

SILVER BASED (VERBAL) 82/100 WATERLOO (82/100) 82/100 (82/100)

PROSPECTUS

020441

PURCELL DEVELOPMENT CO. LTD.

(herein called "the Company"
or "the issuer")

NEW ISSUE

250,000 shares without nominal
or par value

Price - 60¢ per share

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.

A PURCHASE OF THE SECURITIES OFFERED BY THIS PROSPECTUS MUST BE CONSIDERED A SPECULATION (See Section headed "Introductory Statement").

THERE IS NO KNOWN MARKET FOR THE SECURITIES OF THE COMPANY.

THIS PROSPECTUS IS NOT, AND UNDER NO CIRCUMSTANCES IS IT TO BE CONSTRUED AS A PUBLIC OFFERING OF THE SHARES FOR SALE IN THE UNITED STATES OF AMERICA OR IN ANY OF THE TERRITORIES OR POSSESSIONS THEREOF.

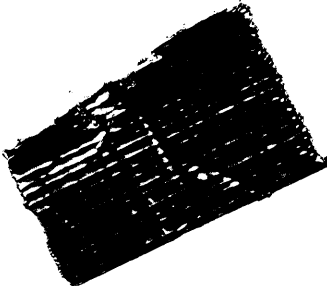
	Price to Public	Maximum Commission	Proceeds to the Company
Per Share	\$0.60	\$0.15	\$0.45
Total	\$150,000	\$37,500	\$112,500 (1)

(1) Before deducting expense of issue estimated at \$10,000.

If all shares offered hereunder are sold, the shares presently owned by the Directors, Officers and Promoters of the Company as a group will be 42.8% of the total issued shares of the Company which will be 2,234,506. The shares offered hereunder, if sold, will be 11.2% of the total of issued shares of the Company.

The shares offered hereunder will be sold by the Company or by registered investment dealers in the Province of British Columbia. In the event that any shares hereunder are sold by the Company, no commission or remuneration will be payable to the trading directors completing such sales.

July 15th, 1972



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	<u>Page</u>
PURCHASERS RIGHT OF RESCISSION AND WITHDRAWAL	1
INTRODUCTORY STATEMENTS	2
THE COMPANY	2
SHARE CAPITAL	3
PRIOR SALES	3
ESCROWED SHARES	4
PRINCIPAL HOLDERS OF SECURITIES	5
DIRECTORS AND OFFICERS	6
REMUNERATION OF DIRECTORS AND SENIOR OFFICERS	6
PROMOTERS	6
INTEREST IN MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	7
PLAN OF DISTRIBUTION	7
USE OF PROCEEDS	8
MATERIAL CONTRACTS	9
AUDITORS, TRANSFER AGENTS & REGISTRAR	9
DIVIDEND RECORD	9
DESCRIPTION OF BUSINESS AND PROPERTY OF COMPANY	9
CERTIFICATE	15
FINANCIAL STATEMENTS	
REPORTS ON THE COMPANY'S PROPERTIES	

PURCHASERS RIGHT OF RESCISSION AND WITHDRAWAL

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

- (a) a purchaser has the 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 rights to rescind a contract for the purchase of such security, 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 the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after expiration of ninety days from the latter 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 B.C. Securities Act, 1967, for the complete text of the provisions under which the foregoing rights are conferred.

INTRODUCTORY STATEMENT

The Company is the owner of an interest in various mineral claims, details of which are set forth in the section headed "Description of Business and Property of Company".

The main purpose of this offering is to raise sufficient funds to carry out exploration and development work on some of these mineral properties. The properties must be considered a speculation and there is no known body of ore on any of the properties.

The shares offered by this Prospectus will probably only have an increased value if a mineable tonnage of ore is developed on one or more of the said mineral properties. The shares offered hereby must therefore be considered a speculative security.

THE COMPANY

The full name of the Company is Purcell Development Co. Ltd. The Company was incorporated as a private company under the Companies Act of the Province of British Columbia by Memorandum and Articles of Association on May 26th, 1969, and was converted to a public company on the 14 day of July, 1972.

The address of the head office of the principal place of business of the Company is at Fairmont Hot Springs, Fairmont, in the Province of British Columbia, and the registered office is situated at 17th Floor, 1075 West Georgia Street, Vancouver, British Columbia.

The Company has been incorporated for the purpose of exploring, acquiring and developing mineral properties. Its present holdings are described in the Section headed "Description of Business and Property of Company".

The principal holdings of the Company are the claims known as the Silver Basin and Waterloo Properties. These were acquired by the Company shortly after its incorporation. Most of the proceeds of this issue will be spent on these properties.

The Company also holds for future development 62 mineral claims known as the Baldy Group.

The Company has an extensive holding known as the Iron Point Mercury Property in Nevada. A considerable amount of work has been carried out on these claims. However, due to the present low market price for mercury, the Iron Point Property is presently being held pending improvement in said price.

Early in 1971, the Company through its Nevada subsidiary Purcell Mining Company acquired an option to purchase all issued shares of a Nevada Corporation, Brunswick Development Corporation, which owned a gravel plant and property located in Brunswick Canyon, Carson City, Nevada. Under the terms of the option, the Company entered upon said property to drill and sample the bed of Carson River. The results of said drilling were unfavourable and the Company dropped the above option.

SHARE CAPITAL

Designation of Security	Amount Authorized	Outstanding as at Nov. 30th, 1971	Outstanding as at the date of this Prospectus	To be outstanding if all securities offered hereby are sold.
Common shares (consideration received)	5,000,000 -	1,984,506 (\$328,758)	1,984,506 (\$328,758)	2,234,506 (\$441,258)
Note Payable non-interest bearing. Due Sept. 14, 1973	-	\$20,000	\$20,000	\$20,000

The only class of shares which the Company is authorized to issue are common shares without nominal or par value. All such shares have equal voting rights. They will participate equally in dividends (if any) and in the assets of the Company on a liquidation. There are no conversion or pre-emptive rights of redemption or sinking provisions applicable or attached to the shares of the Company.

PRIOR SALES

<u>Number of Shares</u>	<u>Price per share</u>	<u>Cash Received</u>
3	\$1.00	\$ 3
220,000	\$.10	\$ 22,000
38,000	\$.25	\$ 9,500
215,714	\$.35	\$ 75,500
50,000	\$.40	\$ 20,000
<u>32,789</u>	\$.45	<u>\$ 14,755</u>
<u>556,506</u>	Totals	<u>\$141,758</u>

<u>Number of Shares</u>	<u>Price</u>	<u>Issued for Debt</u>
630,000	10¢	\$63,000
48,000	50¢	\$24,000
<u>678,000</u>	Totals	<u>\$87,000</u>

Details of shares issued by the Company to retire debt are as follows:

a) To retire \$38,699 debt owed on acquisition of Baldy Group at 10¢ per share. These shares are escrowed.	386,690 shares
b) To retire general debts of \$11,331 at 10¢ per share	113,310 shares
c) To retire debts of \$37,000 owed on acquisition of part of Iron Point Mercury Property	
-at 10¢ per share	130,000 shares
-at 50¢ per share	48,000 shares
(see Section headed "Description of Business and Property")	
TOTAL	678,000 shares

The following shares of the Company have been sold during the last 12 months:

<u>Date</u>	<u>Price per share</u>	<u>Shares sold</u>
September 1971	35¢	5,714
September 1971	40¢	50,000
September 1971	45¢	32,789
November 1971	50¢ (to retire debt)	48,000

ESCROWED SHARES

<u>Designation of Class</u>	<u>No. of shares in escrow</u>	<u>% of Class</u>
Common shares issued for Silver Basin & Waterloo claims	750,000	37.8%
Common shares issued for debt owed on acquisition of Baldy Group	386,690	19.5%
TOTAL	<u>1,136,690</u>	<u>57.3%</u>

As of the date hereof, 1,136,690 shares are held in escrow by National Trust Company, Limited, subject to the direction or determination of the British Columbia Securities Commission. The escrow restrictions provide that the shares may not be traded in, dealt with in any manner whatsoever, or released nor may the company, its transfer agent or escrow holder make any transfer or record any trading of the shares without the consent of the Commission.

In the event the Company loses or abandons or fails to obtain title to all or part of the property or assets for which it allotted all or part of the escrow shares, the Company will declare any such event to the Commission by way of directors resolution and the holders of such shares, the trustee thereof and the Company have agreed that such number of said shares, as the Commission determines shall have become subject to cancellation, shall be surrendered to the Company by way of gift for cancellation. The complete text of the escrow agreement is available for inspection at the company's offices.

Certificates representing 847,816 shares previously sold for cash and issued for debt will be held in pool by National Trust Company, Limited as Pooling Trustee during the course of primary distribution of the shares offered hereby until 30 days after the cessation of such primary distribution. While in pool, these shares may be transferred or dealt with only with the prior written consent of the B.C. Securities Commission.

PRINCIPAL HOLDERS OF SECURITIES

The principal holders (greater than 10%) of the shares of the Company as at the date of this Prospectus are as follows:

Name & Address	Designation of Class	Type of Ownership	Percentage of Class	Number of shares
Lloyd Mathias Wilder, Fairmont Hot Springs, Fairmont, B.C.	Common	Direct	30.65%	608,335
Winston Chester Wolfenden, Brisco, B.C.	Common	Direct	17.55%	348,334
Karen Jones Brisco, B.C.	Common	Direct & Indirect	18.56%	368,334

The percentage of shares of the Company beneficially owned directly or indirectly by directors and senior officers of the Company as a group as at the date of this Prospectus is as follows:

Designation of Class	Percentage of Class
Common shares	48.2%

DIRECTORS AND OFFICERS

Name and Address	Office Held	Principal Occupation during preceding five years
Lloyd Mathias Wilder c/o Fairmont Hot Springs Resort, Fairmont, B.C.	President and Director	Principal Shareholder and President of Fairmont Hot Springs Resort Ltd. and Birchfield Farms Ltd.
Winston Chester Wolfenden Brisco, B.C.	Secretary and Director	Rancher, owner of Birchfield Farms

REMUNERATION OF DIRECTORS
AND SENIOR OFFICERS

The Directors of the Company have not received any remuneration from the Company for acting in that capacity, but have been paid for professional fees and other services rendered to the Company. It is not proposed that any Directors' fees be paid in the foreseeable future. The sum of \$5,000 for management fees was paid to a Senior Officer during the five month period ended November 30th, 1971. No remuneration has been paid to any senior officer during the period December 1st, 1971, to the date hereof.

PROMOTERS

Lloyd Mathias Wilder is the promoter of the Company by virtue of the definition in the B.C. Securities Act, 1967.

Under the provisions of two agreements dated June 1st, 1969, and April 30th, 1971, Mr. Wilder received 208,334 escrow shares in the Company at a deemed price of approximately 13.3¢ per share for transferring to the Company his interest in the Silver Basin and Waterloo Property more particularly described in the section headed "Description of Business and Property of Issuer".

Mr. Wilder has purchased from the Company 400,000 shares at a price of 10¢ per share, and purchased 1 subscriber's share for \$1.00.

INTEREST IN MANAGEMENT AND OTHERS
IN MATERIAL TRANSACTIONS

By two Agreements dated June 1st, 1969 and April 30th, 1971, made between Lloyd Wilder, Winston Wolfenden (who are directors and officers of the Company) and William Jones, (now deceased who was a director and officer of the Company) of the First Part and the Company of the Second Part, Messrs. Wilder, Wolfenden and Jones, received a total of 625,000 escrow shares in the capital of the Company at a deemed price of 13.3¢ per share for transferring their interest in the Silver Basin and Waterloo properties hereinafter described to the Company. Mr. Jones' shares are now held by his widow, Karen Jones.

By an Assignment Agreement dated the 17th day of September, 1971, made between Lloyd Wilder, Winston Wolfenden (who are directors and officers of the Company) and the Estate of William C. Jones, deceased, of the First Part, and the Company of the Second Part the parties of the First Part received the sum of \$50,000.00 for all their right, title and interest in and to a certain Option Agreement dated June 29th, 1971, between the parties of the First Part and Penarroya Canada Limitee relating to the Baldy Group of mineral claims. The said sum of \$50,000 was used by the parties of the First Part to pay for shares in the Company which they had previously agreed to purchase for 10¢ per share. For further particulars of the Penarroya Option Agreement, see the section headed "Description of Business and Property of Issuer".

Other than the foregoing, no Director or senior officer of the Company has any interest in any material transaction of the Company.

PLAN OF DISTRIBUTION

The shares offered hereunder are to be sold by the Company or by registered investment dealers or salesmen in the Province of British Columbia. A Commission of 15¢ per share may be allowed for each share sold, with the exception that if any shares are sold by the Company, no commission will be payable to the trading director completing such sale.

USE OF PROCEEDS

The estimated net proceeds to be derived by the Company from the sales of the securities offered hereby will be \$112,500. After deduction of legal, audit, printing and administrative expenses estimated at \$10,000 the net proceeds available will be \$102,500. These net proceeds will be used as follows:

1. Silver Basin Property

To meet the Company's 70% share of Expenditures as recommended by Angus G. MacKenzie, P. Eng. in his summary report dated September 1971:

Plane Table Mapping	\$3,630
Topographic Geological Analysis	1,050
Trenching	7,600
Diamond Drilling	24,500
Contingencies	5,520
Assays	2,000
Report Compilation, Drafting and Reproducing	3,000
Consulting fee and Supervision	5,000

\$52,300

70% x \$52,300 =

\$36,610

2. Waterloo Property

To meet the Company's 70% share of expenditures as recommended by Angus G. MacKenzie's summary report:

Magnetometer survey	\$ 9,000
Detailed Geological Mapping	\$ 3,500
Cleaning Adit and Trenches	1,600
Detailed Sodalite Study	2,180
Mobilization and Demobilization	3,000

Camp Facilities	\$ 500	
Food	1,500	
Other purchases and rental	500	
Contingencies	3,267	
Assays	1,000	
Report, Drafting, Reproducing	3,000	
Consulting fee and supervision	3,000	
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	\$32,047	
70% x \$32,047		\$ 22,400
3. To rental payment of \$3,126.40 U.S. on Southern Pacific Land Company lease forming part of Iron Point Mercury Property		3,200
4. To 1972 assessment work on Iron Point Mercury Property		3,000
5. To 1972 assessment work on Baldy Group		6,290
6. To be expended for general corporate purposes and working capital		31,000
		<hr/>
	TOTAL	<u>\$102,500</u>

These expenditures are listing in order of their priority and funds received will in general be expended in that order of priority.

If the actual proceeds from the sale of the securities offered hereby proves to be insufficient to accomplish the purposes set out above, the Company will attempt to reduce the exploration and development programs proportionately and at the same time seek alternative methods of financing to complete Mr. MacKenzie's recommendations.

No part of the proceeds derived from this issue of shares nor any funds already in the Company's treasury will be used to invest, underwrite, or trade in securities other than those that qualify as investments in which trust funds may be invested under the laws of the jurisdictions in which the securities offered by this Prospectus may be sold. Should the Company propose to use the said proceeds to

invest, underwrite or trade in non-trustee type securities after the initial distribution of the shares offered by this Prospectus, approval by the shareholders shall first be obtained and disclosure made to the regulatory securities bodies having jurisdiction over the sale of the shares offered by this Prospectus.

MATERIAL CONTRACTS

The only material contracts which the Company has entered into are those relative to the acquisition of mineral properties presently being held by the Company. All such contracts may be inspected at the registered office of the Company during normal business hours while primary distribution of the shares offered hereunder is in progress.

AUDITORS, TRANSFER AGENT & REGISTRAR

The auditors of the Company are Deloitte, Haskins & Sells, Chartered Accountants, 240 Fourth Avenue S. W., Calgary, Alberta.

The Company's Registrar and Transfer Agent is the National Trust Company Limited, 510 Burrard Street, Vancouver, British Columbia.

DIVIDEND RECORD

No dividends have been paid by the Company to date.

DESCRIPTION OF BUSINESS AND PROPERTY OF COMPANY

The Company carries on the business of exploration for and development of mining properties.

The Company owns all the issued and outstanding shares of its wholly owned subsidiary, Purcell Mining Company, a Nevada Corporation, which has been used by the Company as an operating subsidiary for the purpose of carrying out exploratory work on the Iron Point Mercury property situated in Nevada, U. S. A.

The Company holds an interest in the following mineral properties:

1. Silver Basin Property

The Company is the owner of an undivided 70% interest in and to 22 mineral claims held by location and an option to purchase two Crown Granted mineral claims, all of which are situated in British Columbia described as follows:

- (a) Mineral Claims (Situated near headwaters of Bugaboo Creek, Golden and Slocan Mining Division)

<u>Name of Claim</u>	<u>Record Numbers</u>
Silver #1 to 4 inclusive	14755 to 14758 inclusive
Silver #5 to 14 inclusive	14763 to 14772 inclusive
Silver #15	13336
Silver #16	13337
Silver #17 and 18	15149 and 15150
Silver #19 to 22 inclusive	15306 to 15309 inclusive

- (b) Crown Grants (situated near Bugaboo Creek, Slocan Mining Division)

Crown Granted Claim "Number 21"
all minerals precious and base (save coal and petroleum) in or under Lot 1977.

Crown Granted Claim "Western Cross"
all minerals precious and base (save coal and petroleum) in or under Lot 1978.

Only the Crown Granted Mineral Claims are surveyed. All claims are 51.65 acres in area. The Mineral Claims held by location are owned by the Company subject to the provisions of the B. C. Mineral Act. The terms of the option to purchase the above described two Crown Granted Mineral Claims are set forth in an Agreement in writing dated November 22nd, 1968, made between Yvonne G. Mercier, of the First Part, and William Jones and Winston Wolfenden of the Second Part, which Option Agreement was assigned to the Company by the parties of the Second Part by an Agreement in writing dated the 15th day of August, 1969. Under this Option Agreement the purchase price for the said Crown Granted Mineral Claims is the sum of \$34,000.00 of which sum \$9,000.00 has already been paid. The final installment of \$25,000.00 is due and payable to Yvonne Mercier on or before August 1st, 1972, and will be made by the parties of the Second Part. In the event that the final installment is not made by the parties of the Second Part, the Option will terminate and Yvonne Mercier will thereupon be entitled to keep all payments received by her under the Agreement unless the Company pays the final installment. This \$25,000.00 installment

therefore represents a contingent liability of the Company.

The remaining 30% interest in and to the Silver Basin Property and the Waterloo Property is owned by Frontier Sulphur Company Inc., a subsidiary of Reading and Bates Offshore Drilling Company of Tulsa, Oklahoma, U.S.A., which Company has committed itself to expend its 30% share of the recommended expenditures on these properties.

By two Agreements dated June 1st, 1969 and April 30th, 1971, Messrs. Wilder, Wolfenden and Jones (now deceased) transferred to the Company all their right, title and interest in and to the Silver Basin Group (together with the Waterloo 1 to 6 claims which are part of the Waterloo group) for the sum of \$100,000.00, which has been paid by the allotment by the Company of a total of 750,000 escrow shares in its capital to the following persons:

Lloyd M. Wilder Fairmont Hot Springs Fairmont, B. C.	208,334 shares
Winston Wolfenden Brisco, B. C.	208,333 shares
William C. Jones (now deceased) Brisco, B. C.	208,333 shares
Franklin R. Hoar 205-2530 J Street Sacramento, California	50,000 shares
Claude A. Beagle c/o 205-2530 J Street Sacramento, California	<u>75,000 shares</u>
Total	<u><u>750,000 shares</u></u>

By an Agreement in writing dated the 15th day of August, 1969, Messrs. Wolfenden and Jones transferred all their right, title and interest and obligations in the Option Agreement to purchase Crown Granted Mineral Claims "No. 21" and "Western Cross" to the Company for the sum of One Dollar (\$1.00).

The Silver Basin property is accessible by road by a turn off from B. C. Highway No. 93-95 Spillimacheen, then along the access road to Bugaboo Ski Lodge and from the Lodge about seven miles along a capped road into the property.

For a history of previous prospecting and exploration

carried out on the Silver Basin property, together with a description of the work done by the Company on the Silver Basin property, which includes a drilling program and an electromagnetic survey, see the summary report of Angus G. MacKenzie, P. Eng. dated September, 1971, attached hereto and forming part of this Prospectus.

The Silver Basin property is without a known body of commercial ore, and the program proposed by Mr. MacKenzie as described in his report and in the section headed "Use of Proceeds" is an exploratory search for ore.

2. Waterloo Property

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The Company is the owner of an undivided 70% interest in and to 16 mineral claims held by location situated in the Golden Mining Division, Province of British Columbia, described as follows:

Waterloo #1 to 6 inclusive, record numbers 14884 to 14889 inclusive.

Waterloo #9 to 14 inclusive, record numbers 15310 to 15315 inclusive.

River #1 to 4 inclusive, record numbers 15657 to 15660 inclusive.

The remaining 30% of these claims are held by Frontier Sulphur Company Inc.

These claims are held by location under the provisions of the B.C. Mineral Act. The claims are unsurveyed, and each claim is 51.65 acres in size.

The Waterloo property is located at the head waters of Moose Creek in the Ice River area, close to the Eastern margin of the Ice River complex. The Ice River area lies on the Western slope of the Rocky Mountain system between Field and Golden, B.C. Access to the area is by road South from the Trans Canada Highway between Field and Golden where the Highway crosses the Kicking Horse River at about the location of Leanchoil. From the Trans Canada Highway, an all weather gravel lumber road goes for about twelve miles to within five or six miles of the Waterloo property.

Mineral claims Waterloo 1-6 inclusive were conveyed to the Company under the provisions of the agreements described in the previous section headed "Silver Basin Property". Waterloo 9 to 14 and River 1 to 4 were staked by the Company. For a brief history of previous prospecting and exploration operations on the Waterloo property, see the report of Angus G. MacKenzie, P. Eng. dated January, 1971, attached hereto and forming part of this Prospectus.

The Company has not performed any work on the Waterloo Property. For a description of proposed program of exploration and development of the Waterloo Property, see Mr. MacKenzie's Report and the section headed "Use of Proceeds". The Waterloo Property is without a known body of commercial ore and the proposed program is an exploratory search for ore.

3. Baldy Group

By the terms of an Assignment Agreement dated the 17th day of September, 1971, between Lloyd Wilder, Winston Wolfenden and the Estate of W.C. Jones, deceased, of the First Part and the Company of the Second Part, the Parties of the First Part for the sum of \$50,000.00 assigned their optionor's interest in and to an Option Agreement dated June 29th, 1971, made with Penarroya Canada Limitee, of 1001 - 10 King Street East, Toronto, Ontario, as optionee under the terms of which Option Agreement, Penarroya had the right to purchase the Baldy Group from the Company for a purchase price of \$250,000.00 payable to the Company in various installments. On or about November 15th, 1971, Penarroya gave the Company notice that it was dropping the option. The Company received one option payment of \$4,000.

The Baldy Group is made up of 59 full sized and 3 fractional mineral claims all of which are recorded in the name of the Company and situated in the Golden Mining Division of the Province of British Columbia.

None of the proceeds of this issue will be expended on the Baldy Group, except for the 1972 assessment work.

4. Iron Point Mercury Property

The Iron Point Property is made up of the following holdings:

a) The Company is the holder of a Lease and Option and Extension thereof to purchase property situated in the Gold Run (Iron Point) Mining District, South-eastern Humbolt County, in the State of Nevada, U.S.A. This property consists of six full sized and three fractional unpatented claims which are contiguous and cover an area of approximately 150 acres. The full sized unpatented claims are known as Iron Point No. 1, Iron Point No. 3, Nightmare, Nightmare Annex, Nightmare No. 1 and Annex No. 2. The fractional unpatented claims are Sweet Dreams, Sweet Dreams Fraction and Annex Fraction.

By an Agreement dated May 25, 1970, between C.A. Beagle

of the First Part, Westgate Farms of the Second Part and the Company of the Third Part, the Company obtained from Beagle all his right, title and interest in and to a certain Lease and Option Agreement dated September 14th, 1968, between Beagle and one Victor A. Thornton, relating to the above property, and obtained from Westgate Farms title to certain equipment situated on this property. All payments for this property and equipment have been made with the exception of a payment of \$20,000 to be made to the original owner of the Nightmare and Nightmare Annex claims, Victor A. Thornton to be made on or before September 14th, 1973, and a royalty equal to 5% of the net smelter returns payable to C.A. Beagle if the property is put into production.

- b) The Company is the holder of an Option to purchase 21 claims in the Iron Point Mining District, known as:

Noramex claims 400 - 417 inclusive and 420;
Section 12, Township 35 North, Range 41,
East, M.D.B. & M.

Noramex claims 418 and 419 inclusive;
Section 14, Township 35 North, Range 41,
M.D.B. & M.

Under a letter agreement dated April 20th, 1971, made with North American Exploration Inc., the Company must pay \$100.00 per year to keep the option in good standing. If the Company exercises this option, the purchase price of \$7,350.00 U.S. will be immediately payable. In the event of exercise of the option, North American Exploration Inc. retains a 2½% net smelter return interest in any production from these claims. The Company is obligated to keep these claims in good standing and file annual assessment work during the currency of this Option.


- c) The Company is the holder of a Lease dated December 1st, 1971, granted by Southern Pacific Land Company covering Section 13, Township 35 North, Range 41 East, M.D.B. This property is 625.28 acres in area and the annual rental is \$5.00 U.S. per acre, being a total yearly rental of \$3,126.40 U.S. The rental to December 1st, 1972, has been paid.

None of the proceeds of this issue will be expended on the Iron Point Mercury Property, except for assessment work required from time to time, and the rental payment payable to Southern Pacific Land Company by December 1st, 1972.

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 B.C. Securities Act, 1967, and the regulations thereunder.

DATED the 15 day of July ,1972.



Lloyd Mathias Wilder
Director and Promoter



Winston Wolfenden
Director

AUDITOR'S REPORT

To the Directors of
Purcell Development Co. Ltd.

We have examined the consolidated balance sheets of Purcell Development Co. Ltd. and its wholly-owned subsidiary as at June 30, and November 30, 1971, and the consolidated statements of development expenses and source and application of funds for the period from the date of incorporation, May 26, 1969 to June 30, 1971 and for the five months ended November 30, 1971. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at June 30, and November 30, 1971 and the results of their activities, and the source and application of their funds for the above stated periods, in accordance with generally accepted accounting principles consistently applied.

Calgary, Alberta
January 10, 1972

Deloitte, Haskins & Sells
Chartered Accountants

July 13, 1972 as to the matter
set out in Note 5 to the
financial statements.

PURCELL DEVELOPMENT CO. LTD.
AND ITS WHOLLY-OWNED SUBSIDIARY
CONSOLIDATED BALANCE SHEET AS AT JUNE 30 AND NOVEMBER 30, 1971

<u>ASSETS</u>	November 30, <u>1971</u>	June 30, <u>1971</u>
CURRENT ASSETS:		
Cash.....	\$ 4,379	\$ 2,588
Advances to shareholder.....	-	10,394
Account receivable - joint venture.....	2,222	1,022
Prepaid expenses.....	219	599
Refundable deposits.....	<u>165</u>	<u>209</u>
Total current assets.....	<u>6,985</u>	<u>14,812</u>
EQUIPMENT AND AUTOMOTIVE (Note 4).....	<u>28,050</u>	<u>28,050</u>
MINING CLAIMS (Note 4).....	<u>182,000</u>	<u>182,000</u>
DEVELOPMENT EXPENSES (Notes 3 and 6).....	<u>107,374</u>	<u>88,957</u>
INCORPORATION EXPENSE - at cost.....	<u>353</u>	<u>635</u>
TOTAL.....	<u><u>\$324,762</u></u>	<u><u>\$314,454</u></u>

Approved by the Board:

..... *M. C. Ballinger* Director
..... *L. M. Wilder* Director

The accompanying notes are an integral part
of the consolidated financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY

	November 30, <u>1971</u>	June 30, <u>1971</u>
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities.....	\$ 11,756	\$ 29,226
Note payable - non-interest bearing.....	-	37,000
Loans payable - non-interest bearing.....	<u>-</u>	<u>7,578</u>
Total current liabilities.....	<u>11,756</u>	<u>73,804</u>
LONG-TERM DEBT:		
Due to shareholders - no fixed terms of repayment or interest rates.....	11,591	12,990
Note payable - non-interest bearing - due September 14, 1973.....	<u>20,000</u>	<u>20,000</u>
Total long-term debt.....	<u>31,591</u>	<u>32,990</u>
SHAREHOLDERS' EQUITY:		
Capital stock (Note 5):		
Authorized:		
5,000,000 shares without nominal or par value, maximum price per share not to exceed \$1		
Issued and fully paid:		
November 30 - 1,984,506 shares.....	328,758	-
June 30 - 1,903,717 shares.....	-	290,003
Less 350,000 shares subscribed for and unpaid.	<u>-</u>	<u>35,000</u>
	328,758	255,003
Deficit (Note 6).....	<u>47,343</u>	<u>47,343</u>
Net shareholders' equity.....	<u>281,415</u>	<u>207,660</u>
TOTAL.....	<u>\$324,762</u>	<u>\$314,454</u>

PURCELL DEVELOPMENT CO. LTD.
AND ITS WHOLLY-OWNED SUBSIDIARY
CONSOLIDATED STATEMENT OF DEVELOPMENT EXPENSES
FROM DATE OF INCORPORATION, MAY 26, 1969 TO JUNE 30, 1971
AND FOR THE FIVE MONTHS ENDED NOVEMBER 30, 1971

	July 1, 1971 To November 30, 1971	May 26, 1969 To June 30, 1971	<u>Total</u>
EXPLORATION AND DEVELOPMENT:			
Assay fees and samples.....	\$ 106	\$ 3,056	\$ 3,162
Consulting fees.....	275	12,300	12,575
Drilling.....	932	12,249	13,181
Employee benefits.....	127	727	854
Equipment rental.....	375	5,858	6,233
Options and lease rentals.....	3,402	38,096	41,498
Processing.....	-	8,001	8,001
Room and board.....	-	545	545
Wages.....	2,368	12,442	14,810
Workmen's compensation.....	45	244	289
Option deposit.....	<u>(4,000)</u>	<u>-</u>	<u>(4,000)</u>
Total exploration and development.....	<u>3,630</u>	<u>93,518</u>	<u>97,148</u>
GENERAL AND ADMINISTRATIVE:			
Bank charges and interest.....	(82)	369	287
Insurance.....	368	655	1,023
Legal and accounting.....	3,072	14,441	17,513
Management fees.....	5,000	-	5,000
Miscellaneous.....	972	398	1,370
Office.....	933	2,818	3,751
Telephone.....	1,310	3,247	4,557
Travel.....	<u>3,214</u>	<u>20,854</u>	<u>24,068</u>
Total general and administrative.....	<u>14,787</u>	<u>42,782</u>	<u>57,569</u>
	18,417	136,300	154,717
Less development expenses written off (Note 6).....	<u>-</u>	<u>47,343</u>	<u>47,343</u>
TOTAL.....	<u>\$ 18,417</u>	<u>\$ 88,957</u>	<u>\$107,374</u>

The accompanying notes are an integral part
of the consolidated financial statements.

PURCELL DEVELOPMENT CO. LTD.
AND ITS WHOLLY-OWNED SUBSIDIARY
CONSOLIDATED STATEMENTS OF SOURCE AND APPLICATION OF FUNDS
FROM THE DATE OF INCORPORATION, MAY 26, 1969 TO JUNE 30, 1971
AND FOR THE FIVE MONTHS ENDED NOVEMBER 30, 1971

	July 1, 1971 to November 30, 1971	May 26, 1969 to June 30, 1971
FUNDS PROVIDED:		
Advances from shareholder.....	\$ -	\$ 12,990
Notes payable.....	-	20,000
Shares issued for cash.....	36,755	105,003
Shares issued for mining claims and equipment.....	<u>37,000</u>	<u>150,000</u>
Total funds provided.....	<u>73,755</u>	<u>287,993</u>
FUNDS APPLIED:		
Costs incurred on property abandoned (Note 6).....	-	47,343
Mining claims.....	-	182,000
Development expenses.....	18,417	88,957
Equipment.....	-	25,000
Automotive.....	-	3,050
Reduction of shareholders' loans.....	1,399	-
(Reallocation) of incorporation expenses.....	<u>(282)</u>	<u>635</u>
Total funds applied.....	<u>19,534</u>	<u>346,985</u>
INCREASE (DECREASE) IN WORKING CAPITAL FOR THE PERIOD...	54,221	(58,992)
WORKING CAPITAL DEFICIENCY AT BEGINNING OF PERIOD.....	<u>58,992</u>	<u>-</u>
WORKING CAPITAL DEFICIENCY AT END OF PERIOD.....	<u>\$ 4,771</u>	<u>\$ 58,992</u>

The accompanying notes are an integral part
of the consolidated financial statements.

PURCELL DEVELOPMENT CO. LTD.
AND ITS WHOLLY-OWNED SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 1971 AND NOVEMBER 30, 1971

1. PRINCIPLES OF CONSOLIDATION:

The consolidated financial statements include the accounts of the company and its wholly-owned subsidiary, Purcell Mining Company, Inc. (incorporated under the laws of the State of Nevada, United States of America).

2. FOREIGN EXCHANGE:

Foreign currencies have been translated to Canadian dollars as follows: non-current assets and liabilities at rates in effect at date of transactions; current assets and liabilities at rates in effect at the end of the period, development expenditures at the average rate for the period.

3. ACCOUNTING POLICY:

The company follows the method of accounting whereby all costs related to the development and exploration of mining properties are capitalized, whether productive or unproductive. These costs will be written off at such time as the properties prove productive or as they are abandoned or surrendered (Note 6).

The company has relied upon geologist's reports and engineer's reports to determine that the above mentioned costs will be recovered should further development take place.

No provision has been made in the accounts for depreciation, amortization or depletion as none of the properties are producing at this time.

Details of the company's development expenses are as follows:

	<u>November</u> <u>30, 1971</u>	<u>June</u> <u>30, 1971</u>
Expended on Canadian properties.....	\$ 43,744	\$ 35,255
Expended on American properties.....	<u>63,630</u>	<u>53,702</u>
	<u>\$107,374</u>	<u>\$ 88,957</u>

4. EQUIPMENT AND MINING CLAIMS:

Equipment and automotive:

Acquired for 130,000 shares at 10¢ per share and 24,000 shares at 50¢ per share and \$3,050 cash.....	<u>\$ 28,050</u>
---	------------------

Mining claims:

Gold Run Mining District, Humbolt County, Nevada, United States of America	
9 unpatented claims acquired for 24,000 shares at 50¢ per share and assumption of note payable for \$20,000.....	32,000

PURCELL DEVELOPMENT CO. LTD.
AND ITS WHOLLY-OWNED SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 1971 AND NOVEMBER 30, 1971

4. EQUIPMENT AND MINING CLAIMS (Continued):

Silver Basin and Waterloo Properties, Brisco, British Columbia		
40 Claims (70% interest) acquired for 750,000 shares at 13.3¢ per share (held in escrow).....		\$100,000
Golden Mining Division, Brisco, British Columbia		
62 claims acquired for \$50,000. These claims were acquired subject to an outstanding option to sell to a third party. This option was not exercised and a \$4,000 deposit forfeited has been credited to development expense.....		<u>50,000</u>
		<u>\$182,000</u>

5. CAPITAL STOCK:

Pursuant to a directors' resolution filed with the Registrar of Companies of the Province of British Columbia on April 2, 1971, the Memorandum of Association was amended as follows: authorized capital was changed from 10,000 shares with a par value of \$1 each to 5,000,000 shares without nominal or par value, maximum price per share not to exceed \$1.

Issued capital stock consists of the following:

	<u>November 30, 1971</u>		<u>June 30, 1971</u>	
	<u>Shares</u>	<u>Value</u>	<u>Shares</u>	<u>Value</u>
Issued for cash	556,506	\$141,758	303,717	\$105,003
Unpaid subscriptions	-	-	350,000	35,000
Issued in settlement for debt arising from mining claims and equipment acquired from share- holders and others	678,000	87,000	500,000	50,000
Issued for mining claims	<u>750,000</u>	<u>100,000</u>	<u>750,000</u>	<u>100,000</u>
	<u>1,984,506</u>	<u>\$328,758</u>	<u>1,903,717</u>	<u>\$290,003</u>

The 750,000 shares issued for mining claims are held in escrow and cannot be released without the written consent of the British Columbia Securities Commission.

Subsequent events: on July 13, 1972 at the request of the British Columbia Securities Commission an additional 386,690 shares, issued to retire debt owed on acquisition of Golden Mining Division (Baldy Group) claims, were placed in escrow.

PURCELL DEVELOPMENT CO. LTD.
AND ITS WHOLLY-OWNED SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 1971 AND NOVEMBER 30, 1971

6. DEVELOPMENT EXPENSES WRITTEN OFF:

During the period ended June 30, 1971 the company's wholly-owned subsidiary entered into an option agreement to purchase all of the outstanding capital stock of a Nevada company and acquired the right to drill and take samples on that company's property. The subsidiary incurred \$47,343 in drilling, administrative expenses and option payments. The subsidiary relinquished its position under the option agreement and the costs incurred have been written off to deficit.

7. CONTINGENT LIABILITY:

Included in mining claims acquired by the issue of shares is a group of claims which is subject to a further cash payment of \$25,000, due August 1, 1972. If the liability is not discharged by the recipients of the shares the company and its partner may be required to assume the obligation to maintain its title to the property.

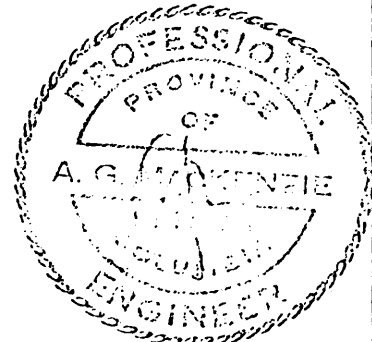
SUMMARIES OF REPORTS
ON
SILVER BASIN PROPERTY,
WATERLOO PROPERTY,
IRON POINT MERCURY PROPERTY

Prepared For
Purcell Development Co. Ltd.
Brisco, British Columbia

Prepared By
Angus G. MacKenzie Mining Consultants Ltd.

Calgary, Alberta

September, 1971



Expiry Date: September 23, 1971

ANGUS G. MacKENZIE MINING CONSULTANTS LTD.

THE PROPERTIES

1. Silver Basin Property

Purcell Development Co. Ltd. is the recorded owner of the following mineral claims subject to provisions of the B.C. Mineral Act:

<u>Claim Names</u>	<u>Record No.</u>	<u>Expiry Date</u>
Silver 1 to 4	14775 to 14758	January 30, 1972
Silver 5 to 14	14763 to 14772	April 3, 1972
Silver 15 and 16	13336 and 13337	December 23, 1971
Silver 17 and 18	15149 and 15150	September 12, 1972
Silver 19 to 22	15306 to 15309	September 29, 1972

The Company also holds an option from Miss Y. Mercier for two Crown Granted claims, Lot No. 1977 known as No. 21 and Lot No. 1978 known as Western Cross. The above claims comprise the Silver Basin property.

2. Waterloc Property

Purcell Development Co. Ltd. is also the recorded owner, subject to provisions of the B.C. Mineral Act of the following mineral claims:

<u>Claim Names</u>	<u>Record No.</u>	<u>Expiry Date</u>
Waterloo 1 to 6	14884 to 14889	June 17, 1971
Waterloo 9 to 14	15310 to 15315	September 29, 1971
River 1 to 4	15657 to 15660	December 22, 1971

The above claims comprise the Waterloo property.

3. Iron Point Mercury Property

The Iron Point Mercury property, located near Winnemucca, Nevada, U.S.A., is also controlled by Purcell Development Co. Ltd. It consists of six full-sized claims and three fractional claims plus a one square mile mineral lease to the south of the claims.



Expiry Date: September 26, 1971

ANGUS G. MacKENZIE MINING CONSULTANTS LTD.

Location and Accessibility (50° 42' N, 116° 45' W)

The Silver Basin property is located at the headwaters of Bugaboo Creek in the Bugaboo Range at an elevation of about 7,200 feet. All mineral claims are in the Golden Mining Division except Silver 15 and 16 which are in the Slocan Mining Division.

The property is accessible by road from the turnoff from Highway 93-95 at Spillimacheen. Follow the access road to Bugaboo Ski Lodge, and from the lodge follow about seven miles of cat-road to the workings on the Silver Basin property. The cat-road was put in by Purcell Development and it is now possible to drive to the property. Alternatively, the property is accessible by helicopter from Golden or from the ski lodge if the cat-road is inaccessible during winter or fall.

Climate

For the general area of the Purcell Range the mean annual precipitation would be about 60 inches and the mean annual temperature about 45 degrees. Snowfall accounts for about one-third of the precipitation and at upper elevations there could be as much as 34 feet of snowfall over the winter. Snowfall starts to accumulate as early as November and stays until June. With proper facilities however, it would be possible to work in the area all year round.

Power and Communication

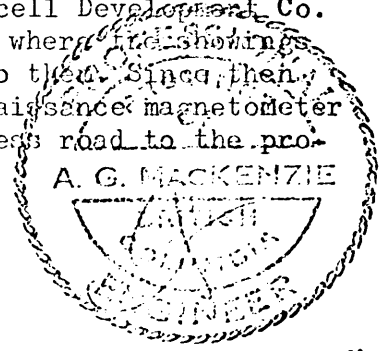
No electrical power or communication facilities are available at the property. They are, however, available at the Bugaboo Ski lodge some 3 or 4 miles from the property.

History

The original claims in the area were staked by Mr. J. Mercier in the late 1800's and the crown grants were obtained in 1900. The area was worked by J. Mercier and partners intermittently. Test pits and trenches were dug and a shaft was sunk southeast of the presently accessible adit. The pits are now sloughed in and the shaft was covered by a major rock slide in the mid-thirties.

After Mercier, the area was worked by a group of Alberta men who cleared the pits and trenches and drove the present adit. They had originally planned to high-grade the deposit but World War II put an end to the operation.

The property apparently stayed idle until 1968 when Purcell Development Co. Ltd. obtained an option on two of the original crown grants, where the showings are located, and staked additional mineral claims adjacent to them. Since then Purcell has done reconnaissance geological mapping, a reconnaissance magnetometer survey, opened some pits, rehabilitated and extended the access road to the property and some 2,500 feet of diamond drilling.



Expiry Date: September 23, 1971

ANGUS G. MACKENZIE MINING CONSULTANTS LTD.

Geology and Structure

Rocks exposed on the claim area and penetrated by the diamond drill holes consist of a succession of meta-sediments belonging to the Horsethief Creek series. Argillite and limy argillite comprise the main rock type.

The rock units in the claim area have been folded into an anticline with the axis occurring slightly west of the adit. The western limb of the anticline is slightly steeper than the east. The crest of the structure is complicated by numerous minor folds which have been noted in the saddle of the drainage divide. Other minor folds which may be drag folds along shear zones are visible in the walls of the adits, test pits and trenches. The minor folds have a plunge of 10 to 20 degrees to the southwest.

Three distinct sets of fractures were mapped in the claim area: a set almost east-west striking and steeply dipping northward; a set parallel to the strike of the beds; and a set almost parallel to the axis of the anticline which is roughly N30W and dips steeply westward. The last set of fractures is frequently accompanied by shearing and mineralization.

Economic Geology

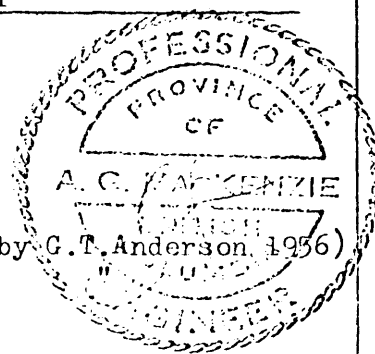
The main showing of lead-zinc-silver mineralization is at or near the old adit driven in the limestone and limestone "breccia". Mineralization occurs as a replacement of the limestone and limestone breccia as well as in quartz veins, but mainly as the latter. The limestone has been irregularly replaced by mixed sulphides. Assays of samples taken by H. Sargent from the adit assayed 16% lead, 25% zinc, 5 oz. silver and 2% copper. Sargent's assay of the quartz vein material from the surface cut gave 36% lead and 20 oz. silver. No assay for zinc or copper was given.

A number of test pits and trenches have been cut along the trend of the quartz vein. Extension of the mineralized vein has been traced on surface for about 360 feet.

Diamond drill holes 1 to 9 were drilled to test the sub-surface extension of the vein. Unfortunately, five of the holes were spotted wrongly or not drilled deep enough to intersect this vein. A later survey of the area indicated a steeply dipping mineralized zone which could not possibly have been intersected by the holes as they were drilled.

Grab samples from the adit taken by W.C. Jones in 1969 assayed as follows:

Assay No.	Oz. Silver	% Lead	% Zinc	% Copper
1	17.4	43.26	0.19	--
2	20.1	21.58	18.01	--
3	16.9	31.67	2.60	--
30838 (#3)	7.7	19.56	16.5	0.26
30836 (#1)	6.1	13.96	0.02	0.11
30837 (#2)	7.6	17.47	27.0	0.08
22820	9.2	22.1	21.6	0.14 (by G.T. Anderson, 1956)
22818	10.9	22.1	8.0	0.28



ANGUS G. MacKENZIE MINING CONSULTANTS LTD.

Results from the diamond drilling of some 15 holes were not conclusive as the structure of the ore-bearing zone was not thoroughly understood and holes were actually drilled to try to determine this structure. Miscellaneous assays from these holes were as follows:

Hole No.	Oz. Silver	% Lead	% Zinc	Feet
3	4.84	11.26	11.81	31.7-36.0
3	1.28	3.06	3.38	36.0-37.2
3	1.16	3.29	3.06	46.0-48.0
6	1.18	3.55	6.57	28.8-29.8
6	2.22	5.65	7.60	34.2-39.2
6	2.38	1.23	0.88	39.2-42.3
8	1.02	2.72	2.03	32.2-37.3
13	2.26	6.48	3.74	27.8-29.0

Magnetometer Survey

A magnetometer survey was conducted during the first two weeks of August, 1970 over the general area of the showing by Purcell Development Co. Ltd. The survey was done by W.C. Jones and assisted by D. Wolfenden and O.B. Whiting, all of Brisco, B.C. The instrument used was a Sharpe MF-1 Fluxgate Magnetometer, Serial #410112. It has an accuracy of $\pm .5\%$ of the full range between 1,000 and 10,000 gammas which is a quarter of one division.

Conclusions

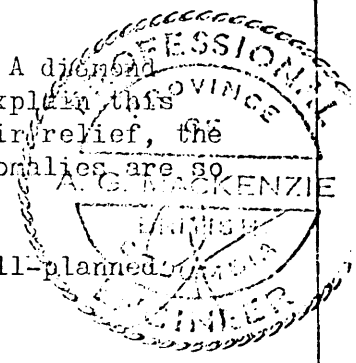
The mineralization on the Silver Basin property is controlled by the following:

1. Quartz veins following the shears brought about by tension fractures trending parallel to the axis of the anticlinal.
2. Limestones and limestone breccia being intruded by base metal bearing siliceous solution offering an alkalic environment precipitating base metals.

In the layout of the various diamond drill holes, it appears that these factors were not considered. This is probably why many of the drill holes did not cut any mineralization.

A strong magnetic anomaly was mapped to the west of Zone B. A diamond drill hole in this anomaly did not cut any material that would explain this phenomena. The anomalies are strong and continuous and, from their relief, the source is indicated to be near surface. It is felt that these anomalies are so close to surface that trenching might uncover them.

We believe the Silver Basin property warrants additional well-planned exploration.



Expiry Date: September 25, 1971

ANGUS G. MACKENZIE MINING CONSULTANTS LTD.

Recommendations:

We do not believe that any particular type of geophysical program would be very useful. We do believe that a "grass-roots" approach is the most logical and likely to give the most useful results. However, this work must be done with the structure of the area in mind. That is, consideration must be given to the attitude of the limestone and/or dolomite containing these veins. Consideration must also be given to the attitude of the limestone breccia.

We believe that it will be necessary to do a detailed, plane-table survey to tie in all the trench and drill hole locations accurately and from that detail further exploration laid out in the form of trenching and diamond drilling. From the data already at hand we believe that most of the drilling would be reasonably shallow and fall within a range of from 125 to 200 feet. A total of around 1,500 feet of drilling should suffice to test the zone. As already pointed out, the location, bearing, angle and depth of these holes could only be determined after the compilation of an accurate topographic and structural geologic map.

We believe that on the completion of the outlined program (cost estimated at about \$52,000.00) a definitive decision can be made as to the merits of this property for further exploration.

WATERLOO PROPERTY

Location and Accessibility (51° 10' N, 116° 25' W)

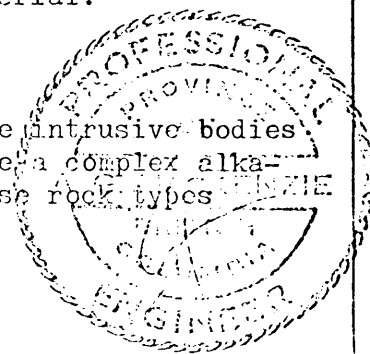
This property is located at the headwaters of Moose Creek in the Ice River area, close to the eastern margin of the Ice River Complex. It is presently accessible by helicopter from Golden.

History

The showing at the head of Moose Creek has been known since 1902. In 1925 the Geological Survey of Canada did some fairly detailed work on the Ice River Complex and mentioned that on Zinc Mountain at the head of Moose Creek there are zones of sphalerite, galena, pyrrhotite and chalcopyrite in limestone and calcareous shales. Later in 1952 and 1953 geologists of the G.S.C. reported minerals containing titanium, thorium and uranium from the area. The occurrence of sodalite had also been noted and some attempts have been made to establish or "sound out" a possible market for this colorful and exotic material.

Regional Geology

The Ice River Complex is the largest and best known of the intrusive bodies in the Rocky Mountains. Lithologically the rock series comprise a complex alkaline laccolith; magmatic differentiation resulted in the diverse rock types found in the area.



Expiry Date: September 26, 1971

ANGUS G. MACKENZIE MINING CONSULTANTS LTD.

The many rock types of the complex are transitional and represent a single period of intrusive action. The overall structural picture is that of a laccolith with predominant alkaline composition. One of the alkaline constituents of this complex is sodalite (this mineral has a deep blue colour). It has some commercial value as a semi-precious stone and appeal as a decorative stone where impregnated into other rock. Sodalite is apparently concentrated along the roof of the laccolith and has also been found as veins in other rocks of the area.

Mineralization

Within the boundaries of the claims held by Purcell Development in the Moose Creek area are two very different types of mineralization. One, sodalite, could be termed either an industrial mineral or semi-precious stone, depending on its usage. The other is a distinct siliceous limestone striking N15°E and dipping 42° west. This "bed" appears to be associated with the "floor" portion of the laccolith. Within this limy zone is a band of base metal mineralization up to 6 feet in width (but apparently somewhat lenticular) containing sphalerite, galena, chalcopyrite, pyrrhotite, arsenopyrite and pyrite.

It appears that each of the minerals outlined above occurs as a distinct, individual blob or patch. Chalcopyrite and pyrite are particularly clean. Where well-crystallized pyrite is strong, very little, if any, of the other minerals are present. It seems that the greater concentration of chalcopyrite and pyrrhotite are relegated to the more limy portion of the zone. A check on the gangue material of the mineralized zone at the lower adit indicates much more calcite than at the upper portal. At the upper portal the gangue is highly silicified. The deposit appears to be the result of hydrothermal alteration and magmatic segregation.

Very little can be determined about the nature or the extent of the mineralized zone from the surface and it is not known if the deposit had been previously diamond drilled.

A grab sample of the ore from the dump was assayed and ran as follows: 3.69% lead, 16.10% zinc, 1.59% copper, 27.30% iron, 2.90 oz. silver, 0.05 oz. gold. To illustrate the variation possible, another grab sample from the dump assayed as follows: 15.7% lead, 1.28% copper, 0.017% nickel, 7.92 oz. silver. One other grab sample assayed 11.62% zinc, 0.49% copper, trace of nickel, trace of platinum, trace of gold and 8.8 oz. silver.

Conclusions

We believe that the Waterloo property deserves a well-planned and concerted exploration program to assess the potential of the base metal mineralization and the sodalite. There is little data on the potential market for sodalite but it is felt that if it is sold as gem material then a small amount could yield a fairly high profit and if it is sold as a cut, decorative stone, then it might have considerable value, albeit the mining cost could be very high per unit.

Expiry Date: September 23, 1974

ANGUS G. MacKENZIE MINING CONSULTANTS LTD.

One of the remarkable things about the area is the amount of magnetite in the bedrock and in the gravels of Moose Creek. Others have investigated the so-called "Iron Formation" for its titanium and iron content. It is our opinion that at this point in time this type of deposit is uneconomic. The usual association of base metals with iron formation cannot be ignored and it is for this reason that we feel the base metal prospects of the Waterloo property are good and should be given a thorough examination.

Recommendations

We recommend a planned program on this group of claims, to include the following:

1. Detailed geology of area.
2. Detailed magnetometer survey.
3. Clean out, examine and map geologically and sample all adits and/or test pits.
4. Detail the exposures of sodalite and try to classify them as to quality, quantity and mineability.

If the results of this work are at all encouraging then serious thought should be given to establishing an access road to the property.

An estimated cost for a suitable work program would be in the vicinity of \$52,000.00.

IRON POINT MERCURY PROPERTY

The property consists of six full-sized and three fractional, unpatented claims covering an area of about 150 acres. They are: Iron Point No. 1, Iron Point No. 3, Nightmare, Nightmare Annex, Annex No. 1, Annex No. 2 (all full-sized) and Sweet Dreams, Sweet Dreams Fraction, Annex Fraction (all fractional). Purcell Development has also obtained a mineral lease from the railroad company for an area of one square mile immediately south of the claims.

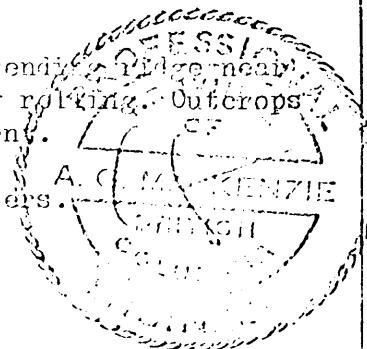
Location and Accessibility

The claims are located in the Gold Run (Iron Point) Mining District, Humboldt County, Nevada, the approximate geographical location being 40° 55' N and 117° 18' W. They lie about 10 miles southeast of the village of Golconda. The property is easily accessible by road and there is a paved landing strip suitable for light aircraft at Winnemucca, about 3/4 mile from the property.

Physiography and Climate

The claims cover portions of the east slope of a north trending ridge near the northeast edge of the Edna Mountains. The ground is gently rolling. Outcrops are scarce, and in most places only a thin overburden is present.

The climate is mainly arid with hot summers and cold winters.



There are no creeks on the property nor in the general vicinity; water would have to be trucked in for drilling and a well drilled for production. Power lines pass along Highway #80 at the south end of the property.

History

Mercury mineralization was first discovered on the property in the late 1950's. Some work was done on the property from which some high grade "ore" was obtained. Purcell took over the option on the property in the spring of 1970. In April underground and surface geological mapping, detailed underground sampling and a geochemical survey were done. Also about 1200 tons of badly diluted "ore" were sent to a local smelter; returns yielded about 2 lbs./ton of mercury. Angus G. MacKenzie Mining Consultants Ltd. conducted an examination of the property in February, 1971.

Geology

The Valmy Formation is believed to be present in the property due to the predominance of volcanic rocks in the mine area. These rocks fit the description of the Valmy Formation except that there is considerably more limestone to the west of the mine area.

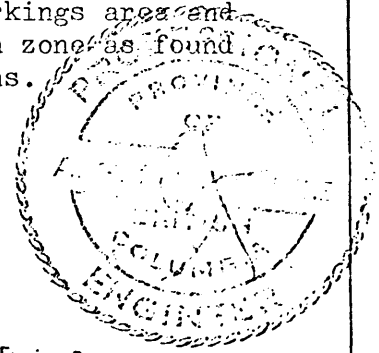
Underground Mapping and Sampling

Based on assay results of underground samples, it is indicated that the best mineralization occurs on the western side of the workings around a trachyte(?) porphyry intrusive. Mineralization extends for about 20 feet both east and west from the intrusive. The trend in mineralization tends to decrease in value northward (where the intrusive pinches out) and increase in value southward (where the extent of the intrusive is not yet known).

Using the general controls regarding the metallogenesis of mercury deposits (based on a study by C.N. Schuette of almost all mercury deposits in the U.S.) an attempt was made to interpret the metallogenesis of the Iron Point Mercury deposit. It appeared that all elements required for the deposition of commercial quantities of mercury were present in the area of the property.

Several anomalous areas were revealed by the geochemical survey done in 1970 by Purcell. The largest anomaly that occurs is substantiated by actual surface values and is a strong indication that a continuous zone of mineralization is present.

There is not sufficient factual data to calculate a definitive ore reserve. We would estimate a substantial reserve in the present mine workings area and additional possible reserves in the extension of the alteration zone as found from our false infra-red and colour photographic interpretations.



Expiry Date: September 25, 1971.

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Aerial Photography

Aerial photography, both colour and false infra-red, was flown on the property in February, 1971 to assist in the delineation of the alteration halo around the mineralized section.

Conclusions

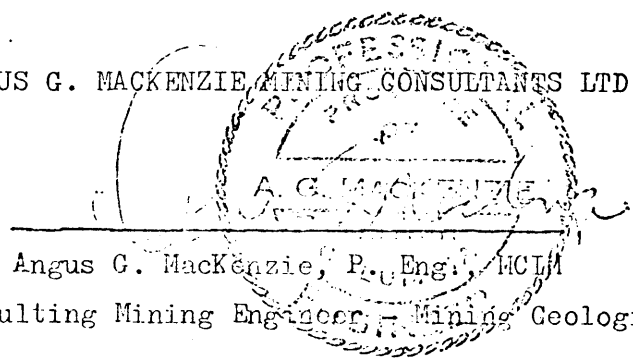
The property is a very interesting and potentially lucrative proposition. While the mercury market is presently a bit on the unstable side the universal demand will undoubtedly remain relatively constant. While the price per flask (76 lbs.) may vary anywhere from \$400.00 to \$250.00 it should be possible to maintain a constant market for the mine production if it is kept within reasonable bounds. We believe the property has considerable potential, and feel that our recommended work program is justified.

Recommendations

1. Drill the anomalous zones delineated by the geochemical survey -- about 30 holes to a depth of 250 feet each and at -45 degree angles to the east. These holes should give the horizontal and vertical extent of mineralization and also provide needed structural data. Also, exploratory drilling will be necessary to outline the possible extension of the mineralization to the south; this should be done on completion of the initial diamond drilling.
2. Strip overburden and bulldoze shallow trenches so that systematic surface sampling could be done. The results of this sampling, along with the drill results, should provide the data needed to compute the reserves and their value and the initial design of an open-pit.

An estimated cost of the minimum initial diamond drilling program would be about \$25,000.00. The stripping, trenching and sampling would cost an estimated \$15,000.00.

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Angus G. MacKenzie, P. Eng., M.C.E.M.
Consulting Mining Engineer, Mining Geologist

Expiry Date: September 26, 1971

Calgary, Alberta.
September, 1971.

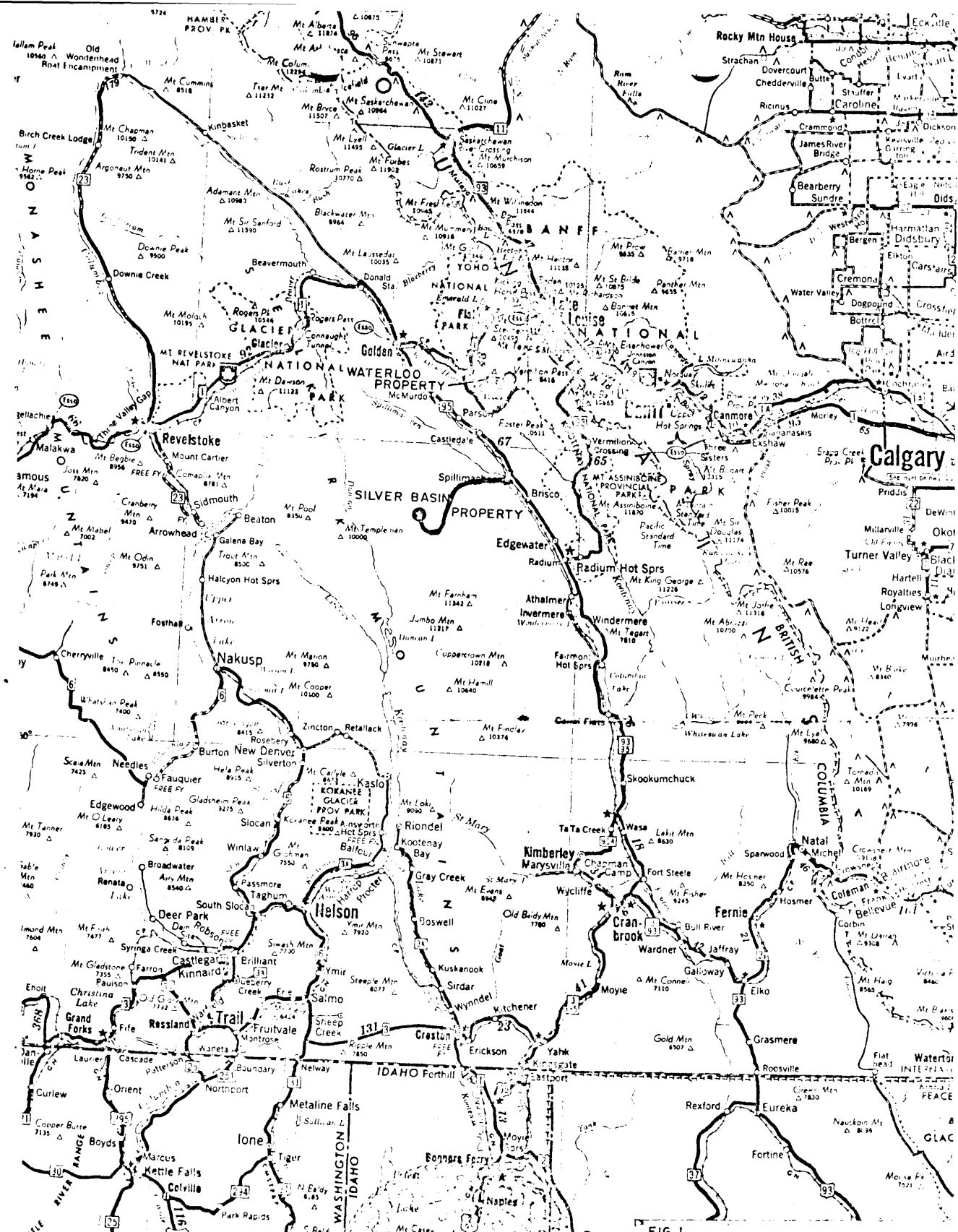
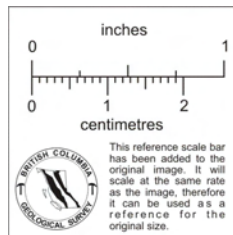


FIG. 1
ANGUS G. MACKENZIE
 MINING CONSULTANTS LIMITED.
 705, 5th St, CALGARY 2, ALBERTA.

FOR
PURCELL DEVELOPMENT CO LTD

INDEX MAP

Printed JAN 1971



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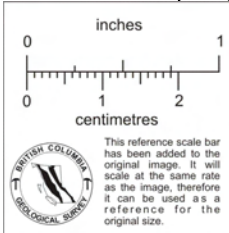
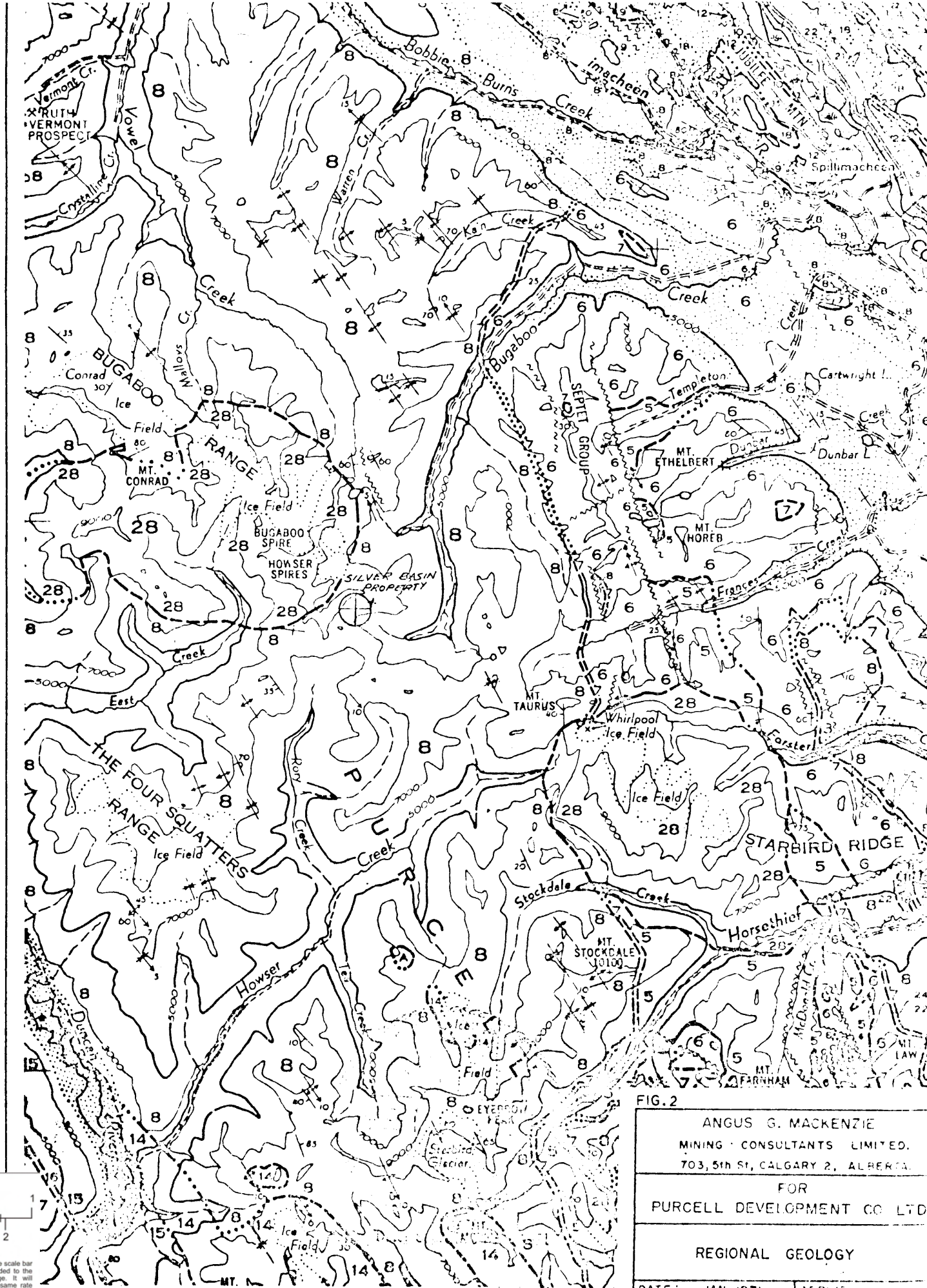


FIG. 2

ANGUS G. MACKENZIE
 MINING CONSULTANTS LIMITED,
 703, 5th St, CALGARY 2, ALBERTA.

FOR
 PURCELL DEVELOPMENT CO LTD

REGIONAL GEOLOGY

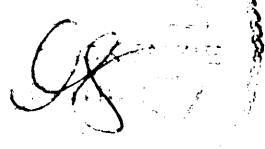
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DECLARATION OF QUALIFICATIONS

OF

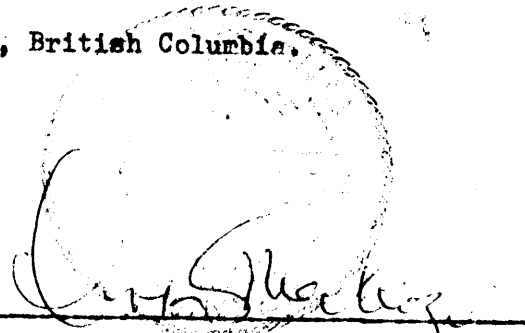
ANGUS G. MACKENZIE, P. ENG., MCIM

1. I, Angus G. MacKenzie, hereby certify that I am a Consulting Mining Engineer - Mining Geologist. I am a graduate (B. E.) in Mining and Metallurgy of Nova Scotia Technical College, Halifax, N. S. and I have taken post-graduate economic geology at Dalhousie University.
2. I have spent the past thirty years in the Mineral Industries as a Mining Engineer and/or Mining Geologist and have maintained responsible positions in these fields at mining properties in Newfoundland, Nova Scotia, Quebec, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia, the Yukon and Northwest Territories. I have also had considerable experience in the U.S.A. and Mexico.
3. I am a Registered Professional Engineer in the Provinces of Alberta and Manitoba and the Yukon Territory and am licensed to practise in Saskatchewan and British Columbia. I have been registered in Nova Scotia, Quebec and in the State of Colorado, U.S.A.
4. I have no personal interest directly or indirectly in the property herein reported on, nor in the securities of Purcell Development Co. Ltd. or any of its associated companies, nor do I expect to receive any such interest.


Expiry Date September 20, 1971

ANGUS G. MACKENZIE MINING CONSULTANTS LTD.

5. This report is the direct result of an examination by Angus G. MacKenzie Mining Consultants Ltd. over a period of several weeks on the Silver Basin and Waterloo Properties of Purcell Development Co. Ltd., and a review of all pertinent literature for the areas.
6. I have made this report on these two properties at the request of Mr. L. Wilder and Mr. W. C. Jones, officers of Purcell Development Co. Ltd. of Invermere and Brisco, British Columbia.



Angus G. MacKenzie, P. Eng., MCIM,
Consulting Mining Engineer - Mining Geologist

Calgary, Alberta.
January 25, 1971.

REV

REV

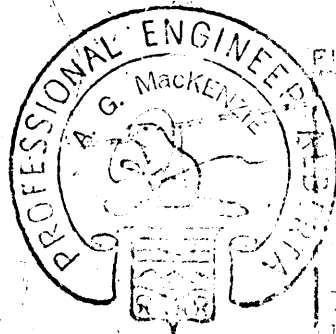
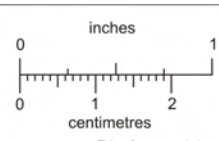


FIG. 2

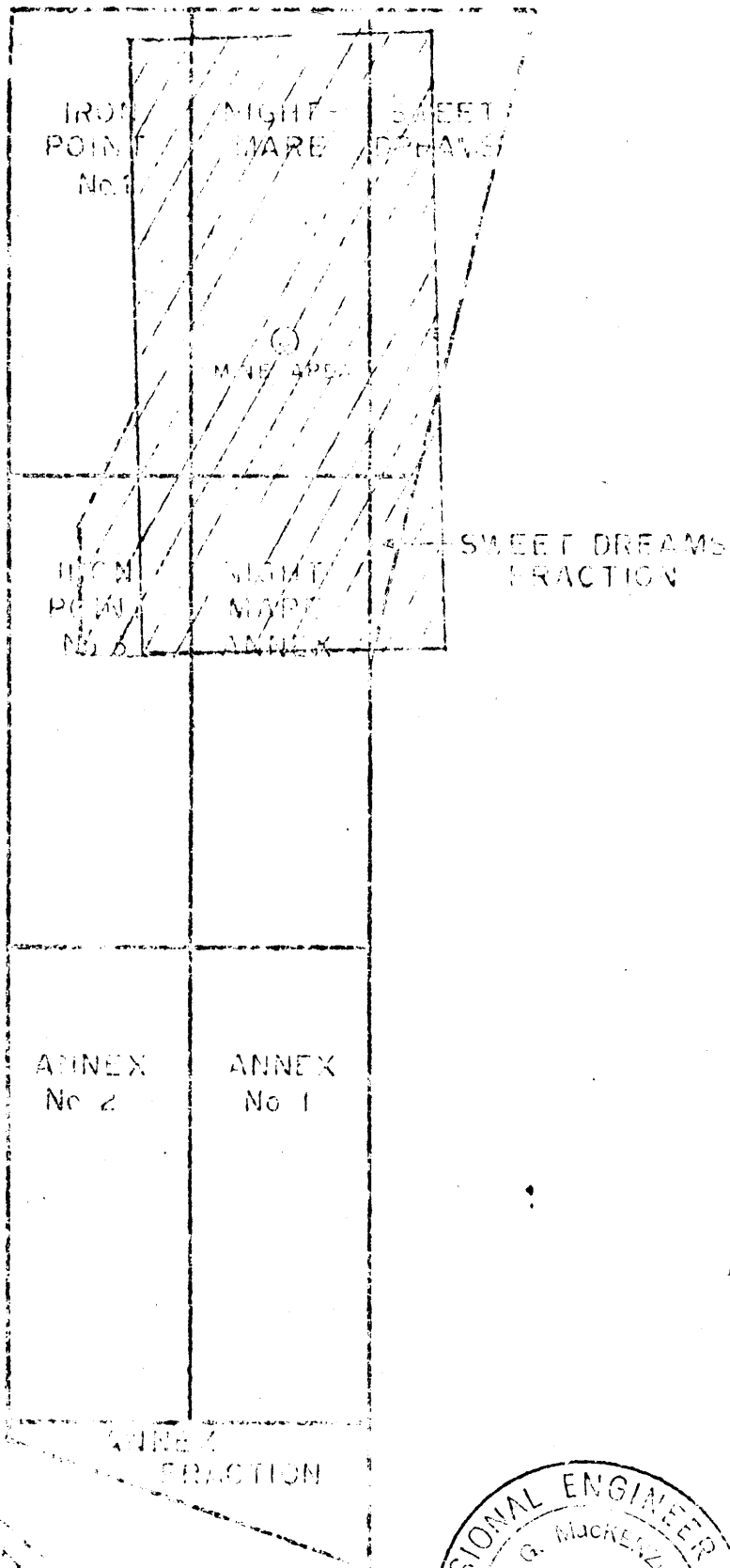
ANGUS G. MACKENZIE
 MINING CONSULTANT
 203 5th St. Vancouver, B.C.

IRON POINT MINE
 BRITISH COLUMBIA
 GEOLOGICAL SURVEY

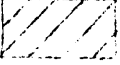


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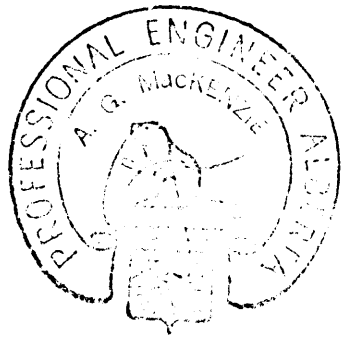
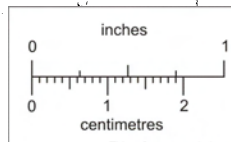


FIG. 3
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IRON POINT ...
 ANNEX ...



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BRITISH COLUMBIA
 ENGINEERS ASSOCIATION

DECLARATION OF QUALIFICATIONS

OF

ANGUS G. MACKENZIE, P. ENG., MCIN

1. I, Angus G. MacKenzie, hereby certify that I am a Consulting Mining Engineer - Mining Geologist. I am a graduate (B. E.) in Mining and Metallurgy of Nova Scotia Technical College, Halifax, N. S. and I have taken post-graduate economic geology at Dalhousie University.
2. I have spent the past thirty years in the Mineral Industries as a Mining Engineer and/or Mining Geologist and have maintained responsible positions in these fields at mining properties in Newfoundland, Nova Scotia, Quebec, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia, the Yukon and Northwest Territories. I have also had considerable experience in the U. S. A. and Mexico.
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4. I have no personal interest directly or indirectly in the property herein reported on, nor in the securities of Purcell Development Co. Ltd. or any of its associated companies, nor do I expect to receive any such interest.



ANGUS G. MACKENZIE MINING CONSULTANTS LTD.

5. This report is the direct result of a property examination by myself and a review of all pertinent literature for the area, in addition to photo-geologic interpretation from colour and infra-red photography.
6. I have made this report at the request of Mr. L. Wilder of Purcell Development Co. Ltd.



Angus G. MacKenzie, P. Eng., NCIM,
Consulting Mining Engineer - Mining Geologist

Calgary, Alberta.
February 25, 1971.