

OF

**ADANAC MINING AND EXPLORATION LTD. [N. P. L.]**COMMON SHARES  
(par value 50¢ each)

<u>Number of Shares</u>	<u>Price per Share</u>	<u>Net Proceeds to Company</u>
500,000	\$1.50	\$750,000*

\* Before deduction of expenses of this issue estimated to be \$25,000.

This is a new issue of 500,000 shares underwritten by T. A. Richardson and Co. Limited, 4 King Street West, Toronto, Ontario; Standard Securities Limited, 185 Bay Street, Toronto, Ontario; Moss, Lawson and Co. Limited, 48 Yonge Street, Toronto, Ontario; Donaldson Securities Ltd., 535 Thurlow Street, Vancouver, British Columbia, and Avalon Securities Limited, Rawlins Cross, St. John's, Newfoundland (the Underwriters). Standard Securities Limited, Moss, Lawson and Co. Limited and Avalon Securities Limited are acting solely for clients. T. A. Richardson and Co. Limited is acting both on its own behalf and on behalf of clients. Donaldson Securities Ltd. is acting on its own behalf. (For particulars reference is made to the heading "Plan of Distribution".)

The shares offered hereby will be offered to the public in British Columbia, Ontario and Newfoundland at a price not exceeding \$1.87-1/2 per share. The said shares will be offered in Ontario, British Columbia and Newfoundland by the Underwriters who are registered Broker-Dealers in the respective Provinces. Other registered dealers in these three Provinces may from time to time offer the shares on an agency basis and all such registered security dealers acting on an agency basis will be paid a commission by the Underwriters not exceeding 25% of the selling price.

The clients for whom some of the Underwriters are acting may be said to realize a profit in an amount equal to the difference, if any, by which the price paid for the shares is less than the price at which the shares are sold to the public, less any commission paid to the Underwriters in selling the shares to the public.

The purpose of this issue is to provide the Company with sufficient funds to defray its ordinary operating expenses and the cost of carrying out the exploration and development programmes recommended by its Consulting Engineers. (For particulars reference is made to the headings "History and Business" and "Use of Proceeds".)

Reference is also made to the heading "History and Business" under which is discussed the number and value of shares issued by the Company in acquisition of its properties.

THERE IS NO MARKET FOR THE SHARES OF THE COMPANY.

THESE SECURITIES ARE SPECULATIVE

REGISTRAR AND TRANSFER AGENT

Canada Trust Company

901 West Pender Street  
Vancouver, British Columbia

or

110 Yonge Street  
Toronto, Ontario

No securities Commission or 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.

The date of this Prospectus is 13 December, 1968.

**PROPERTY FILE**

104N077(11W)-05

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## PURCHASER'S STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

The attention of Purchasers in Ontario of any of the securities offered by this Prospectus is drawn to Sections 63 and 64 of the Securities Act, 1966 (Ontario) which provides such purchasers with:

### A. Right of Withdrawal

An Agreement of purchase and sale covering any of the shares hereby offered is not binding upon the purchaser if the company from whom the purchaser buys same receives written or telegraphic notice evidencing the intention of the purchaser not to be bound by the agreement not later than midnight of the second day (exclusive of Saturdays, Sundays and holidays) after receipt of the Prospectus of the Company or amended Prospectus, provided the purchaser has not sold or transferred the said shares prior to the expiration of the said two day period.

Receipt of the Prospectus or amended Prospectus by the agent of the purchaser and receipt of the said notice by the agent for the vendor of the said shares shall be receipt by the purchaser and vendor respectively.

### B. Right of Rescission

A purchaser of any of the shares hereby offered has a right to rescind his contract to purchase while he is still the owner of the said shares if the Prospectus of the Company and any amending Prospectus received by such purchaser, as of the date of receipt, contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement contained therein not misleading provided, however, such right of rescission will not apply:

- (a) If the untruth or fact of omission was unknown to the Company and to the Underwriter and could not have been known in the exercise of reasonable diligence;
- (b) If such statement or omission is disclosed in an amended Prospectus and same has been received by the purchaser;
- (c) If the purchaser knew the untruth of the statement or knew of the omission at the time of purchase.

Receipt of a Prospectus or an amended Prospectus by a party who is acting as agent or who thereafter commences to act as agent of the purchaser shall be receipt by the purchaser. No action shall be commenced after the expiration of ninety days from the last to occur of the receipt of the Prospectus or the date of the contract.

Sections 61 and 62 of the Securities Act, 1967 (British Columbia) provide in effect, that where a security is offered to the public in the course of primary distribution:

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

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

#### THE COMPANY

Adanac Mining and Exploration Ltd. (N. P. L.) (the Company) was incorporated as a private company pursuant to the provisions of the Companies Act of British Columbia by registration of Memorandum and Articles of Association on 2 June 1966. Pursuant to a Special Resolution of the Shareholders of the Company by Certificate of the Registrar of Companies for British Columbia dated 13th December 1968 the Company was converted into a public company and its Articles of Association were amended to reflect this conversion.

The Company was originally incorporated as "Adanac Metals Ltd. (N. P. L.)" and changed its name to Adanac Mining and Exploration Ltd. (N. P. L.) pursuant to Special Resolution of the Shareholders of the Company evidenced by Certificate of the Registrar of Companies for British Columbia dated 11 September 1967.

The address of the head office and principal office of the Company is 112A - 355 Burrard Street, Vancouver 1, British Columbia and its registered office is at 801 - 900 West Hastings Street, Vancouver 1, British Columbia.

## PROMOTERS

By virtue of the definition of Promoter contained in the Securities Act, 1967 (British Columbia) and the Securities Act, 1966 (Ontario) Richard Frank John Newsom, James Clinton Snell and Eberhard Mueller, all Directors of the Company, are the Promoters of the Company.

## HISTORY AND BUSINESS

Since incorporation the Company has been actively engaged in exploration in northern British Columbia and in Yukon Territory. The properties acquired and still retained and the properties formerly held by the Company are specifically described below. It should be noted that at this time the properties retained are without a confirmed body of commercial ore and, therefore, the proposed development programmes are exploratory searches for ore. It should also be noted that as no survey has been made of any of the Company's properties the actual area of such properties is not known and can only be estimated.

### \* Ruby Creek Molybdenum Property 104N052(11W)

The Company is the recorded and beneficial holder of 58 located mineral claims comprising approximately 2,900 acres located approximately 15 miles northeast of Atlin, British Columbia in the Atlin Mining Division of British Columbia, accessible by good gravel road from Atlin which is connected to the Alaska Highway by approximately 60 miles of gravel highway. These claims are more specifically described as follows:

<u>Name of Claim</u>	<u>Record Number</u>
Adera #1 - #12 incl.	8101 - 8112 incl.
Pacific #1	8278
Pacific #2	8279
Key #1 - #20 incl.	8765 - 8784 incl.
Key #21 - #44 incl.	8827 - 8850 incl.

The Adera and Pacific mineral claims together with the NI and RU mineral claims described below, were acquired pursuant to an Agreement dated 5 December 1967 from Messrs. Richard F. J. Newsom of Post Office Box 2365, Whitehorse, Yukon Territory, James C. Snell of 1102-1265 Beach Avenue, Vancouver, British Columbia, and Eberhard Mueller of 13338 - 24th Avenue, Crescent Beach, British Columbia in consideration for 750,000 shares in the capital of the Company. These claims were prospected and staked by the vendors at a cost of approximately \$11,500. At the time of acquisition of these claims by the Company they had no proven value and in accordance with accepted practice the 750,000 shares in the capital of the Company were issued at an arbitrary value of 10¢ per share. All of these shares are presently escrowed and reference is hereby made to the heading "Escrowed Shares" on page 12 hereof.

The Key mineral claims were acquired by the Company by staking at a cost of \$1,850.

No work had been done on this property prior to July 1968. Since July the Company has caused an access road to be extended to the property from the Ruby Creek road, a camp has been established, a soil sampling survey has been completed and diamond drilling has begun.

At present there is one diamond drill and miscellaneous mining equipment and camp equipment on this property.

The diamond drilling referred to above is part of the programme of exploration recommended by Dr. Douglas D. Campbell, P. Eng., Ph. D., to be carried out on the Ruby Creek property in his report dated 10 September 1968, a copy of which is on file with the British Columbia, and Ontario Securities Commissions and available for inspection by the public. The report deals with the Ruby Creek property, the Mt. Leonard Silver property and the Mt. Anderson Gold/Silver property. A summary of elements of the report as it pertains to the Ruby Creek property is as follows:

1.P.0 ?  
The molybdenite deposit on the Ruby Creek property is evidenced by a bedrock exposure 500 feet in length, in a creekbed, along which appreciable molybdenite mineralization occurs every ten feet both as disseminated flakes in the alaskite country rock and as quartz-molybdenite (pyrite) fracture fillings. A diamond drill hole put down near the west end of this outcrop is still being drilled but at the present 250 feet of depth has assayed 0.11% MoS<sub>2</sub>, with the last 170 feet assaying 0.13% MoS<sub>2</sub>. In view of the molybdenite loss in drilling and the fact that the mineralization is still good at a depth of 250 feet it is reasonable to anticipate that the grade of the deposit has a possibility of being sufficiently high to be profitable in large open pit operation.

The size potential of the Ruby Creek molybdenite deposit is indicated by a very sharply defined geochemical soils anomaly that extends over 1 mile in length and 1500-2000 feet in width along the deeply overburden-covered basin on the property. The creek outcrop and No. 1 drill hole are located on the low value fringe of this anomaly.

To thoroughly investigate the above possibilities in the light of the geological and assay evidence available to date, the following programme is recommended as necessary for proper preliminary evaluation:

Phase 1:

1.	Road Construction to property (completed)	\$ 25,000
2.	Soil sampling and geological mapping (completed)	10,000
3.	Camp (winterized)	30,000
4.	Preliminary drill programme at creek showings (5000 ft. @ \$10) (in progress)	50,000
5.	Reconnaissance drill programme of core of soil anomaly (40 holes @ 500 ft. @ \$10)	200,000
6.	Sampling and assaying (\$6/10 ft. plus freight)	13,000
7.	Supervision, engineering, consulting, overhead (8 months)	30,000
8.	Winter road maintenance and water supply	20,000
9.	Contingencies (10%)	38,000
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		\$416,000

Phase 2:

If the above reconnaissance drill programme returns sufficiently encouraging results the detailed drilling of the entire geochemical anomaly to the full depth of mineralization is mandatory. This will require a minimum drill programme consisting of:

1.	Approximately 80 holes @ 500 ft. @ \$10	\$400,000
2.	Assaying	26,000
3.	Supervision, maintenance, contingencies, etc.	100,000
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		\$526,000

The Company is proceeding to implement Phase 1 of this recommended program.

Mount Leonard Silver Property 1044077(11W)

The Company is the recorded and beneficial holder of 8 located mineral claims comprising approximately 400 acres located approximately 15 miles northeast of Atlin, British Columbia, contiguous to the Ruby Creek Molybdenum property described above, accessible by good gravel road from Atlin. These claims are more specifically described as follows:

<u>Name of Claim</u>	<u>Record Number</u>
RU #1 - #8 incl.	8280 - 8287 incl.

These claims were part of the consideration received by the Company from Messrs. R. F. J. Newsom, James C. Snell and Eberhard Mueller pursuant to the agreement of 5 December 1967 referred to under the sub-heading "Ruby Creek Molybdenum Property".

No work was done on the property prior to 1968. During 1968 the Company has driven an adit 150 feet, done several hundred feet of trenching and prospected the property thoroughly.

At this time there are a compressor, two rock drills, a D4 bulldozer and miscellaneous mining equipment on the property.

The Company is now proceeding to implement the exploration programme recommended by Dr. Douglas D. Campbell, P. Eng., Ph.D. set out in his Report dated 10 September 1968. A summary of elements of that Report as it pertains to the Mount Leonard Silver Property is as follows:

The silver bearing vein on this property has been exposed by six bulldozer cuts and a 150 foot adit to indicate a length of vein of 1500 feet over a vertical interval of 700 feet of which 400 feet of length and 200 feet of height have been explored by bedrock exposures. Sampling in the adit indicates 110 feet of ore length from which muck samples consistently averaged 45 oz. silver/ton (\$99 ore). About 10,000 tons of this ore are now indicated on the vein but the ultimate potential of the vein must be explored by further underground workings. The ore from this deposit can be shipped to a mill to be built at Interprovincial Silver Mines Ltd. (N. P. L.) 3 miles to the north.

The ore potential of this vein appears to be very good but it must be more comprehensively explored. Because of unfavourable drill positions on the property and the experience of Interprovincial Silver Mines Ltd. (N. P. L.), which obtained extremely poor core recovery from surface diamond drilling of identical veins to the northwest, it is recommended that future exploration of the vein be done by adit drifts, not surface drillings.

Specific details of the cost of the recommended programme are as follows:

1.	The existing adit should be extended at least 700 feet and 4 diamond drill crosscuts, 100 ft. in length, be driven into the hanging wall at 200 ft. intervals along the tunnel. (1100 ft. @ \$80)	\$ 88,000
2.	Three raises in ore shoots from the adit. (450 ft. @ \$100)	45,000
3.	A new adit should be collared 150 feet in elevation lower than the existing adit and driven 500 feet beneath the ore in the present adit.	40,000
4.	A raise from the new level up to the present level.	15,000
5.	Road construction and future improvement to all-vehicle standard (\$50,000 expended)	70,000
6.	Supervision, consulting, assaying, overhead	15,000
7.	Contingencies	20,000
		\$293,000

#### Mount Anderson Gold/Silver Property

The Company has the option to purchase 16 located mineral claims comprising approximately 800 acres located 14 miles due west of Carcross, Yukon Territory in the Mayo Mining Division, Yukon Territory, accessible by good all-weather road branching off from the Whitehorse - Carcross Highway. These claims are more specifically described as follows:

<u>Name of Claim</u>	<u>Grant Number</u>
HL 1 - 8 incl.	Y12963 - Y12970 incl.
HL 9 - 16 incl.	Y18342 - Y18349 incl.

The option to purchase these claims was granted by the registered owner, Mr. Arthur Wallace Hyde, of Whitehorse, Yukon Territory, to Messrs. R. F. J. Newsom, J. C. Snell and E. Mueller pursuant to an Option Agreement of 23 November 1967. This option, together with an option to purchase mineral lease 688 described below, was assigned to the Company on 31 January 1968 in consideration for \$1,800 being the amount expended by Messrs. Newsom, Snell and Mueller in acquiring and maintaining the option to purchase the two properties.



In order that the option to purchase this property be maintained and exercised \$7,000 has been paid to Mr. Hyde to date, a further \$20,000 must be paid to him on or before 1 December 1969 and a further \$23,000 on or before 1 December, 1970.

Pursuant to the policy of the British Columbia Securities Commission as monies are paid to Mr. Hyde pursuant to the Option Agreement some of the vendor shares received by Messrs. R.F.J. Newsom, J.C. Snell and E. Mueller and referred to on page 5 hereof will be surrendered by way of gift to the Company, one share being surrendered for every \$1.50 paid to Mr. Hyde.

Two veins on this property were originally discovered in the early 1900's and extensively hand trenched and explored. In 1948 numerous bulldozer pits were excavated along the exposed portion of the veins.

Since acquiring the property the Company has put in two long bulldozer trenches above the timber line to expose the two veins. At present no work is being carried out on the property and there is no equipment on the property.

The Company intends to implement, in the spring of 1969, the exploration programme recommended by Dr. Douglas D. Campbell, P. Eng., Ph.D., set out in his Report of 10 September 1968. A summary of elements of that report as it pertains to the Mount Anderson Gold/Silver Property is as follows:

The vein on this property where exposed by bulldozer trenches contains a mineralized shoot 50 feet in length and 3 feet in width which averages 2 oz. gold/ton and 5 oz. silver/ton for a gross value of about \$65/ton. This ore can be readily trucked to the mill of Arctic Gold and Silver Mines Limited (N. P. L.) at Carcross, Yukon Territory. Therefore, the deposit should be further explored by drift adits and shafts to determine its potential. Specific details of the cost of the recommended programme are as follows:

1. Collar an adit below the No. 1 Trench showings and drift for a minimum of 500 ft. on the vein (@ \$80/ft.)	\$ 40,000
2. Collar another adit 100 ft. below and drift 500 ft.	40,000
3. Raise to surface and between levels (200 ft. @ \$100)	20,000
4. Supervision, camp, overhead, assays, etc.	40,000
5. Contingencies (10%)	14,000
	<hr/>
	\$154,000

#### Other Property Interests

The Company is the recorded and beneficial holder of 4 mineral claims described as the NI #1 to #4 incl. (record Nos. 8230 to 8233 incl.) situate in the Atlin Mining Division of British Columbia. These claims were obtained from Messrs. R. F. J. Newsom, J. C. Snell and E. Mueller pursuant to the Agreement of 5 December 1967 referred to under the sub-heading "Ruby Creek Molybdenum Property". The Company does not plan to carry out any exploration on these claims at this time.