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DESCRIPTION OF BUSINESS AND PROPERTY OF COMPANY

For description of the speculative nature of the business of the Company see caption aforementioned "Introductory Statement".

The Company was incorporated in November, 1966, for the purpose of acquiring, exploring and developing mineral claims. From the date of incorporation to early 1969, the Company was relatively dormant. Since then it has been active in acquiring mineral claims for development.

The Company is the owner of an interest in the following mineral claims:

a) The Company is the recorded owner of 60 mineral claims located in the Skeena Mining Division, Province of British Columbia (herein called "the Etta claims") described as follows:

Name of Claim	Record Nos.
Etta #1 to 24 incl. Etta #27 to 36 incl. Etta #37 to 42 incl.	34039 to 34062 incl. 34065 to 34074 incl. 34470 to 34475 incl.
Etta 43 to 62 incl.	35416 to 35435 incl.

These claims are staked claims and are held by location under the provisions of the "Mineral Act" of the Province of British Columbia.

The Etta claims are situated on Porcher Island, which lies off of the coast of Northern British Columbia about 20 miles South West of Prince Rupert, B.C. The centre of the Etta claims lies about 2 miles due south of Hunt Point, the extreme northerly point of Porcher Island. The western boundary of the claims is roughly parallel to the eastern shore of Hunt Inlet, which is a safe, sheltered anchorage for deep sea vessels.

Access to the Etta claims is by boat or float plane from Prince Rupert to Hunt Inlet. A fairly good trail lies from Hunt Inlet to the claims and a logging road is presently being constructed across the southern part of the claims for the purpose of gaining access to a stand of mature timber to the south.

The Etta claims consist of 60 full sized claims covering a total unsurveyed area of approximately 3,000 acres.

The Company is the recorded and beneficial owner of the Etta claims, free and clear of all encumbrances. The Etta claims are at the date hereof in good standing insofar as title depends on recording of work. Forty of the Etta claims were sold to the Company by the following persons for the consideration set forth:

Name	of Claim	Vendor	Consid	deration	Deemed price per share
Etta	1-2	Frank Miyauchi, Director	10,000	shares	10¢
Etta	•	John Borne, Director	5,000	shares	10¢
Etta		Peter Green, Director	5,000	shares	10¢
Etta	9-10	Sloane Johnson, Secretary	5,000	shares	10¢
Etta		Ronald P.	•		
	11-24	McBean, Director & Promoter	187,800	shares	10¢
	27-28 33-36	Yukonadian Exploration			
	41-42	Syndicate	100,000	shares	10¢
Etta	39-40	Gilbert Campbell	5,000	shares	10¢
Etta	29-32	Clare Williams	20,000	shares	10¢
Etta	37-38	W.A. Hutchings,			
		Director	5,000	shares	10¢
		TOTAL	342,500	shares	

(See also section headed "Promoters")

History and Geology

The claims are underlain for the most part by metamorphosed volcancis and sediments on the western flank of the Coast Range Batholith and these rocks are intruded by a complexity of dikes, sills and stocks. They are schisted and brecciated and generally altered by both dynamic and hydrothermal action, so it is not surprising that metallic sulphides generally of high temperature origin have been found in various places in these rocks.

The Edye Pass and Surf Point Mines were operated on gold quartz veins in the instrusive quartz diorite. A similar intrusive occurs in the southeast corner of the claim block. This is the core of the Spiller Mountains. A logging road is presently approaching this area from Hunt Inlet. It should add greatly to the geological information available. Considerable pyrite has been found in tongues of intrusives along the portion of the road, so far completed, and one very fine grained crystaline intrusive very white in color, and banded, shows considerable magnetite and minute crystals of pyrite. So far, no mineralized quartz veins have been exposed.

Old Minister of Mines' reports, list five properties in the vicinity of Hunt Inlet. These are the Bald Mt. Group and Jitney Group. It is believed that the Etta group of claims covers the same mineral occurrences as the Jitney Group. The 1917 report on the Jitney Group, refers to two tunnels, one about ½ mile from the beach, and the other location, not given, but apparently close by. The first tunnel is reported to be in argillites, and follows a vein one foot wide, of almost solid chalcopyrite. tons shipped to Anyox, gave net returns of \$500.00. that year copper was about 25¢ a pound. Hence, this shipment represented almost solid chalcopyrite, running about 25% copper, or there were higher tenor sulphides along with the chalcopyrite. These tunnels could not be found but two other tunnels were seen on either side of a small lake formed by beaver dams, about a mile from the beach.

Description of Exploration

Tunnel #1

This Tunnel is about 20 feet long, and follows a north-easterly striking fissure in altered andesite or greenstone alongside a granitic dike. The fissure is irregular, being slightly displaced at intervals, but in places is mineralized with almost solid chalcopyrite across a few inches associated with considerable epidote. Short drill holes had been drilled below and beyond the tunnel, but there was little evidence of copper in any of the core. A Winkie drill was still on the property and appeared to be in excellent condition. It would not be surprising if this particular vein was discontinous, but there may be others similar or better. A selected sample off the dump assayed:

0.02 ounces Gold 2.48 ounces Silver 12.50% Copper 0.40% Zinc

Old powder at this site was dated 1917 and 1937. About 400 feet to the east, on the opposite side of the lake, and opposite a beaver dam at its north end, there is another tunnel about the same length. This follows massive pyrrhotite with some chalcopyrite in a southeasterly direction. A north-south vein-shear crosses the portal of this adit, and there is a parallel vein-shear about 60 feet upon hill from the portal. Both shears are narrow; the upper being about 2 feet, and the lower about ½ that width. The upper assayed:

0.01 ounces Gold trace Silver 0.11% Copper 0.05% Zinc

It carried considerable pyrite, that is probably related to the massive sulphides, which appear to replace the greenstone. A sample across about 7 feet of this replacement material assayed:

trace Gold trace Silver 0.45% Copper 0.84% Zinc It appeared to contain more copper than the assay indicates. It is difficult to sample, being highly silicified, and over water. The full width was not exposed, and it deserves further investigation. A general grab sample from the dump assayed:

0.01 ounces Gold trace Silver 0.36% Copper 2.21% Zinc

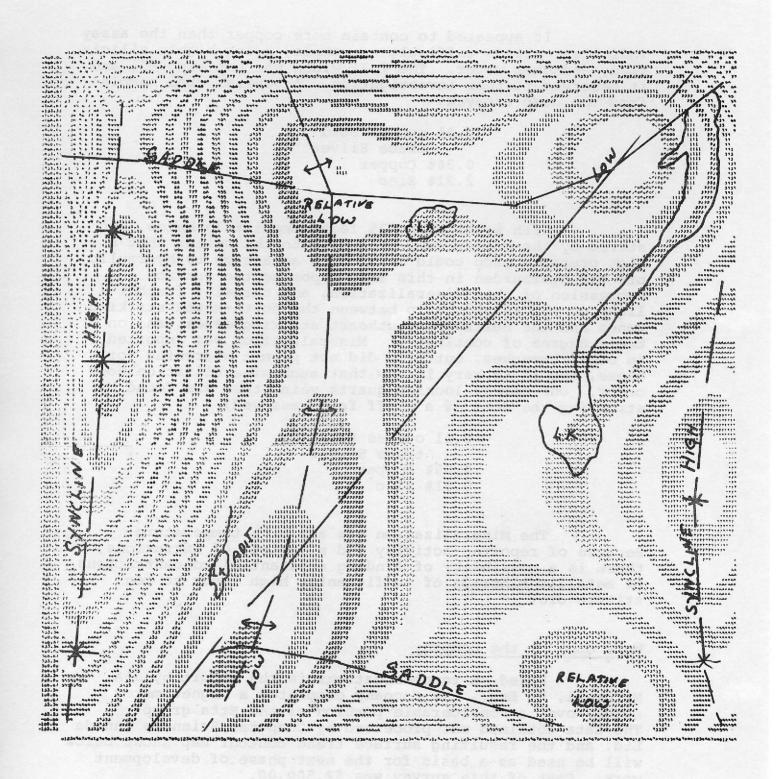
With water about 25 feet immediately below, and stored by the beaver dam, it occurs to the writer that a high pressure pump could be used to advantage to hydraulic off the overburden in this area exposing the surface expression of this mineralization, and throwing further light on the relationship between the north-south striking zones and the northwest-southeast striking zones, and on their degree of continuity. Mineralization was reported in other trenches, but time did not permit searching for these, and it is very likely that such mineralization does occur. One barren looking quartz vein, that was found by stripping the moss of a cliff face, assayed:

0.01 ounces Gold trace Silver 0.05% Copper 0.01% Zinc

The mineralization was all high temperature. Because of reported activity and a variety of intrusions, there is a possiblity of finding substantial concentrations of metallic minerals of sufficiently high tenor to constitute ore.

Work done by the Company

Based on recommendations in the report by J.A. Mitchell, P. Eng., the Company completed a magnetometer survey over a considerable portion of the Etta group. The data obtained was processed by Computer Sciences Canada Ltd. and the resulting surface trend contour map shown below will be used as a basis for the next phase of development work. Cost of this survey was \$2,500.00.



CONTOUR MAP OF THE SIXTH DEGREE SURFACE TREND, ETTA CLAIMS, PORCHER IS.

The Etta claims are without a body of commercial ore and the program proposed by J.A. Mitchell, P. Eng., in his report dated September 16th, 1969, is an exploratory search for ore.

b) The Company is the recorded owner of 30 full sized mineral claims and 1 fractional mineral claim located on the northern side of Ealue Lake, Stikine River area, Liard Mining Division, British Columbia, more particularly known as follows:

Name of Claim

Record Nos.

MFJ 5 to 8 inclusive	27112-5 inclusive
MFJ 13 and 14	27120-1 inclusive
MFJ 34	27141
MFJ 36	27143
MFJ 45 to 51 inclusive MFJ 53	27152-8 inclusive 27160
MFJ 61 to 64 inclusive	27168-71 inclusive
MFJ 71	27178
MFJ 73	27180
MFJ 92 to 95 inclusive MFJ 1 to 4 inclusive MFJ Fraction No. 1.	27199-27202 inclusive 38392-5 inclusive 38400

All these claims, with the exception of MFJ 1 to 4 inclusive and MFJ Fraction No. 1 were purchased by the Company from Ronald P. McBean, the President of the Company for the sum of \$6,250.00. Mineralized outcrops on the MFJ group were staked many years ago for their gold values. Subsequent investigations showed that copper values existed over areas that could prove to be of commercial interest. Pending the opening of the Cassiar-Stewart Highway which passes within a few miles of the claims Company work has been limited thus far to shallow drilling and blasting. None of the proceeds of this issue are to be spent on the MFJ group.

c) The Company is the recorded and beneficial owner of mineral claims Sundown 1 to 14 inclusive, Record Nos. 16997, 16998 and 17033 to 17044 inclusive, situated about 2½ miles North east of Pender Harbour on the Sechelt Peninsula in the Vancouver Mining Division.

These claims were purchased from Norman W. Klein, R.R. #1, Madeira Park, B.C., for the sum of \$2,250.00 and the allotment to Mr. Klein of 60,000 fully paid and non-assessable common shares in the capital of the Company at a deemed price of 12½¢ per share.

Showings on the Sundown claims were found 40 years ago by Norman W. Klein who was logging in the area. Little work was done and the outcrops became obscured in thick brush and were forgotten for many years. Recently Mr. Klein re-discovered the showing and entered into an option agreement with the Company. The Company has made all payments under the option agreement and now owns the said claims. Company work to date consists of an orientation survey followed by soil sampling over key claims. Earlier rock sampling disclosed low grade disseminated copper-molybdenum mineralization over a large area. None of the proceeds of this issue are to be spent on the Sundown Group.

d) The Company is the registered and beneficial owner of 100,000 fully paid and non-assessable common shares in the capital of Fantasia Mines Co. Ltd. (N.P.L.) ("Fantasia") of 17th Floor, 1075 West Georgia Street, Vancouver, B.C. Fantasia is a private company and is the beneficial holder of the following mineral claims:

Blue Light 1-8 inclusive 18993-19000 Blue Light No. 5 fraction 32413 Blue Light No. 6 fraction 32414 Violet 1 32861 Violet 2 32862 Violet 10 32870 Violet 12 32872	mber
Violet 14 32874 Violet 16 32876 Violet 18 32878 Violet 23 32883 Violet 25 32885 Violet 27 32887 Violet 29 32889 Violet 31 32891 Violet 33 32893	

all of which claims are situate 8 miles east of Jennings Lake, in the Liard Mining Division, in the Province of British Columbia.

As the 100,000 shares of Fantasia were allotted for property, in the event that Fantasia converts from a private to a public company, the shares will be subject to such escrow conditions as the B.C. Superintendent of Brokers may impose.

Tungsten occurences have been long known in this area, and the claims have been the object of considerable work by former owners. However, any commercial potential is yet to be proven, so the property must presently be regarded as a prospect. None of the proceeds of the issue are to be spent on Blue Light and Violet claims.

DIVIDEND RECORD

No dividends have been paid by the Company to date.

AUDITORS, TRANSFER AGENTS AND REGISTRARS

The auditors of the Company are Rose, Gale & Company, Chartered Accountants, Suite 1703 - 1177 West Hastings Street, Vancouver 2, B.C.

The Registrar and Transfer Agent for the Company is Canada Permanent Trust Company, 455 Granville Street, Vancouver 2, B.C.

MATERIAL CONTRACTS

The only material contracts which the Company has entered into are those in connection with the acquisition of mineral properties of the Company.

All such material contracts may be inspected at the head office of the Company during normal business hours while primary distribution of the securities offered hereunder is in progress.

CERTIFICATE

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

DATED at Vancouver, British Columbia, this 15th day of January, 1971.

"RONALD P. McBEAN"
Ronald P. McBean
Director & Promoter
Director

"FRANK MIYAUCHI" Frank Miyauchi Director

"PETER GREEN"
Peter Green
Director

John Borne
Director

"WILLIAM A. HUTCHINGS"
William A. Hutchings
Director

YUKONADIAN MINERAL EXPLORATIONS LIMITED STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE PERIOD NOVEMBER 25, 1966 (date of incorporation)

TO AUGUST 31, 1970

SOURCE OF FUNDS		
Sale of shares		\$ 35,277.00
APPLICATION OF FUNDS		
Purchase of equipment	\$ 1,697.45	
Acquisition of mineral claims	11,225.00	
Interest in associated company	866.66	
Exploration and development expenses	14,441.17	
Administration expenses	4,475.13	
Incorporation expenses	1,880.75	34,586.16
WORKING CAPITAL		\$ 690.84

REPORT ON ETTA GROUP

PORCHER ISLAND, SKEENA M.D.

INTRODUCTION:

This property was examined at the request of R. McBean for the account of Yukonadian Mines Ltd. of Vancouver, B.C., with office at #214-575 Georgia St. W. The examination was made on Saturday, August 16th, and Sunday, August 17th. Three additional days were involved in getting to, and returning from Porcher Island: Time being lost because of adverse weather conditions.

PROPERTY:

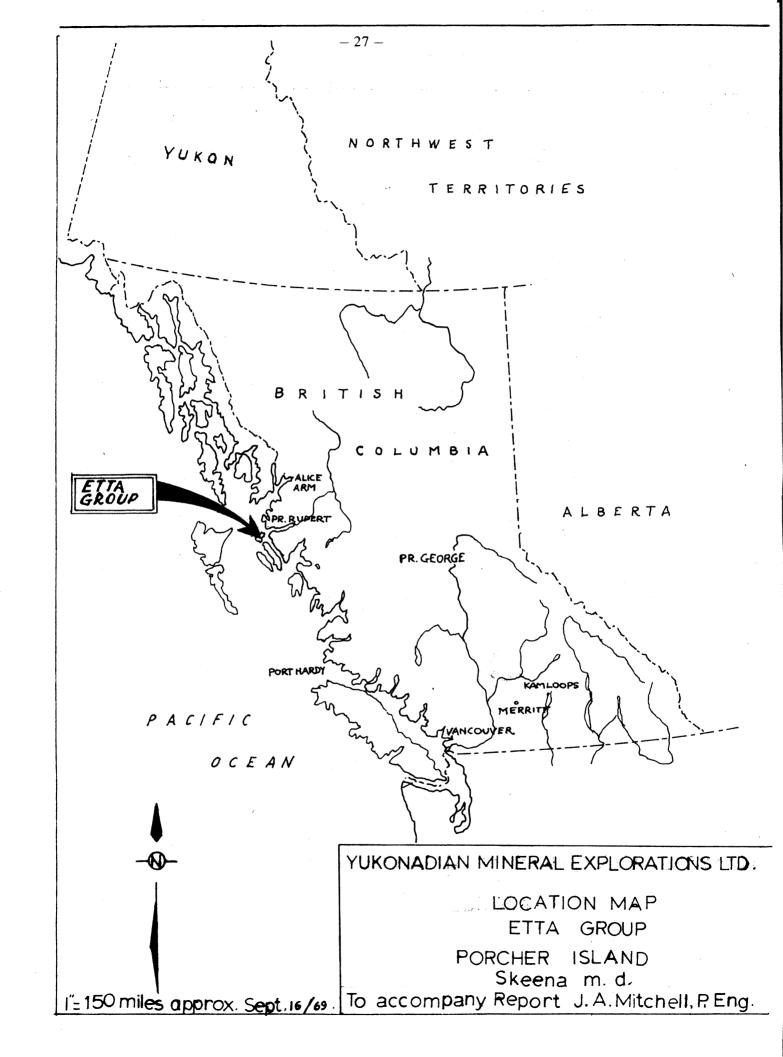
The original Etta Group consists of 36 claims: Etta, #1 to Etta #36. Record numbers 34039 to 34074, staked in April, 1969, and recorded in Prince Rupert on May 9th, 1969. form a square block of 6 claims to the side, and are staked as 3 double rows, with the location lines running about north 10 degrees west. The central row of 2 claims has been extended an additional 4,500 feet to the south, and crosses a road presently under construction by Columbia Cellulose, for the purpose of logging off a stand of very mature timber. The center of the main group would lie about 2 miles due south of Hunt Point, the extreme northerly point of Porcher Island. western boundary of the claims roughly parallel the eastern shore of Hunt Inlet which is locally known as Jap Inlet, which It has been provides a safe anchorage for deep sea vessels. described as one of the safest, and best sheltered harbors in Northern British Columbia, with deep water and good anchorage. A fairly good trail leads from the south-west corner of Claim Two, to the showings on Claims 5 and 6.

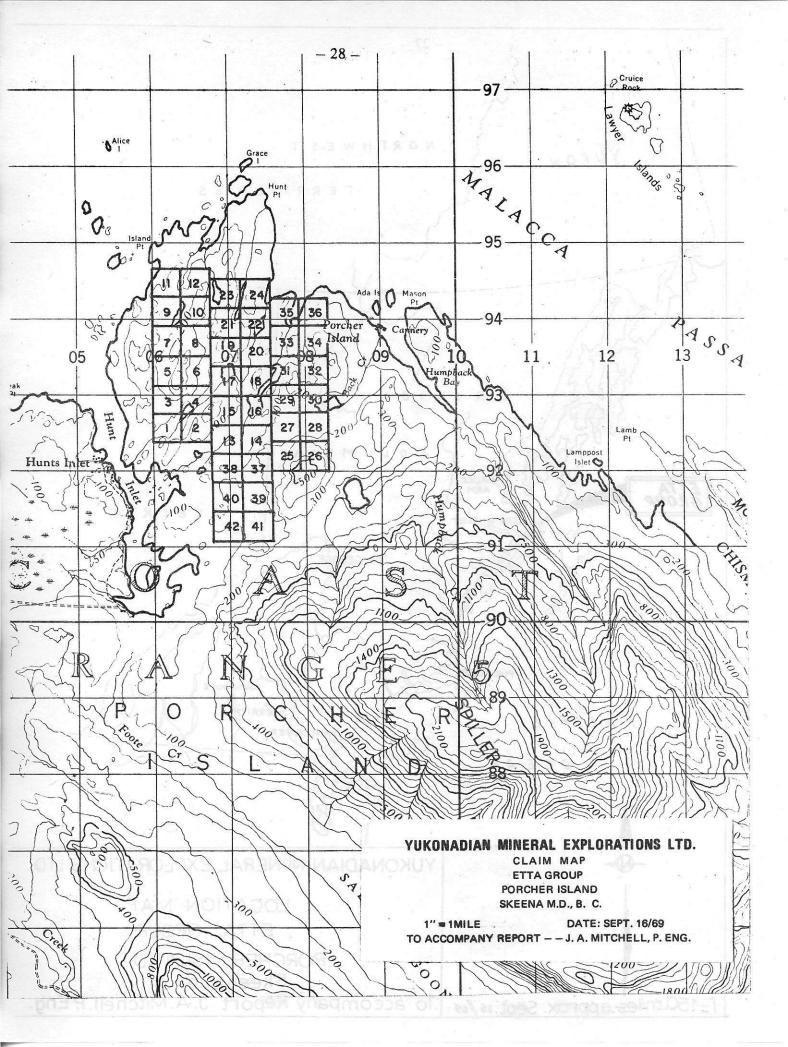
ACCESSIBILITY:

At the present time, the claims can be serviced, either by float plane or by boat, out of Prince Rupert, 20 miles to the north-east of Hunts Inlet at the Etta #1 claim.

PHYSIOGRAPHY:

The claim area at the north end of Porcher Island is generally low lying. In this area the timber is often stunted and twisted, and there is very little of commercial value. Further south the claim group, and on higher ground the timber is mature, and is about to be logged off.





Precipitation is moderately heavy, but the temperature is such that very little falls as snow. Thus it is possible to work on the Island during any part of the year.

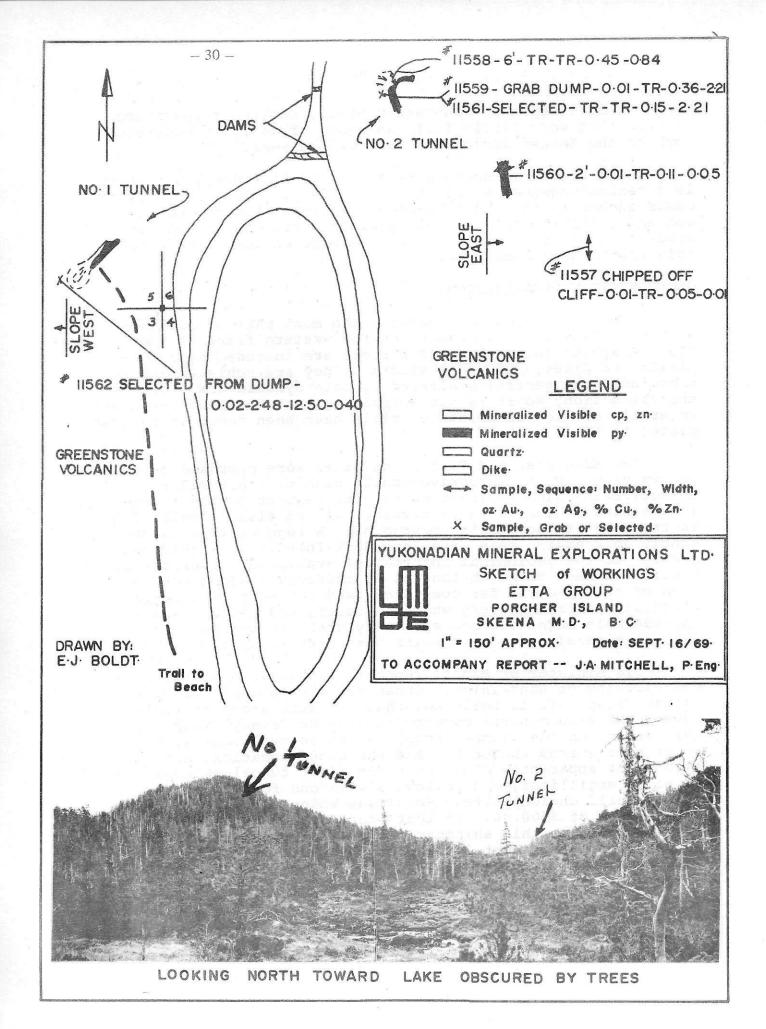
Hunt Lagoon is nowhere less than 18 feet deep, but there is a central channel at least 60 feet deep. The largest ships could anchor in the widest part of the inlet towards the north end and entrance would be well sheltered from the prevailing winds. It is one of the few such harbors on the Islands in this part of the coast.

GEOLOGY AND MINERALIZATION:

The claims are underlain for the most part by metamorphosed volcanics and sediments on the western flank of the Coast Range Batholith and these rocks are intruded by a complexity of dikes, sills and stocks. They are schisted and brecciated and generally altered by both dynamic and hydrothermal action, so it is not surprising that metallic sulphides generally of high temperature origin have been found in various places in these rocks.

The Edye Pass and Surf Point Mines were operated on gold quartz veins in the intrusive quartz diorite. A similar intrusive and similar positioning with respect to the intrusive occurs in the south-east corner of the claim block. This is the core of the Spiller Mountains. A logging road is presently approaching this area from Hunt Inlet. It should add greatly to the geological information available. Considerable pyrite has been found in tongues of intrusives along the portion of the road, as far completed, and one very fine grained crystaline intrusive very white in color, and banded, shows considerable magnetite and minute cyrstals of pyrite. So far, no mineralized quartz veins have been exposed.

Old Minister of Mines' reports, list five properties in the vicinity of Hunt Inlet. These are the Bald Mt. Group and Jitney Group. It is believed, that the Etta group of claims covers the same mineral occurrences as the Jitney Group. The 1917 report on the Jitney Group, refers to two tunnels, one about ½ mile from the beach, and the other location, not given, but apparently close by. The first tunnel is reported to be in argillites, and follows a vein one foot wide, of almost solid chalcopyrite. Four tons shipped to Anyox, gave net returns of \$500.00. In that year copper was about 25¢ a pound. Hence, this shipment represented almost solid chalcopyrite, running about 25% copper, or there are higher tenor sulphides along with the chalcopyrite. These tunnels could



not be found, but two other tunnels were seen on either side of a small lake formed by beaver dams, about a mile from the beach.

DESCRIPTION OF THE WORKINGS:

Tunnel # 1

This tunnel is about 20 feet long, and follows a north-easterly striking fissure in altered andesite or greenstone alongside a granitic dike. The fissure is irregular, being slightly displaced at intervals, but in places is mineralized with almost solid chalcopyrite across a few inches associated with considerable epidote. Short drill holes had been drilled below and beyond the tunnel, but there was little evidence of copper in any of the core. A winkie drill was still on the property and appeared to be in excellent condition. It would not be surprising if this particular vein was discontinuous, but there may be others similar or better. A selected sample off the dump assayed:

0.02 ounces Gold 2.48 ounces Silver 12.50 % Copper 0.40 % Zinc

Old powder at this site was dated 1917 and 1937. About 400 feet to the east, on the opposite side of the lake, and opposite a beaver dam at its north end, there is another tunnel of about the same length. This follows massive pyrrhotite with some chalcopyrite in a southeasterly direction. A north-south vein-shear crosses the portal of this adit, and there is a parallel vein-shear about 60 feet up hill from the portal. Both shears are narrow; the upper, being about 2 feet, and the lower about ½ that width. The upper assayed:

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It carried considerable pyrite, that is probably related to the massive sulphides, which appear to replace the greenstone. A sample across about 7 feet of this replacement material assayed:

trace Gold trace Silver 0.45 % Copper 0.84 % Zinc It appeared to contain more copper than the assay indicates. It was difficult to sample, being highly silicified, and over water. The full width was not exposed, and it deserves further investigation. A general grab sample from the dump assayed:

0.01 ounces Gold trace Silver 0.36 % Copper 2.21 % Zinc

With water about 25 feet immediately below, and stored by the beaver dam, it occurs to the writer that a high pressure pump could be used to advantage, to hydraulic off the overburden in this area, to expose the surface expression of this mineralization and throw further light on the relationship between the north-south striking zones, and the northwest-southeast striking zones, and on their degree of continuity. Mineralization was reported in other trenches, but time did not permit searching for these, and it is very likely that such mineralization does occur. One barren looking quartz vein, that was found by stripping the moss off a cliff face, assayed:

0.01 ounces Gold trace Silver 0.05 % Copper 0.01 % Zinc

The mineralization was all high temperature. Because of reported activity and a variety of intrusions, there is a possibility of finding substantial concentrations of metallic minerals of sufficiently high tenor to constitute ore.

In paper 66 - 33, Prince Rupert, and Skeena map area, Dr. W.A. Hutchinson of the Geological Survey of Canada, suggests that the most likely targets for base metal exploration would be the low grade metamorphic rocks of Porcher, Dundas, and Dunire Islands, and that in these areas, particular attention should be paid to the greenstones, and green schists, and the plutonic rocks that intrude there. The Etta group is in such a setting, and very limited work has revealed the presence of base metal minerals.

CONCLUSIONS AND RECOMMENDATION:

It is concluded from the mineralization seen, and the geological environment, that the property warrants a magnetometric survey at least. There appears to be magnetite associated with any mineralization seen, and it therefore seems reasonable that any appreciable amount of such mineralization

will respond to a magnetic survey.

The strike of any mineralization seen is either a little west, or a little east of north. Base lines can therefore be run about north-south, using the claim lines where possible, and cross lines run east-west at three hundred foot intervals. Recorded readings should then be taken along these lines at 100 foot intervals, and the results contoured. Because of the probability of magnetic storms, a control magnetometer at a fixed point, should be read at frequent intervals, and the line reading connected accordingly.

With the grid flagged, however, regardless of whether extensive magnetic anomalies have been found, it might be desirable to find continuous conductor veins of chalcopyrite of grades similar to that quoted above from the 1917 report on the Jitney group. This could be done with an electromagnetic survey.

In the event that anomalous areas of important dimensions are found by above work, they may be checked further by soil sampling or induced polarization surveys, but in the final analysis, they will require bulldozing or diamond drilling. At that time, the amount of such work needed, would be determined, and a further estimate of expenditures made.

ESTIMATE OF COSTS:

A five man crew would be sufficient to flag out the lines, establish stations every hundred feet, and take magnetometer readings. In this terrain, it should be possible to do 10,000 feet per day. A trained technician and helper, would cost about \$100.00 a day for salaries. Travel expenses, camp expenses and fringe benefits, would collectively cost about \$50.00 a day, on a 35 day program, the five required to run the 350,000 line feet involved 42 claims. The total cost of the initial survey would therefore be about:

	\$	5,250.00
Data Processing would cost	·	1,000.00
Total:		6,250.00

An E.M. Survey, using the same ground would vary somewhat, according to the method employed, but should not cost over \$200.00 per line mile at most. about:

12,000.00

Diamond drilling with a Winkie drill, now on the property, should not cost over:

5.00 ft.

Allowance can be made for about 2000 feet, to be done on known showings, and on possible anomalies allow:

10,000.00

Deeper drilling will cost a minimum of \$ 10.00 a foot overall, and would depend on the results of the preliminary drilling, but provisions should be made for a minimum of 2000 feet.

20,000.00

Stripping by high pressure pump allow

Before a bulldozer is brought to the island, a major program of bulldozing should be in sight, otherwise, considerable standby costs may be incurred. If possible, a bulldozer, now employed in road building, off the south end of the claims, should be engaged, and a cat road cut through the claims, from the logging road.

	5,000.00
geological mapping Allow: travel & communications Allow:	2,000.00 2,000.00 2,000.00
expenditures	62,250.00
15%	9,375.00
	\$ <u>71,625.00</u>
	\$ <u>72,000.00</u>
	Allow: travel & communications Allow: expenditures

"J. A. MITCHELL"

"SEAL"

CERTIFICATION

I, James A. Mitchell, of 2991 Mathers Avenue, West Vancouver, B. C. certify that:

- (1) I am a graduate of the University of British Columbia in applied science, (mining), 1932.
- (2) I am a Professional Mining Engineer, and have practised in my profession in various capacities since graduation.
- (3) I am a member in good standing of the Association of Professional Engineers of British Columbia.
- (4) I have no interest directly or indirectly in the securities or the property of Yukonadian Mineral Explorations Limited, nor do I intend to acquire any interest.
- (5) I made a personal examination of the property herein described and referred to published literature by the Geological Survey of Canada on the geology of the area.
- (6) This report may be used in any prospectus of Yukonadian Mineral Explorations Limited.

Certified at Vancouver, British Columbia, this fifteenth day of September, 1969.

" J. A. MITCHELL "

"SEAL"

2991 Mathers Avenue, West Vancouver, B. C. June 10, 1970.

Mr. R. McBean, Yukonadian Mineral Explorations Limited, Suite 214, 535 West Georgia Street, Vancouver 2, B. C.

Dear Sir:

Re: Etta Group, Porcher Island

In reply to your letter of May 22, I can see no reason why the Etta Nos. 25 and 26 mineral claims cannot be abandoned, and would in fact suggest that they be so abandoned as this will leave a group of 40 claims, making for a neater package than 42 claims for administration purposes.

Yours very truly,

"J. A. MITCHELL"

J. A. Mitchell, P. Eng.

JAM:rvc

cc: Mr. John Robertson Russell & DuMoulin