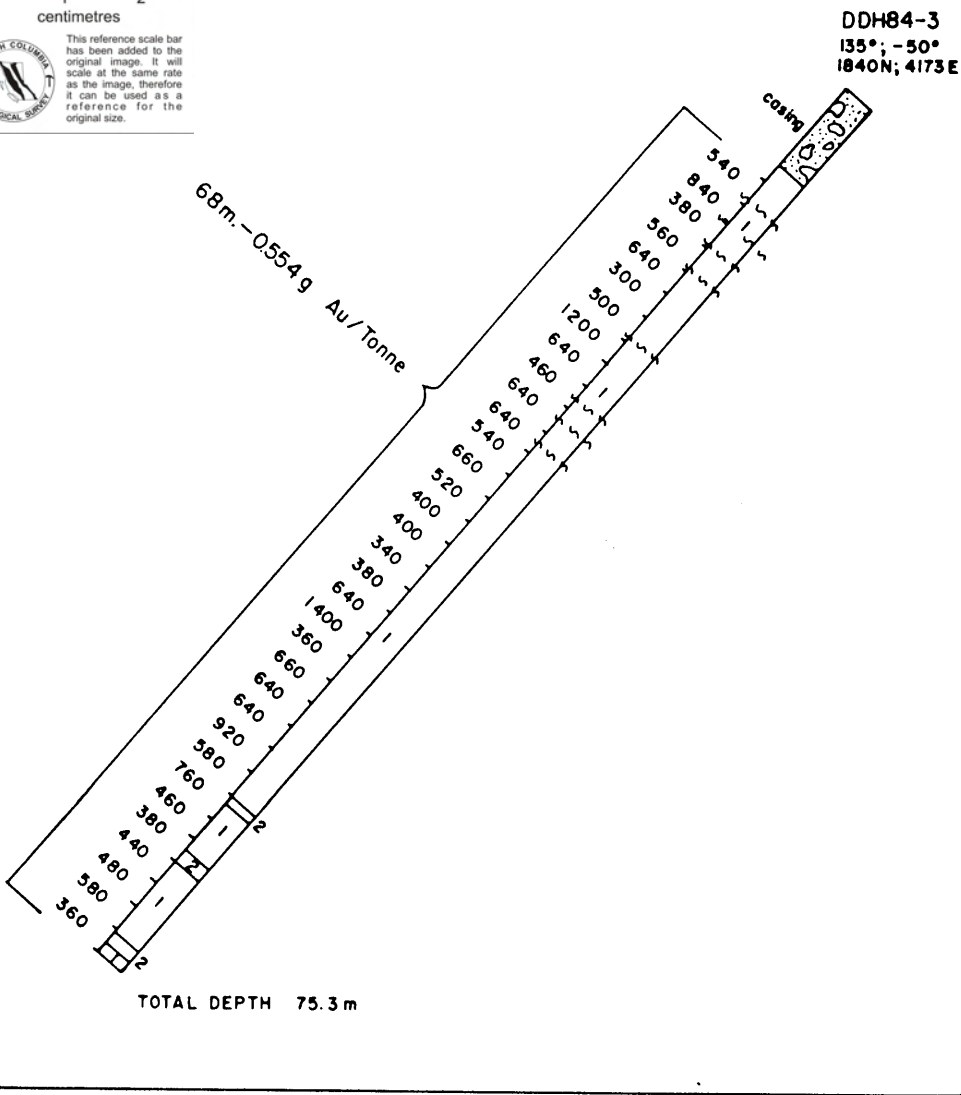
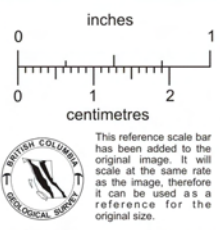
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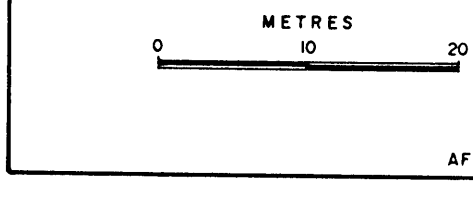




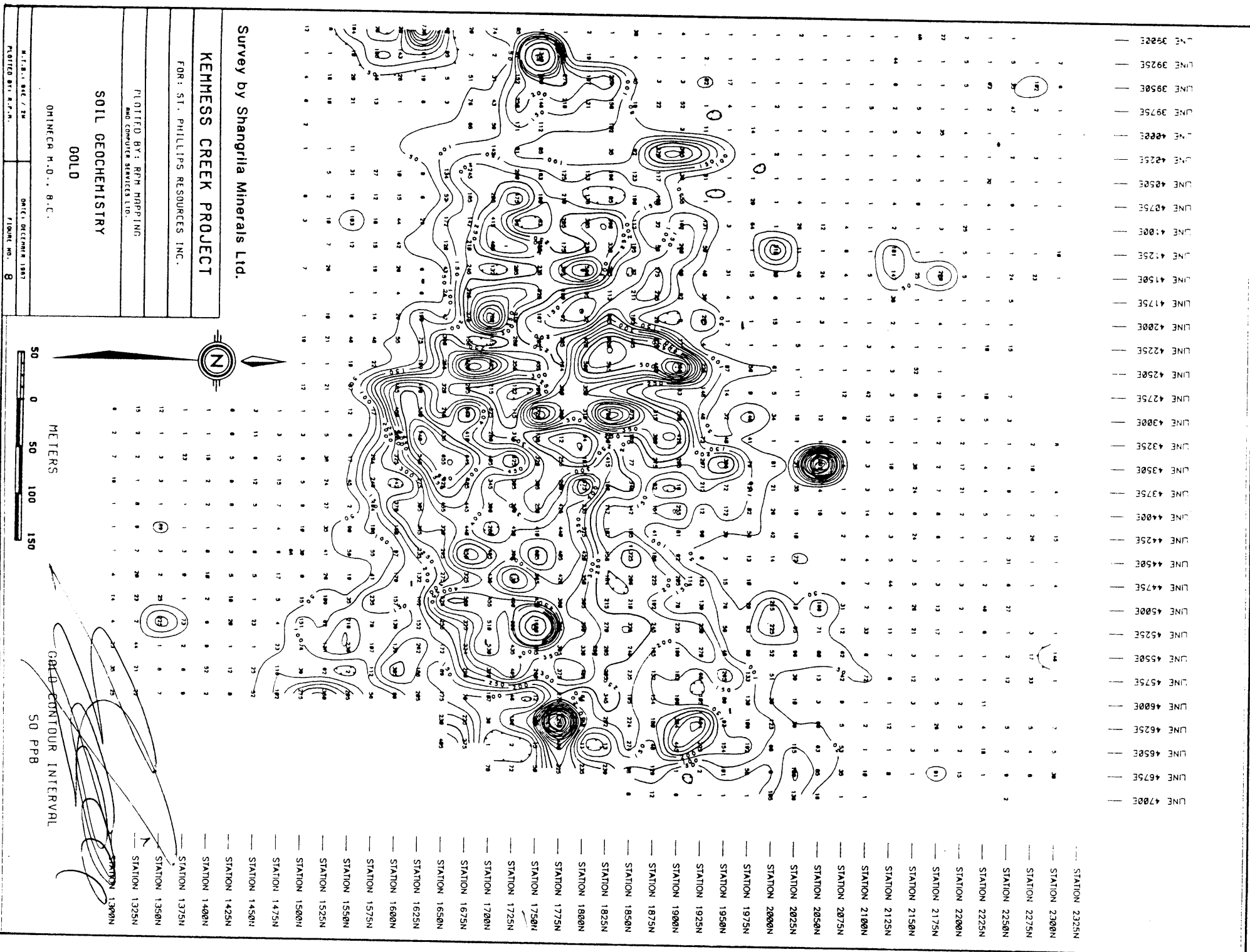


- LEGEND**
- 1 Fine-medium grained monzonite; grey
  - 2 Coarse, K spar altered monzonite; pink
  - 3 Greenish grey monzonite
  - 4 Andesite
  - 5 Chert; grey, greyish-white to pale green
  - 5a Hematitic chert
  - 5b Cherty argillite
  - 5c Graywacke

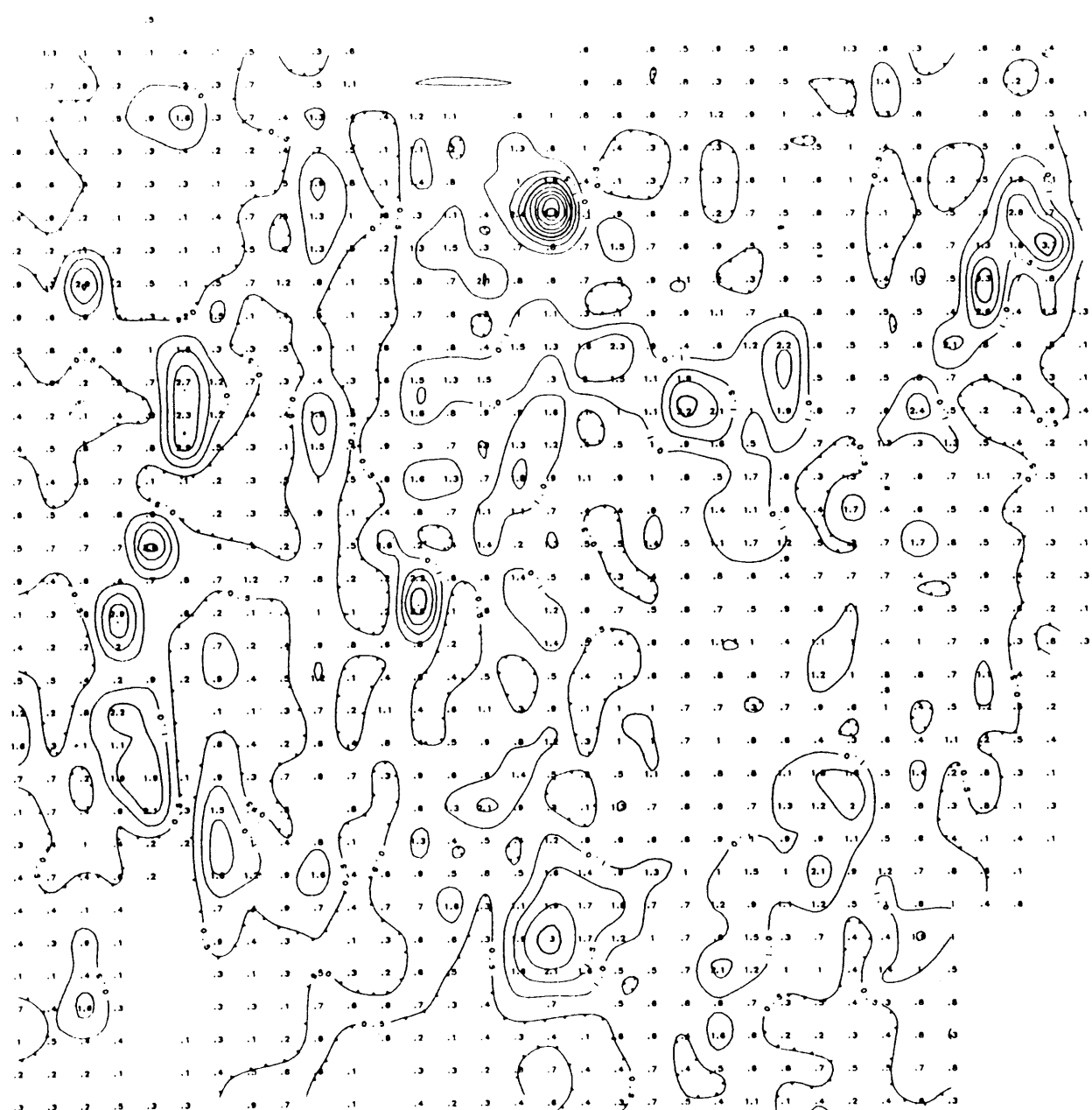
ST. PHILLIPS RESOURCES INC.  
KEMESS CREEK PROPERTY  
OMINECA MINING DIVISION, B.C.  
SECTION THROUGH  
DDH84-3, DDH84-4 AND DDH84-5  
LOOKING SOUTHWEST  
LIVGARD CONSULTANTS LTD.  
DATE: JULY, 1987 SCALE: 1:500



AFTER HI-TECH RESOURCE MANAGEMENT LIMITED, 1984

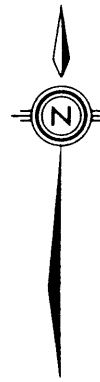


LINE 4700E  
 LINE 4675E  
 LINE 4650E  
 LINE 4625E  
 LINE 4600E  
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 LINE 3900E



Survey by Shangrila Minerals Ltd.

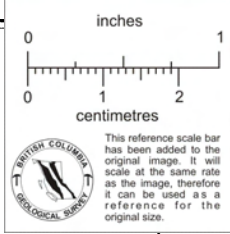
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|--|---------------------|
| <b>KEMMESS CREEK PROJECT</b>                       |                     |
| FOR: ST. PHILLIPS RESOURCES INC.                   |                     |
| PLOTTED BY: RPM MAPPING AND COMPUTER SERVICES LTD. |                     |
| <b>SOIL GEOCHEMISTRY</b>                           |                     |
| <b>SILVER</b>                                      |                     |
| OMINECA M.O. . B.C.                                |                     |
| M.T.B. 04E / 2H                                    | DATE: DECEMBER 1987 |
| PLOTTED BY: R.P.N.                                 | FIGURE NO. 9        |



SILVER CONTOUR INTERVAL  
0.5 PPM

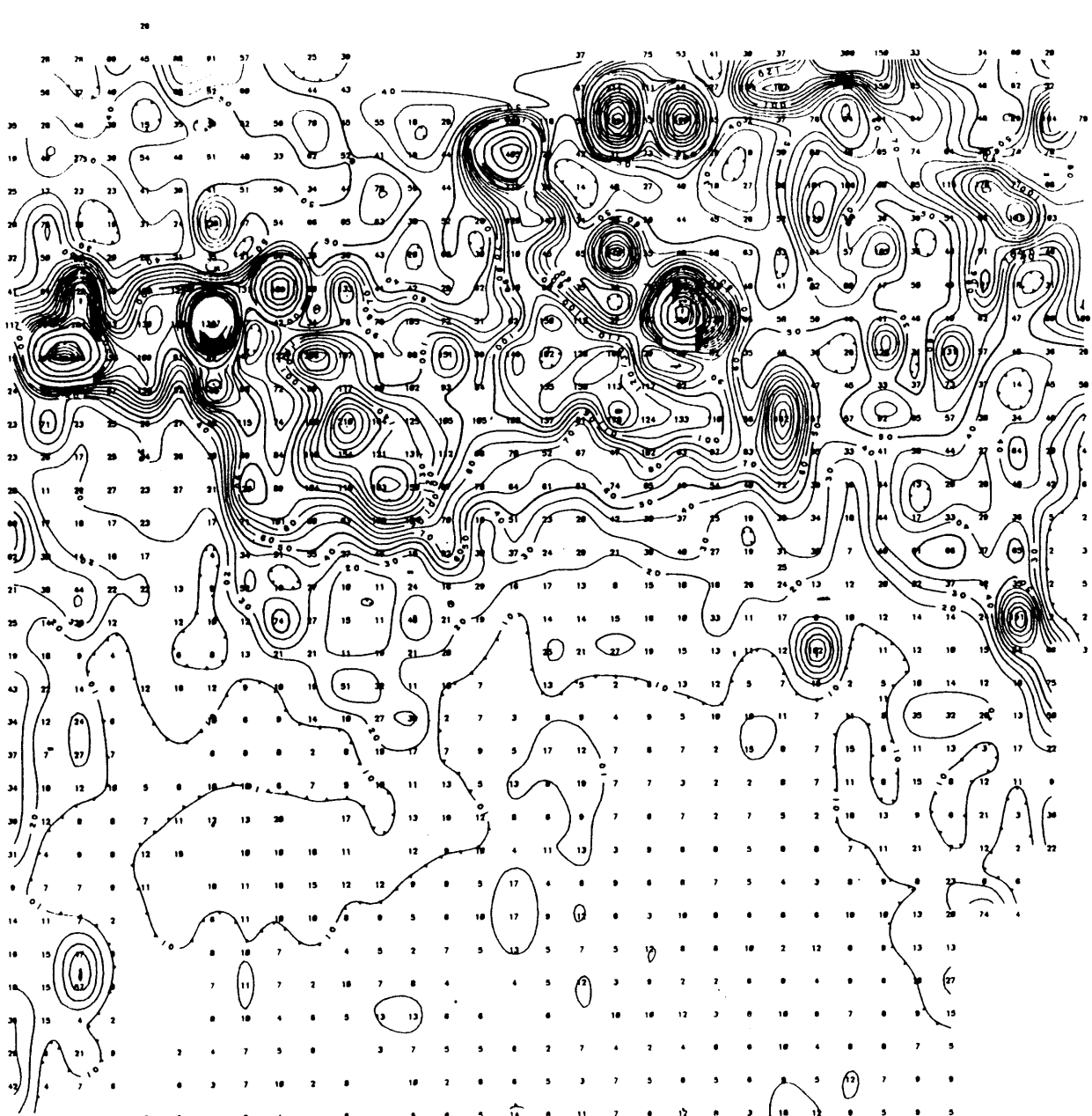
*[Handwritten signature]*

- STATION 2325N
- STATION 2300N
- STATION 2275N
- STATION 2250N
- STATION 2225N
- STATION 2200N
- STATION 2175N
- STATION 2150N
- STATION 2125N
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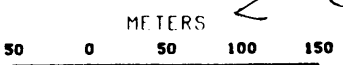
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 LINE 3925E  
 LINE 3900E



Survey by Shangrila Minerals Ltd.

|  |                     |
|--|---------------------|
| <b>KEMMESS CREEK PROJECT</b>                       |                     |
| FOR: ST. PHILLIPS RESOURCES INC.                   |                     |
| PLOTTED BY: RPM MAPPING AND COMPUTER SERVICES LTD. |                     |
| <b>SOIL GEOCHEMISTRY</b>                           |                     |
| <b>ARSENIC</b>                                     |                     |
| OMINECA M.O. . B.C.                                |                     |
| M.T.B. 04E / 2H                                    | DATE: DECEMBER 1987 |
| PLOTTED BY: R.P.N.                                 | FIGURE NO. 10       |



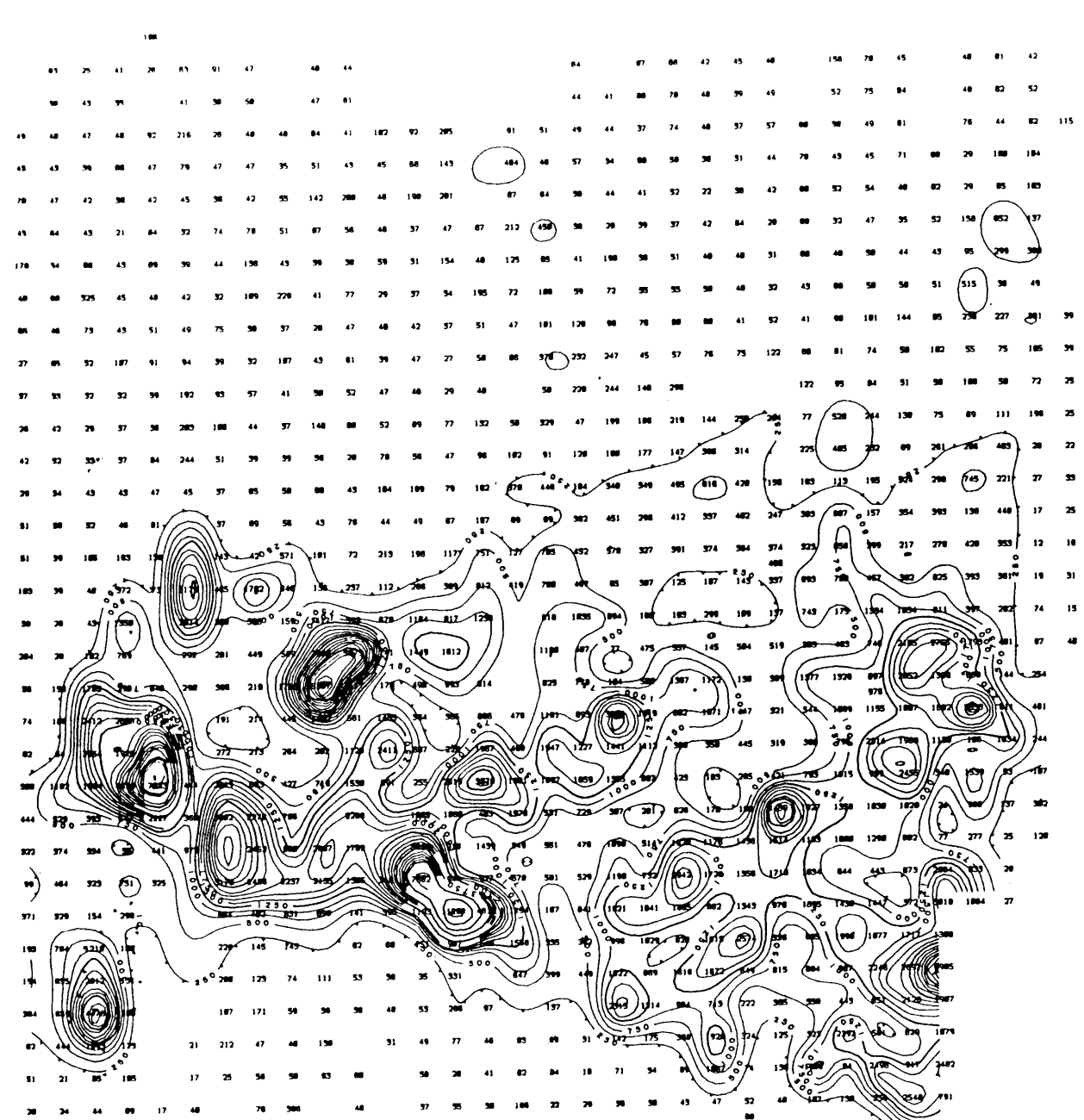
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10 PPM

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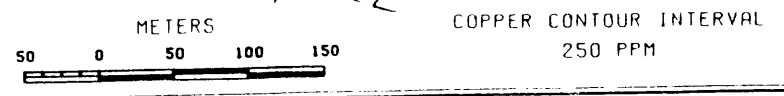
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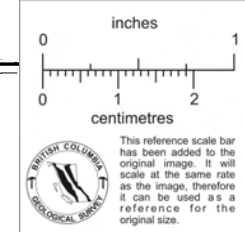
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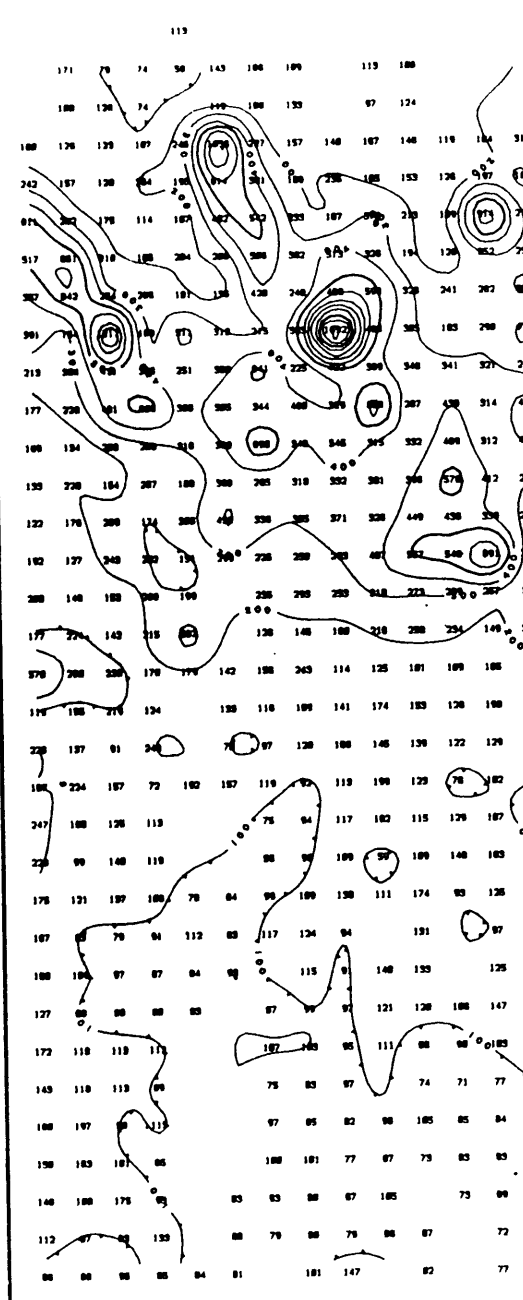
Survey by Shangrila Minerals Ltd.  
**KEMMESS CREEK PROJECT**  
 FOR: ST. PHILLIPS RESOURCES INC.  
 PLOTTED BY: RPM MAPPING  
 AND COMPUTER SERVICES LTD.  
**SOIL GEOCHEMISTRY**  
**COPPER**  
 OHNECA M.D., B.C.  
 N.T.S. 1:84E / 2M DATE: DECEMBER 1987  
 PLOTTED BY: R.P.H. FIGURE NO. 11



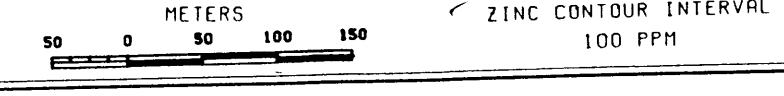
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 STATION 1300N



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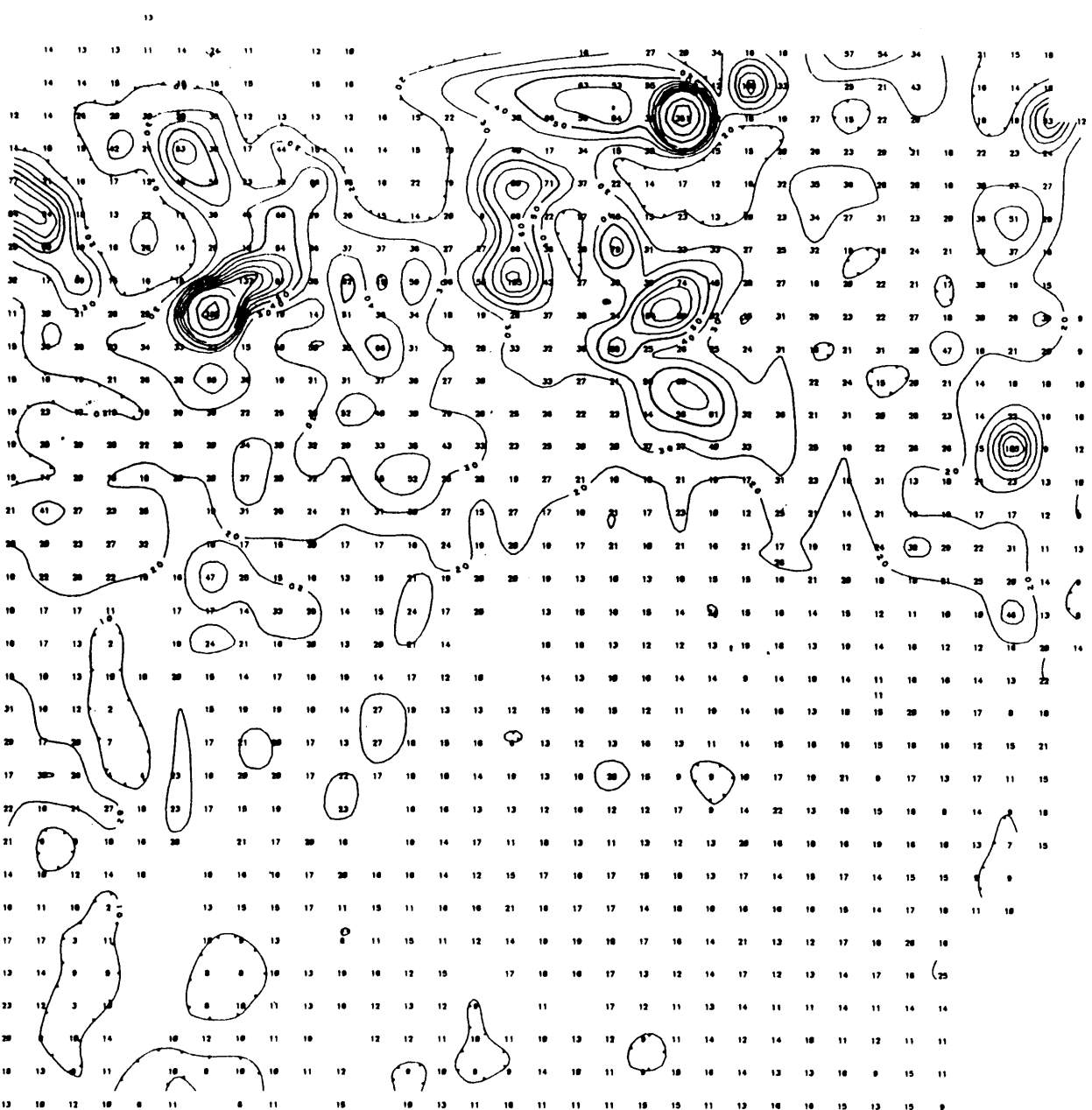


Survey by Shangrila Minerals Ltd.  
**KEMMESS CREEK PROJECT**  
 FOR: ST. PHILLIPS RESOURCES INC.  
 PLOTTED BY: RPM MAPPING  
 AND COMPUTER SERVICES LTD.  
**SOIL GEOCHEMISTRY**  
**ZINC**  
 OHNECA M.D., B.C.  
 N.T.S. 1:84E / 2M DATE: DECEMBER 1987  
 PLOTTED BY: R.P.H. FIGURE NO. 12

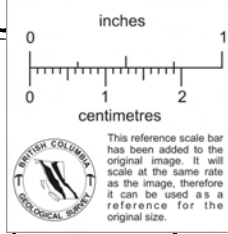


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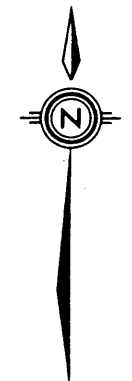
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 LINE 4100E  
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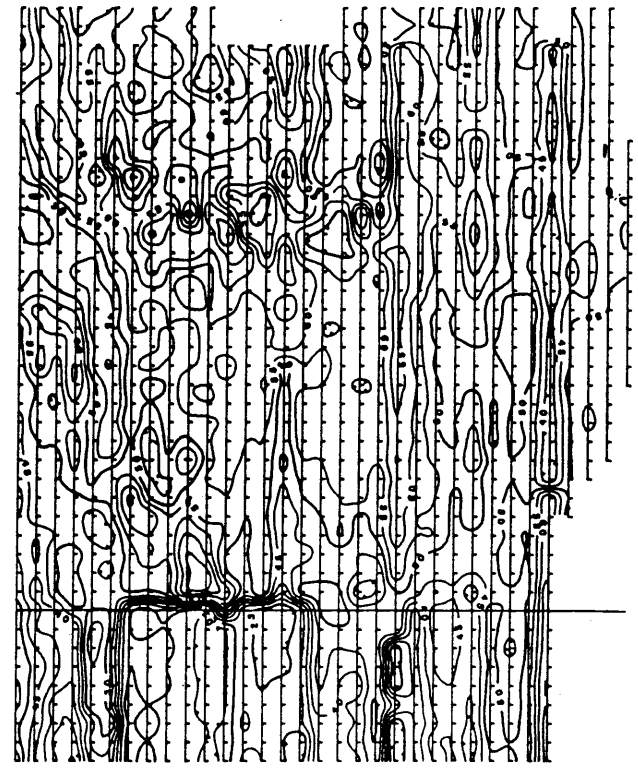
Survey by Shangrila Minerals Ltd.  
**KEMMESS CREEK PROJECT**  
 FOR: ST. PHILLIPS RESOURCES INC.  
 PLOTTED BY: RPM MAPPING  
 AND COMPUTER SERVICES LTD.  
**SOIL GEOCHEMISTRY**  
**LEAD**  
 OMINECA M.D., B.C.  
 N.T.S. 1:84E / 2M DATE: DECEMBER 1987  
 PLOTTED BY: R.P.N. FIGURE NO. 13



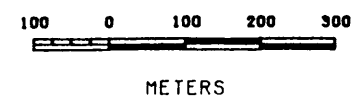
LEAD CONTOUR INTERVAL  
 10 PPM

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 3975E  
 4000E  
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 4125E  
 4150E  
 4175E  
 4200E  
 4225E  
 4250E  
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 4475E  
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 4625E  
 4650E  
 4675E  
 4700E

2300N  
 2100N  
 1900N  
 1700N  
 1500N  
 1300N



BASELINE



CONTOUR INTERVAL: 5 PERCENT

*[Signature]*

Survey by Shangrila Minerals Ltd.

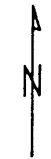
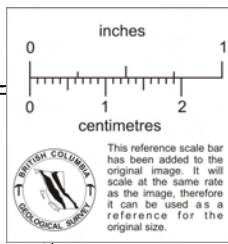
**KEMMESS CREEK PROJECT**  
**ST. PHILLIPS RESOURCES INC.**

PLOTTED BY: RPM MAPPING  
 AND COMPUTER SERVICES LTD.

VLF-EN (SEATTLE)  
 FIELD STRENGTH  
 OMINECA M.D., B.C.

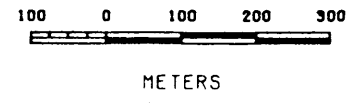
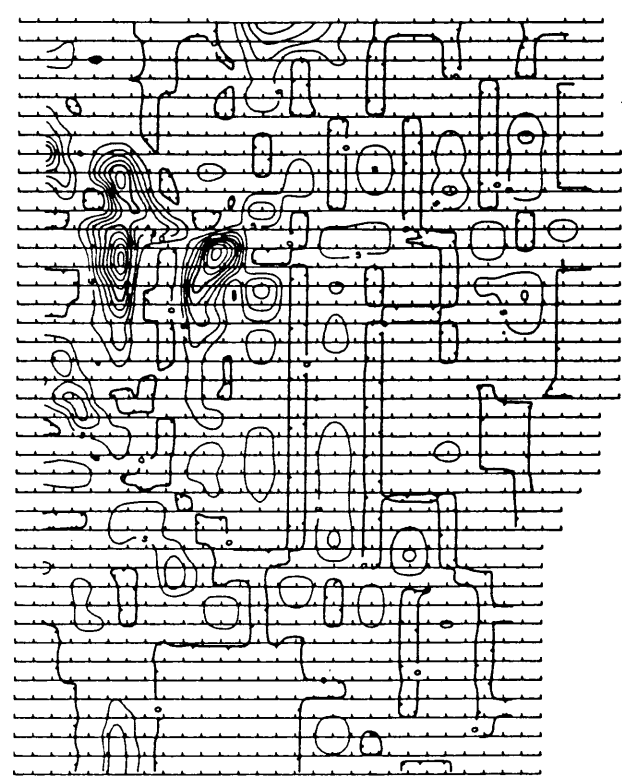
N.T.S. 1:84E / 2M  
 PLOTTED BY: R.P.N.

DATE: DECEMBER 1987  
 FIGURE NO. 14



3900E  
4100E  
4300E  
4500E  
4700E

2300N  
2275N  
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2150N  
2125N  
2100N  
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CONTOUR INTERVAL: 5 DEGREES

*[Handwritten Signature]*  
Survey by Shangrila Minerals Ltd.

|   |                     |
|---|---------------------|
| KEMMESS CREEK PROJECT                                 |                     |
| ST. PHILLIPS RESOURCES INC.                           |                     |
| PLOTTED BY: RPM MAPPING<br>AND COMPUTER SERVICES LTD. |                     |
| VLF-EH (ANNAPOLIS)                                    |                     |
| VIRTUAL LINES   |                     |
| FORWARD FRASER FILTERED DIP ANOLES                    |                     |
| OMINECA M.O.. B.C.                                    |                     |
| M.T.S. 1 946 / 24                                     | DATE: DECEMBER 1987 |
| PLOTTED BY: R.P.N.                                    | FIGURE NO. 15       |

APPENDICES



LIVGARD CONSULTANTS LTD.  
717 - 837 West Hastings, Vancouver, B.C. V6C 1B6 Ph. 669-2426

## REFERENCES

- Barr, D.A., 1978 - Chappelle Gold Silver Deposit, B.C. CIM Bull. Vol. 71, No. 790 pp. 66-79.
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- Cooke, David, Ph.D., P.Eng. - Assessment Report, Diamond Drilling on the Ron 4 Claim for Pacific Ridge Resources Corp., September 1985.
- Cooke, David, Ph.D., P.Eng. - Proposed Exploration, Ron Group, December 3, 1984.
- GSC, Geology of Toodoggone River (94E) and Ware West Half (94F) of 483.
- GSC, McConnell Creek Map-Area Geology (94D/E).
- Godwin, C.I., P.Eng. - Geological Report on the Ron 1-6 Claims, Thutade Lake for Pacific Ridge Resources Corp., March, 1981.
- Hawkins, Greg T., F.G.A.C. - Sawyer Cons. Ltd. Report on Preliminary Assessment and Recommended 1982 Work Program for Ron 1-6 Claims, November 13, 1981.
- Lord, C.S., 1949 - McConnell Creek Geology, GSC Map 962A.
- Shangrila Minerals Ltd. 1987, Soil Survey Maps, VLF-EM Survey Maps.
- Scott, Alan, Geophysicist - Phoenix Geophysics Ltd. Geophysical Assessment Report, Induced Polarization and Apparent Resistivity Survey on the Ron 4 and Du Mineral Claims for Pacific Ridge Resources Corp., November 1984.
- Soil Geochemistry, Copper-Lead-Zinc, Ron 3-6 M.C.
- Vanderpoll, Wim, Geol. - Kemess Creek Property (Ron 4 - Du Claims), October 22, 1984.
- Von Einsiedel, C., B.Sc. - Description of Lithochemical and Soil Geochemical Surveys - Ron 3 and 4 Claims, Thutade Lake for Pacific Ridge Resources, October 21, 1983.



## CERTIFICATE

I, EGIL LIVGARD, of 1990 King Albert Avenue, Coquitlam, B.C., DO HEREBY CERTIFY:

1. I am a Consulting Geological Engineer, practicing from #616 - 837 West Hastings Street, Vancouver, B.C.
2. I am a graduate of the University of British Columbia, with a B.Sc., 1960 in Geological Sciences.
3. I am a registered member in good standing of the Association of Professional Engineers of the Province of British Columbia.
4. I have practised my profession for over 25 years.
5. I have no direct, indirect or contingent interest in the Kemess Creek Property (or any nearby property) which is held by St. Phillips Resources Inc., in the securities of St. Phillips Resources Inc., direct or indirect, nor in any associated company, nor do I intend to receive any such interest.
6. This report dated January 4, 1988 is based on an examinations of the property on June 22, 1987, and on references as listed.

DATED AT VANCOUVER, BRITISH COLUMBIA THIS 4TH OF JANUARY, 1988.

Egil Livgard, B.Sc., P.Eng.





ANALYSIS RESULTS OF DIAMOND DRILL CORE  
KEMESS CREEK PROPERTY

#84-1

| Interval<br>m | Width<br>m | Cu<br>ppm | Au<br>ppb |
|---------------|------------|-----------|-----------|
| 10 - 12       | 2          | 1640      | 480       |
| 12 - 14       | 2          | 1630      | 400       |
| 14 - 17.5     | 3.5        | 1500      | 380       |
| 17.5 - 18.8   | 1.3        | 1800      | 520       |
| 18.8 - 21     | 2.2        | 1360      | 360       |
| 21 - 22.6     | 1.6        | 1840      | 740       |
| 22.6 - 24.7   | 2.1        | 1560      | 520       |
| 24.7 - 25.7   | 1          | 1940      | 700       |
| 25.7 - 27.3   | 1.6        | 2300      | 740       |
| 27.3 - 30     | 2.7        | 1900      | 640       |
| 30 - 31.3     | 1.3        | 1750      | 500       |
| 31.3 - 32.8   | 1.5        | 1790      | 480       |
| 32.8 - 34.9   | 2.1        | 1180      | 300       |
| 34.9 - 36.8   | 1.9        | 1800      | 440       |
| 36.8 - 39     | 2.2        | 1270      | 360       |
| 39 - 41       | 2          | 1480      | 500       |
| 41 - 43       | 2          | 1810      | 600       |
| 43 - 45       | 2          | 1730      | 440       |
| 45 - 47.5     | 2.5        | 1700      | 440       |
| 47.5 - 50     | 2.5        | 2400      | 540       |
| 50 - 52       | 2          | 1520      | 400       |
| 52 - 54       | 2          | 1340      | 340       |
| 54 - 56       | 2          | 1750      | 480       |
| 56 - 58       | 2          | 2000      | 600       |
| 58 - 59       | 1          | 1340      | 340       |
| 59 - 61.9     | 2.9        | 2000      | 540       |



#84-2

| Interval<br>m | Width<br>m | Cu<br>ppm | Au<br>ppb |
|---------------|------------|-----------|-----------|
| 18.5 - 21.4   | 2.9        | 1400      | 320       |
| 21.4 - 23     | 1.6        | 1430      | 320       |
| 23 - 25       | 2          | 1580      | 440       |
| 25 - 27.2     | 2.2        | 1400      | 380       |
| 27.2 - 29     | 1.8        | 1400      | 380       |
| 29 - 31       | 2          | 1400      | 320       |
| 31 - 32.3     | 1.3        | 1140      | 340       |
| 32.3 - 34.5   | 2.2        | 1240      | 320       |
| 34.5 - 37     | 2.5        | 1000      | 220       |
| 37 - 38.6     | 1.6        | 1380      | 300       |
| 38.6 - 39     | 0.4        | 1520      | 340       |
| 39 - 40.6     | 1.6        | 1800      | 400       |
| 40.6 - 42.2   | 1.6        | 1890      | 520       |
| 42.2 - 43.9   | 1.7        | 1150      | 320       |
| 43.9 - 46     | 2.1        | 1300      | 300       |
| 46 - 48       | 2.0        | 1210      | 280       |
| 48 - 50       | 2          | 1300      | 360       |
| 50 - 52       | 2          | 1060      | 280       |
| 52 - 54       | 2          | 1000      | 260       |
| 54 - 55.6     | 1.6        | 1300      | 360       |
| 55.6 - 56.2   | 0.6        | 1500      | 400       |
| 56.2 - 57.3   | 1.1        | 1510      | 400       |
| 57.3 - 58.7   | 1.4        | 1300      | 300       |
| 58.7 - 62     | 3.3        | 1420      | 360       |
| 62 - 65.6     | 3.6        | 1100      | 280       |
| 65.6 - 66.2   | 0.6        | 1100      | 240       |
| 66.2 - 68.1   | 1.9        | 1020      | 280       |
| 68.1 - 69.2   | 1.1        | 950       | 320       |
| 69.2 - 70     | 0.8        | 1180      | 300       |
| 70 - 71.1     | 1.1        | 1000      | 260       |
| 71.1 - 72.3   | 1.2        | 1120      | 320       |
| 72.3 - 72.9   | 0.6        | 1470      | 420       |
| 72.9 - 75     | 2.1        | 1350      | 500       |
| 75 - 77       | 2          | 980       | 220       |
| 77 - 79       | 2          | 1150      | 340       |
| 79 - 80.3     | 1.3        | 1920      | 440       |
| 80.3 - 83     | 2.7        | 1450      | 400       |
| 83 - 85       | 2          | 1430      | 380       |
| 85 - 87       | 2          | 1200      | 320       |
| 87 - 89.3     | 2.3        | 800       | 240       |
| 89.3 - 91     | 1.7        | 1810      | 540       |
| 91 - 92.4     | 1.4        | 1120      | 340       |





#84-3

| Interval<br>m | Width<br>m | Cu<br>ppm | Au<br>ppb |
|---------------|------------|-----------|-----------|
| 6.6 - 10      | 3.4        | 1620      | 540       |
| 10 - 12       | 2          | 2600      | 840       |
| 12 - 14       | 2          | 1230      | 380       |
| 14 - 16       | 2          | 2350      | 560       |
| 16 - 18       | 2          | 2300      | 640       |
| 18 - 20       | 2          | 1060      | 300       |
| 20 - 22       | 2          | 1760      | 500       |
| 22 - 24       | 2          | 3700      | 1200      |
| 24 - 26       | 2          | 2000      | 640       |
| 26 - 28       | 2          | 2300      | 460       |
| 28 - 30       | 2          | 2000      | 640       |
| 30 - 32       | 2          | 2400      | 640       |
| 32 - 34       | 2          | 1740      | 540       |
| 34 - 36       | 2          | 2300      | 660       |
| 36 - 38       | 2          | 1600      | 520       |
| 38 - 40       | 2          | 1540      | 400       |
| 40 - 42       | 2          | 1700      | 400       |
| 42 - 44       | 2          | 1540      | 340       |
| 44 - 46       | 2          | 1330      | 380       |
| 46 - 48       | 2          | 2450      | 640       |
| 48 - 50       | 2          | 3500      | 1400      |
| 50 - 52       | 2          | 1500      | 360       |
| 52 - 54       | 2          | 2000      | 660       |
| 54 - 56       | 2          | 2050      | 640       |
| 56 - 58       | 2          | 1840      | 640       |
| 58 - 60       | 2          | 3200      | 920       |
| 60 - 62       | 2          | 1940      | 580       |
| 62 - 62.5     | 0.5        | 2600      | 760       |
| 62.5 - 65     | 2.5        | 1480      | 460       |
| 65 - 66.6     | 1.6        | 1110      | 380       |
| 66.6 - 67.7   | 1.1        | 2200      | 440       |
| 67.7 - 70     | 2.3        | 1850      | 480       |
| 70 - 72       | 2          | 1800      | 580       |
| 72 - 74       | 2          | 1260      | 360       |
| 74 - 75.3     | 1.3        | 3000      | 800       |

HOLES #84-4,5

No values above background encountered.

No assay certificates are available for the above analysis.

Results are from reference Cooke, David, Ph.D., P.Eng., Assessment Report, Diamond Drilling on the Ron 4 Claim for Pacific Ridge Resource Corp., September 1985.




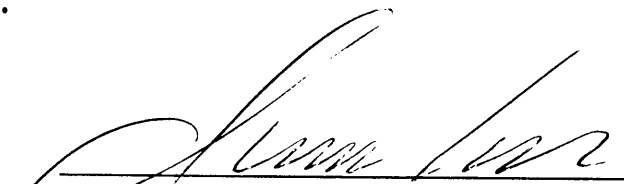
LIVGARD CONSULTANTS LTD.  
717 - 837 West Hastings, Vancouver, B.C. V6C 1B6 Ph. 669-2426

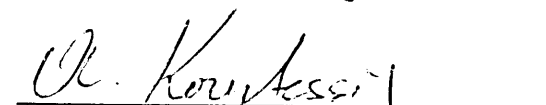
CERTIFICATE OF THE ISSUER

DATED: July 19, 1988

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

  
CHARLES RAYMOND  
Chief Executive Officer

  
JERRY MINNI  
Chief Financial Officer

  
ARTEMIOS KOURTEASSIS  
Director, Promoter

  
NICK KRAVARIOTIS  
Director, Promoter

CERTIFICATE OF THE AGENT

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the Securities Act and its regulations.

DATED: July 19, 1988

CANARIM INVESTMENT CORPORATION LTD.

Per: 

JRC/NO39