

FILE NTS
& LOCATE

521739

N.T.S : 94C/5W
MINFILE : #9

REPORT ON GRANITE BASIN PROPERTY
LAY CREEK
AIKEN LAKE AREA, B.C.
OMINECA MINING DIVISION
94C/5W
56°29'N; 125°52'W

For: MARK V PETROLEUM AND MINES LTD. (NPL)
501 - 580 Granville Street
Vancouver, B.C.

By: HAROLD M. JONES, P.Eng.

February 21, 1980

TABLE OF CONTENTS

	<u>Page</u>
SUMMARY	1
INTRODUCTION	2
Location	2
Access	4
Topography and Vegetation	4
Property	4
History	6
GEOLOGY	6
General Geology	6
Local Geology	7
MINERALIZATION	10
SAMPLING AND ASSAYING	10
Rock Sampling	10
Geochemical Soil Sampling	12
CONCLUSIONS	12
Recommendations	12
Estimated Costs	13
REFERENCES	14
CERTIFICATE	15
APPENDIX 1 - Letter Report by E. Bronlund, P. Eng. 1978	16

LIST OF ILLUSTRATIONS

FIGURE 1 - Location Map	3
FIGURE 2 - Claim Map	5
FIGURE 3 - Geology Map	8

INTRODUCTION

The Granite Basin claims, located 350 kms. northwest of Prince George were actively explored for gold in the mid 1930's, then remained idle until the mid 1970's.

Mark V Petroleum and Mines Ltd. (N.P.L.) recently optioned the claims and plan to explore them during the 1980 field season. They requested the writer to examine all available information, write a report and plan a work program. The writer has not yet examined the claims but is familiar with the geological setting, having conducted field work on the Croy claims (formerly Shell group) and Kli claims, located 6 km. northwest and 6 km. southwest respectively of the Granite Basin claims. This work was done during 1971-73 when the above mentioned claims were owned by El Paso Mining and Milling Company. Geology on the Granite Basin property is somewhat similar to the above properties.

Location 56°29' north latitude
 125°52' west longitude

The Granite Basin property is located in the Aiken Lake area approximately 100 km. northwest of Germansen Landing, a very small community straddling the Omineca River 250 km. northwest of Prince George. (Figure 1).

The Granite Basin claims are situated approximately 10 km. northwest of the east end of Aiken Lake and 2 km. west of Lay Creek. (Figure 2). They are located in a northeasterly facing cirque which drains into Lay Creek.

SUMMARY

The Granite Basin claims are located near Aiken Lake in the Omineca Mining Division 350 km. northwest of Prince George. Previous owners of the property conducted surface and limited underground exploration. They located five pyritic shear zones, one of which contains interesting values in gold. Samples from this zone (Zone 1) average between 0.1 to 0.2 oz/ton gold over 12.2 m. including a 3 m. section averaging about 0.3 oz/ton gold.

The property was recently optioned by Mark V Petroleum and Mines Ltd. (N.P.L.). Following a review of all available literature, the writer recommends a two stage exploration program. Stage 1 includes basic geology, sampling and possibly bulldozing and is estimated to cost \$25,000; Stage 2, contingent on the first stage, is diamond drilling and is estimated to cost \$138,000.

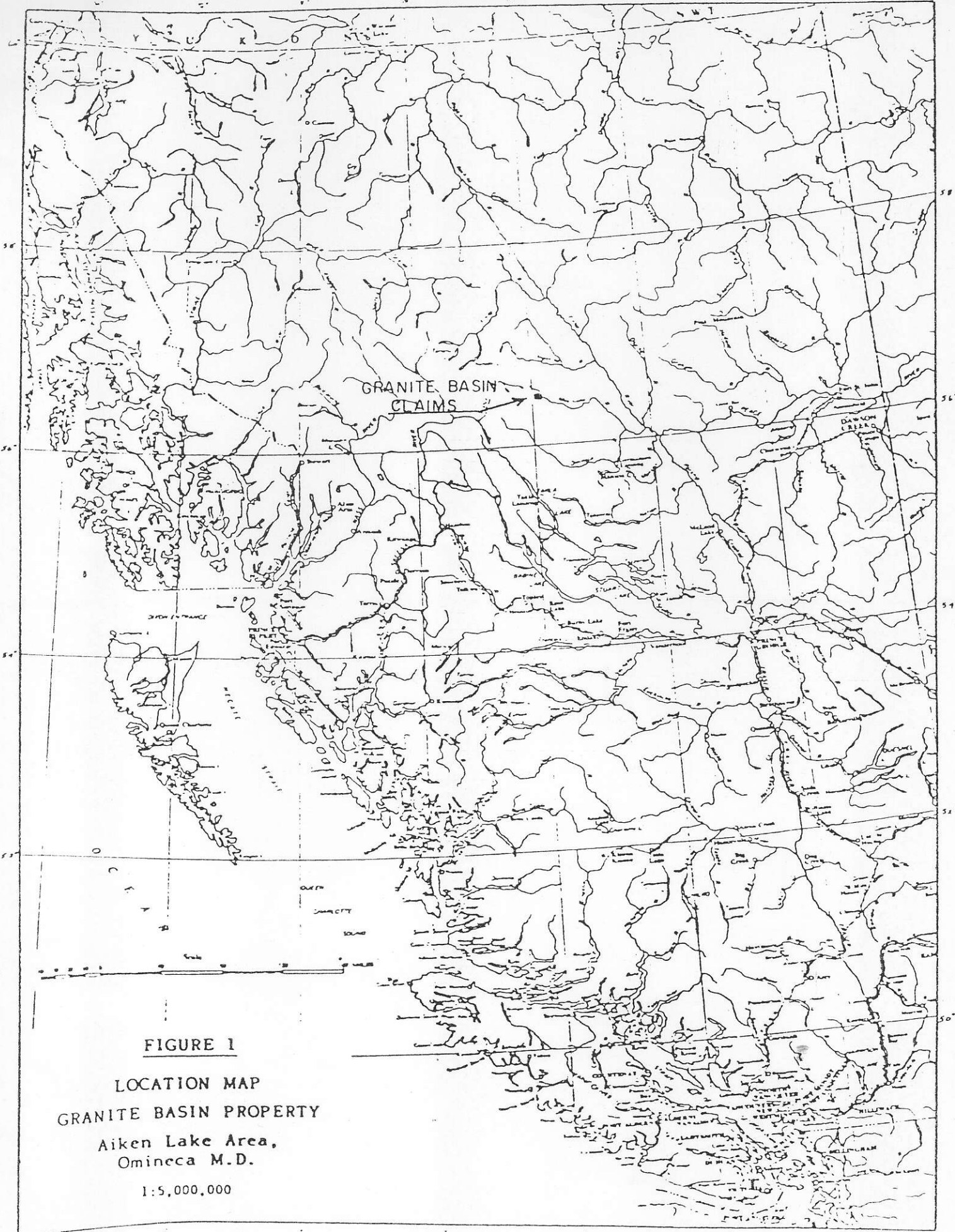


FIGURE 1
LOCATION MAP
GRANITE BASIN PROPERTY
Aiken Lake Area,
Omineca M.D.
1:5,000,000

Access

The general Aiken Lake area is accessible during the summer months only by a B.C. Department of Mines resource road. It originates near Ft. St. James and winds its way north to northwesterly through the Omineca district. This road passes within several kilometres of the property which is connected to it by 5 km. of jeep road.

Access can also be made directly to the property by helicopter. These are available on a year-round basis from Ft. St. James, Prince George or Smithers. Aiken Lake is accessible to float or ski-equipped aircraft, depending on the season.

Topography and Vegetation

The claims are located within rugged mountain terrain. Narrow to broad flat valleys are bounded by steep slopes which culminate in cirques and cliff bounded peaks.

Elevations on the Granite Basin claims range from approximately 1220 m. to 1830 m. The main area of interest is on the south wall of a cirque, at 1525 m., which is near the base of the talus strewn slopes.

Valleys and slopes are well forested with pine and balsam. Timber is sparse and scrubby above 1525 m. on the claims.

Property

The Granite Basin property consists of six contiguous claims staked under the two-post system. The claims are:

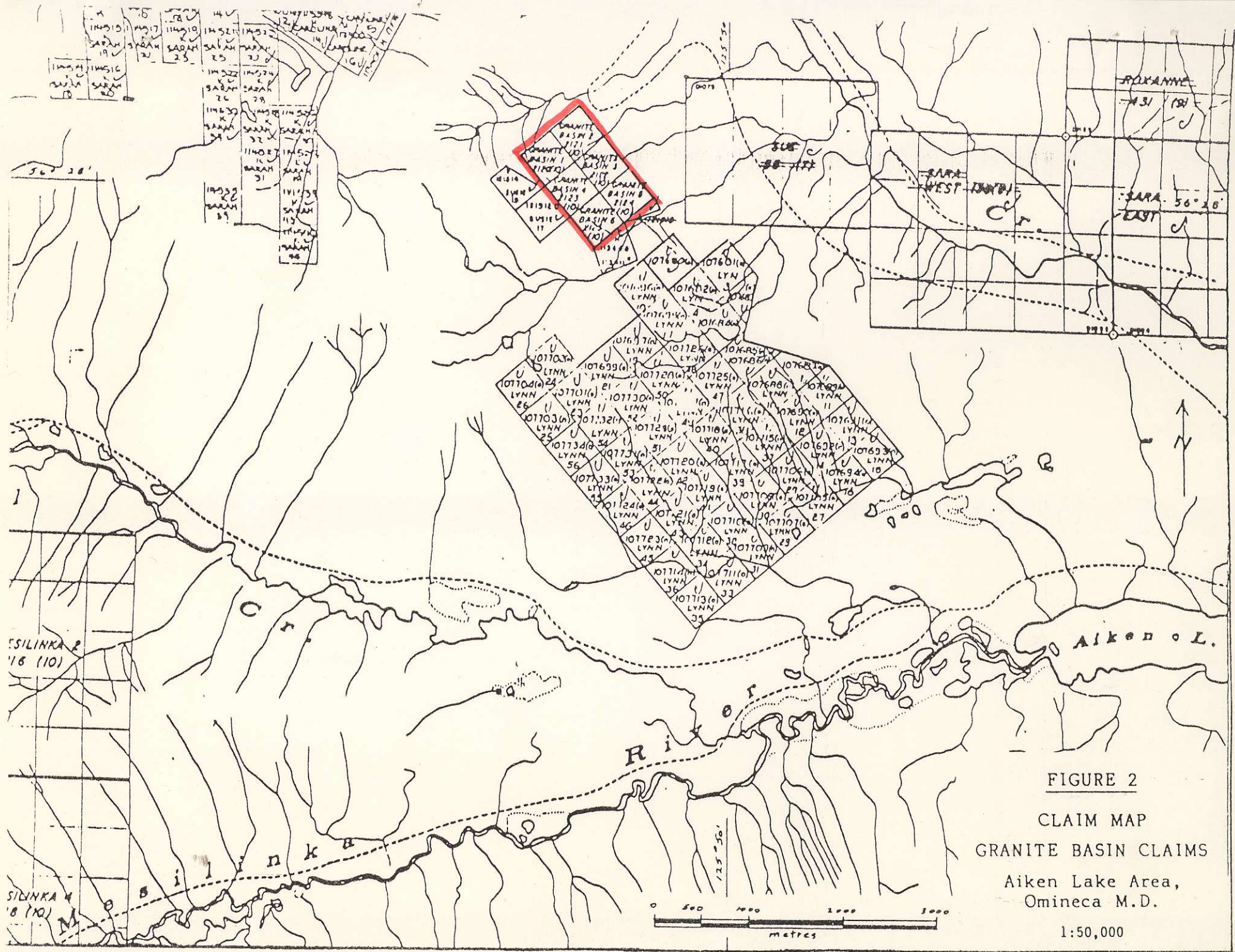


FIGURE 2
 CLAIM MAP
 GRANITE BASIN CLAIMS
 Aiken Lake Area,
 Omineca M.D.

1:50,000

<u>Claim name</u>	<u>Record No.</u>	<u>Expiry Date</u>
Granite Basin No:1	2120 (10)	October 3, 1980
" " No:2	2121 (10)	" "
" " No:3	2122 (10)	" "
" " No:4	2123 (10)	" "
" " No:5	2124 (10)	" "
" " No:6	2125 (10)	" "

new to
1990

The claims are owned by N.W. Burmeister, and held under option by Mark V Petroleum and Mines Ltd. (N.P.L.), 501 - 580 Granville Street, Vancouver, B.C.

History

The first known work on the property was conducted during 1935 to 1938 by Consolidated Mining and Smelting Company Limited (Cominco). During that time they dug numerous trenches and completed 115 m. of underground workings in two prospect adits and drifts. Five mineralized zones were located.

Between 1972-1976 Stellac Exploration and Susie Gold Mines Ltd. explored the property. They conducted a program of road building, geochemical soil sampling, rock sampling, and geological mapping. Their work covered a larger area than that of Cominco's.

In late 1979 the property was staked by Mr. N. Burmeister.

GEOLOGY

General Geology

The Granite Basin claims lie near the eastern edge of the north-west trending Intermontane tectonic belt. In the Omineca district the geology of the Intermontane is dominated by andesitic flows and fragmental rocks of the Upper Triassic Takla Group and Cretaceous Omineca intrusive complex.

Mineralization, including copper, molybdenum and gold is commonly associated with small masses of intrusive rocks which are related to the Omineca system.

A major zone of shearing follows the eastern edge of the Inter-montane belt. Lay Creek follows this zone which is 2 km. north-east of the Granite Basin claims.

Local Geology






Five areas of pyritic shears were located by Cominco in their early work (Fig. 3). These occur along the south wall of the cirque (See Fig. 3). Mapping by Potter (1976) in the vicinity of the shears observed that "the area is a highly complex assemblage of andesites and dioritic intrusions which has suffered numerous structural dislocations. Alteration and pervasive pyritization coupled with the inaccessibility of much of the exposed ground, makes it difficult to define the form of many of the lithologic units".

Potter (1976) observed four distinct zones of shearing. Zones 1 and 2 occur in an area largely underlain by massive andesites (Cominco adits on zone 1). These include fine grained flows and fragmental rocks containing 1-5% disseminated pyrite, also barren coarse agglomerate. The andesite shows moderate pervasive propylitization.

A diorite porphyry dyke, cutting between zones 1 and 2, carries only minor pyrite. The andesitic wallrocks adjacent to the dyke are bleached and silicified.

A variety of dioritic rocks very low in pyrite, which include feldspar porphyries, hornblende porphyries and hornblende diorite occupy the central part of the area. Contacts in this area are vague and gradational. Shear 3 occurs in this area.

LEGEND

-  Feldspar porphyry
-  Porphyritic diorite, with feldspar phenocrysts
-  Diorite porphyry, with hornblende phenocrysts
-  Porphyritic andesite
-  Tuff, argillite, limestone

Pyritized rock

Bedding

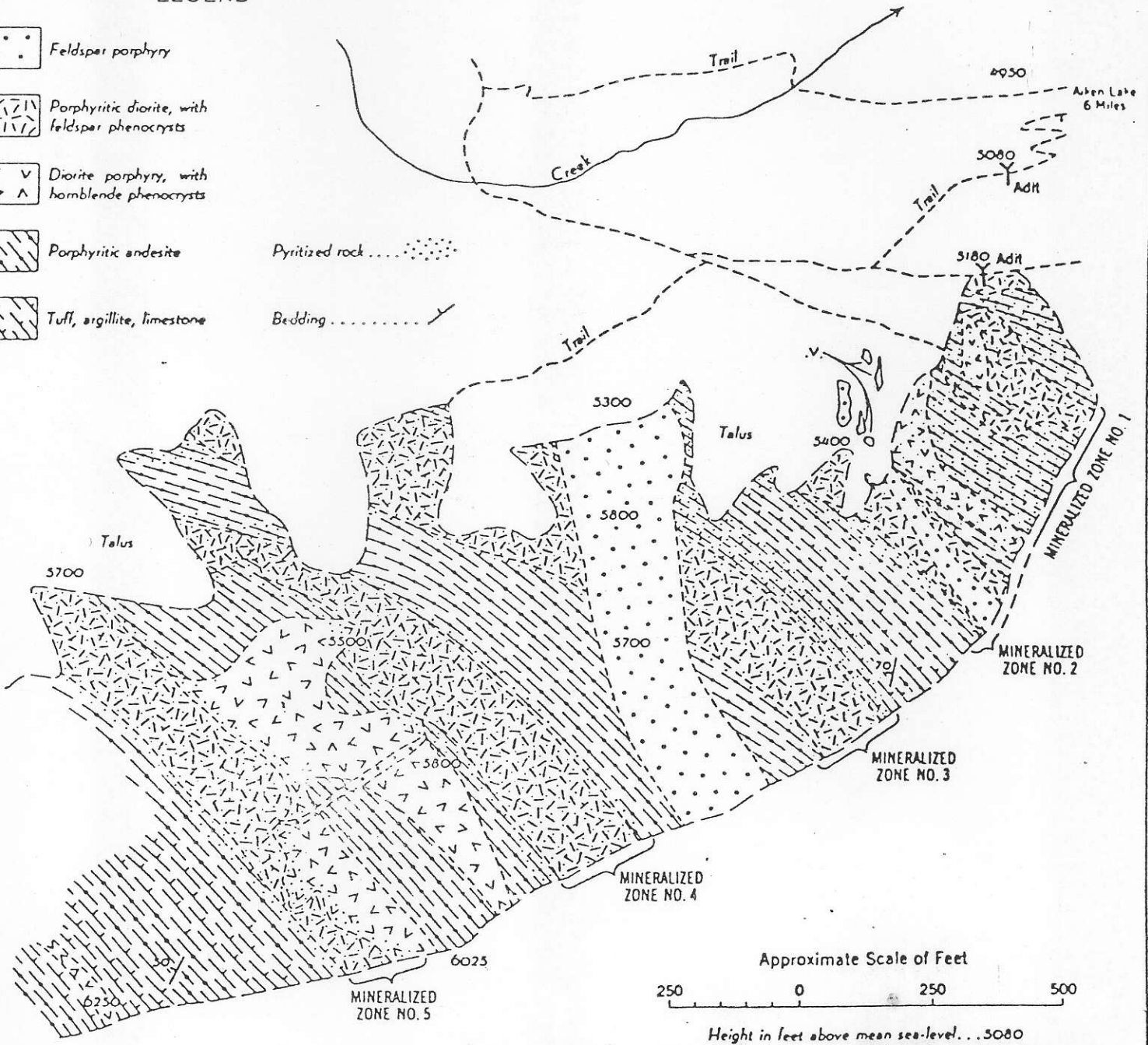


Figure 3 - Sketch plan of surface geology on cirque headwall, Granite Basin mineral claim.

From: Geological Survey of Canada - Memoir 274

The rocks in the vicinity of Shear 4 are strongly pyritized. They include diorite, andesite and a feldspar porphyry dyke similar to that seen between zone 1 and 2.

Potter (1976) stated that "the intensity and width of shearing in the various zones varies greatly along strike. Zone 1 which includes a seven foot (2.1 m.) wide intensely sheared section just south of the upper (Cominco) adit appears to shrink to a one foot (0.3 m.) wide section fifty feet (15.2 m.) to the southeast. Similar variations occur along the other shears. The general trend of these zones is relatively constant southeast to east-southeast. In detail, the attitudes vary greatly.

The material of the shears is commonly bleached and chalky being made up of quartz and sericite with minor chlorite, carbonate and pyrite."

Bronlund (1973), who conducted Cominco's work in the 1930's re-examined the property at a later date and observed an east-west pattern of shearing which cuts across all rock types (see Appendix 1). The zones varied from 10 to 50 feet (3-15.2 m.) wide and dipped steeply north. He located three of these shear zones which he noted "look like gneissic bands and contain quartz, sericite, chlorite and carbonate. Sulfide content, mainly pyrite, is quite low. Being scantily mineralized in relation to the general country rock, these shear zones are easily overlooked and it is my feeling that sampling in recent years has missed this point and could account for the negative results." He describes shear zones 1 and 2 as being approximately 40 feet (12.2 m.) wide, shear zone 3 as 5 - 7 feet (1.5-2.1 m.) wide and possibly a fourth shear zone at 5 - 20 feet (1.5 - 6.1 m.) wide.

MINERALIZATION

Abundant pyrite occurs within some of the rocks in zones 1 and 4. Bronlund (1973), from thin section work, observed two generations of pyrite, an early fine grained variety randomly dispersed in part as a film along shear planes and a late pyrite, coarser grained, darker yellow and occurring as irregular pods, in small cross fractures and as beaded ribbons along the foliations, generally accompanied by very fine grained chalcopyrite, tetrahedrite and galena. He found that much of the gold was "associated with the base metal sulfides but some can be seen at extremely fine, dust-like particles in the siliceous matrix. The silver values are all with tetrahedrite...."

SAMPLING AND ASSAYING

Rock Sampling

Cominco drove two adits beneath shear zone 1. The upper adit intersected a shear zone containing pyrite and small amounts of chalcopyrite, tetrahedrite and galena. A 40 foot (12.2 m.) section of shear sampled by Cominco (Bronlund, 1973) gave a weighted average of 0.117 oz/t Au across a true width of 40 feet (12.2 m.), with the best sections assaying 0.335 oz/t Au across 10 feet (3.0 m.). Lay (1940) sampled the same shear and reported 0.20 oz/t Au, also across 40 feet (12.2 m.). *

A surface trench, 27.5 m. directly above the adit sample location, gave a weighted average of 0.17 oz/t Au across 60 feet (18.3 m.) with the best section showing 0.355 oz/t Au across 20 feet (6.1 m.) (Bronlund, 1973). This trench cut the zone at an angle and therefore widths are not true. *

Samples taken elsewhere by Cominco gave erratic results. Many of these samples were taken from the heavily pyritic zones

thought to be auriferous but were not. This discrepancy was re-investigated by Bronlund at a later date (see Local Geology).

Saleken (1975) examined and sampled the shear zones and found they were discontinuous and poddy on surface. His best sample results were obtained from the hanging wall of zone 1. They are as follows, from east to west:

<u>Sample No.</u>	<u>Length (m)</u>	<u>Au (oz/t)</u>	<u>Assays</u>	
			<u>Ag (oz/t)</u>	<u>As (ppm)</u>
1456	1.52	0.014	0.16	50
1457	1.52	0.289	0.69	150
1458	1.52	0.097	0.35	79
1459	1.52	0.030	0.23	81
1460	1.52	0.039	0.30	110

The most interesting results are those of samples 1457 and 1458 which average 0.193 oz/ton gold over 3 metres. (10ft)

Saleken (1975) samples from shears 2 and 3 were negligible in gold and silver.

Potter (1976), took selective channel samples from the shear zones and continuous chip samples along trenches. A total of 120 samples were taken. Four samples from Shear 1 above the upper adit assayed as follows:

<u>Width (m)</u>	<u>Assays</u>	
	<u>Au oz/ton</u>	<u>Ag oz/ton</u>
0.37	0.405	1.05
0.61	0.185	0.42
0.91	0.235	0.62
1.3	0.195	0.49

The remaining 116 samples assayed less than 0.03 oz/ton Au, most falling in the range of 0.002 to 0.007 oz/ton Au.

Geochemical Soil Sampling

Various geochemical soil surveys were conducted over parts of the property by D. Stelling (Stellac Exploration) and Susie Gold Mines Ltd. (Potter, 1973, 1976; Stelling, 1974; and Saleken 1975). While these surveys gave erratic results, there is a poor indication that the mineralized shears extend eastward from the known occurrences.

CONCLUSIONS

The Granite Basin property has been explored intermittently since the mid 1930's. All work to date indicates that at least one shear zone is present which carries interesting values in gold. This is zone 1 which averages between 0.1 to 0.2 oz/ton gold over 12.2 metres. It appears to contain a higher grade section 3 metres wide averaging at least 0.3 oz/ton gold.

Steep topography, talus strewn slopes and poor soil development have partially hindered all exploration efforts to date, except for the early underground work. Because of the above physical problems diamond drilling should be included in any future exploration program.

This property warrants further exploration since, with the high price of gold and silver, it offers the potential of mineable widths of gold-bearing material. Only further work will show its true potential.

Recommendations

A two-stage exploration program is recommended. The first stage would include: grid layout, geological mapping, and rock sampling. A bulldozer would be used to repair the access

road and would be used, if feasible, to clean out the caved adit portal and trench the shear zones.

Contingent on the first stage, stage 2 would be diamond drilling.

Estimated Costs

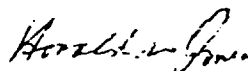
Stage I - basic exploration - 3 weeks

Camp	\$ 3,000.00
Wages: 1 Geologist - 3 weeks @ \$250/day	5,250.00
2 Field assistants @ \$80/man/day - 3 weeks	3,360.00
1 Cook @ \$1,800/mo - 3 weeks	1,350.00
Food, etc. @ \$15/man/day	1,260.00
Vehicle - @ \$900/month, including gas, mileage	900.00
Bulldozer - if necessary for road work and trenching, D6	
- mobilization, estimate	500.00
- 10 days @ \$50/hr. for 10 hrs/day	5,000.00
Assays - estimate	500.00
Report, map preparation	1,000.00
	<u>22,120.00</u>
Contingencies @ 15%	<u>3,318.00</u>
	25,438.00
Say	\$ <u>25,500.00</u>

Stage II - estimate one month

Diamond drilling - say 3000 ft. @ \$40/ft. all inclusive	\$120,000.00
Contingencies @ 15%	<u>18,000.00</u>
TOTAL	<u>\$138,000.00</u>

Respectfully submitted,



HAROLD M. JONES, P.Eng.

REFERENCES

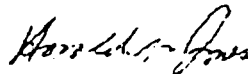
- Bronlund, E. (1973): Personal letter report to Douglas Stelling, prospector-owner of property in 1973.
- Burmeister, N.W. (1980): Report on the Granite Basin Gold, Omineca M.D., B.C. private report.
- Lay, D. (1940): Aiken Lake Area, Northern British Columbia, B.C. Dept. of Mines Bull. No.1.
- Potter, R.G. (1973): Geochemical Report on the Susie Claims, Omineca M.D., Assess.Report 4487.
- Potter, R.G. (1976): Geochemical Report on the Susie Claims, Omineca M.D., Assess. Report 5843.
- Potter, R.G. (1976): Geological and Sampling Report on the Susie Mineral Claims, company report.
- Roots, E.F. (1954): Geology and Mineral Deposits of the Aiken Lake Map-Area, British Columbia, Geol.Surv.Can.Mem.274.
- Saleken, L.W. (1975): Examination and Sample Report on the Susie Claims, Omineca M.D., Assess. Report 5423.
- Stelling, D. (1974): Prospector Report on the Susie #4 Claim of the Susie Claim Group, Omineca M.D. Assess Report 4900.

CERTIFICATE

I, Harold M. Jones, of the City of Vancouver, British Columbia do hereby certify that:

1. I am a Consulting Geological Engineer.
2. I am a graduate of the University of British Columbia in Geological Engineering, 1956.
3. I am a registered Professional Engineer of the Province of British Columbia and also a member of the Canadian Institute of Mining and Metallurgy.
4. I have practised my profession continuously since 1956 in mining exploration in British Columbia, Yukon Territory, Alaska, Arizona and Australia.
5. The writer did not examine the property but did review the information listed under "References".
6. I have not received, nor expect to receive any interest, direct or indirect in the property or in shares of Mark V Petroleum and Mines Ltd. (N.P.L.)
7. Mark V Petroleum and Mines Ltd. (N.P.L.) is hereby given permission to reproduce this report, or any part of it in, or in conjunction with the prospectus, or in a statement of material facts relating to the raising of funds for this project; provided, however, that no portion may be used out of context in such a manner as to convey a meaning differing materially from that set out in the whole.

DATED at VANCOUVER, B.C. this 21st day of February, 1980.



HAROLD M. JONES, P.Eng.

A P P E N D I X I

Letter Report by E. Bronlund, P.Eng. 1973

APPENDIX I

The work conducted on the Granite Basin Property by Consolidated Mining and Smelting Company Limited was under the direction of Mr. E. Bronlund, P.Eng. A letter report from Mr. Bronlund to Mr. Stelling in 1973, as quoted below, gives a detailed account of work and the results obtained:

"I have now had a chance to re-locate and look thru reports, notes and other data relating to our initial work on the Granite Basin property from 1935 to 1938. Some data were lost in the Aiken Lake fire of 1938 but are not too important. I thought a summary of this information might be of some help to you.

We took many hundreds of samples, most of which were moiled channel samples in 5 ft. sections across solid outcrops and were carefully taken. We found the assay results quite confusing in that there was no correlation of gold and silver values with apparent mineralization. Most of our samples showed only trace or very low gold values (.02 to .03) but there were certain areas of marginal values (.10 to .35) and it was decided to investigate one of these (No.1 zone) by driving an adit tunnel to intersect the zone some 90 feet below the surface trench. This was the No.1 tunnel (upper adit) which was 158 feet long with two crosscuts 66 ft. and 10 ft. long, for a total underground footage of 234 feet, completed in October 1937. It cut a sheared zone containing pyrite and small amounts of chalcopyrite, tetrahedrite and galena, and gave a weighted average assay of .117 oz. Au across a true width of 40 feet, with the best sections showing .335 oz. Au across 10 feet. (Douglas Lay sampled the tunnel in 1939 and reported .20 oz. across 40 feet). The surface trench some 90 feet directly above, gave a weighted average

of .17 oz. Au across 60 feet with the best section showing .355 oz. across 20 feet. The surface trench cut across the zone at an angle and the widths therefore greater than true.

We considered this a satisfactory check for this particular show but it did not account for the erratic results of our sampling elsewhere which had assumed that the gold and silver values were associated with the 4 or 5 pyritized bands of porphyritic diorite referred to in Root's reports (G.S.C. Mem. 274). These bands are from 50 to 150 feet thick and show a sub-parallel northwesterly strike from the crest of the mountain ridge down the steep slopes towards the basin valley. They are for the most part heavily pyritized and contain no other visible sulphides.

Some years later I had the opportunity to visit the property a couple of times. A few check samples were taken and a number of specimens for petrographic work. Some detailed mapping of contacts, shears and other structures was also done. As a result of this work we came to a quite different interpretation of the geology. It appears the gold and silver values are associated with a pattern of shearing which cuts across all rock types and contacts and is later than the pyritic zones and probably the latest structural event. The zones of shearing are from 10 to 50 feet wide, have an east-west strike with steep, northerly dips and trend parallel to the Basin valley axis. There are 3 of these zones presently known and they look like gneissic bands and contain quartz, sericite, chlorite and carbonates. Sulphide content, mainly pyrite, is quite low. Being scantily mineralized in relation to the general country

rock, these shear zones are easily overlooked and it is my feeling that sampling in recent years has missed this point and could account for the negative results reported.

No.1 Shear Zone is the most easterly and on which the tunnel was driven. Its width was about 40 feet in the tunnel, with the best values towards the footwall. Little is known of the length because of talus cover in both strike directions.

No.2 Shear Zone outcrops at a point 600 feet southwest (bearing 230°) from the upper tunnel portal and 280 feet higher elevation. It shows a width of about 40 feet of which the hanging wall section assayed .275 oz. Au and 12.83 oz. Ag across 10 feet, and the foot wall section .03 oz. Au and 3.68 oz. Ag across 15 feet. The 15 ft. intervening section showed only very low values. To the east of this outcrop are steep, inaccessible bluffs, to the west the zone is covered by talus for about 400 feet and then outcrops on a ridge where it crosses one of the pyritized bands of porphyritic diorite. It shows here a width of 10 feet assaying .22 oz. Au and 7.9 oz. Ag.

No.3 Shear Zone lies about 500 feet further southwest and at an elevation about 600 feet above the tunnel. It is a broad zone which may actually comprise two or more shears. The area is steep and under constant bombardment from rockbluffs above. Our samples indicate one shear which was sampled at 50 ft. intervals for 150 feet along strike as follows: .30 oz. Au across 7 feet (top, east), .52 oz. Au across 5 feet, .16 oz. Au across 7 feet and .18 oz. Au across 5 feet. Another parallel

shear higher up, 100 feet slope distance shows .18 oz. Au across 5 feet (top exp.), .15 oz. Au across 5 feet, .12 oz. Au across 15 feet, .152 oz. Au across 20 feet and .063 oz. Au across 15 feet for a sampled length of 140 feet. Silver contents were less than one ounce but could have been leached out partially.

Rock specimens from these 3 shear zones show a white to light blueish colored aphanitic groundmass with thin, closely spaced ribbon-like, wavy bands of pyrite, patches of carbonates, some vugs and crossfractures. Thin sections show a schistose, gneissic, banded aggregate of quartz, sericite, chlorite and hydromicas with some carbonates. Mariposite is present. There are two generations of pyrite, an early fine-grained variety randomly dispersed in part as a film along shear planes. This is quite noticeable where the country rock is a pyritized diorite. The late pyrite is coarser grained, darker yellow and occurs as irregular pods, in small cross-fractures and as beaded ribbons along the foliations, generally accompanied by very fine-grained chalcopyrite, tetrahedrite and galena which are the latest sulphides. Much of the gold is associated with the base-metal sulphides but some can be seen as extremely fine, dust-like particles in the siliceous matrix. The silver values are all with tetrahedrite..."

WEI W. YIP

CHARTERED ACCOUNTANT / #919-409 GRANVILLE STREET / VANCOUVER, B.C. V6C 1T2 / (604) 682-3026

AUDITOR'S REPORT

To the Shareholders,
Mark V Petroleum & Mines Ltd. (N.P.L.)

I have examined the balance sheet of Mark V Petroleum & Mines Ltd. (N.P.L.) as at December 31, 1979 and the statements of deficit, exploration and administration expenses and changes in financial position for the year ended December 31, 1979. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as I considered necessary in the circumstances.

I have not verified title to the mineral claims and leases directly with the government registry offices.

Subject to the foregoing, in my opinion, these financial statements present fairly the financial position of the company as at December 31, 1979 and the results of its operations and the changes in its financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, B. C.
April 17, 1980.


Chartered Accountant

MARK V PETROLEUMS & MINES LTD. (N.P.L.)

BALANCE SHEET

AS AT DECEMBER 31, 1979

ASSETS

	<u>1979</u>	<u>1978</u>
<u>Current</u>		
Cash	\$ 11,711	\$ 132,225
Government of Canada Bonds	8,000	8,000
Performance Bond	25,000	25,000
Accounts Receivable		
- Joint Venture	20,949	34,905
- Sale of Claims	79,519	-
Accrued Interest	880	4,580
	<u>146,059</u>	<u>204,710</u>
<u>Mineral Claims and Petroleum & Natural Gas Leases - (Note 2)</u>	<u>67,228</u>	<u>125,177</u>
<u>Fixed Assets - at cost</u>		
Office Furniture and Equipment	<u>1,845</u>	<u>1,845</u>
<u>Deferred Expenses</u>		
Organization	1,814	1,814
Exploration and Administration	<u>335,150</u>	<u>235,057</u>
	<u>336,964</u>	<u>236,871</u>
	<u>\$ 552,096</u>	<u>\$ 568,603</u>
	=====	=====

MARK V PETROLEUMS & MINES LTD. (N.P.L.)

BALANCE SHEET

AS AT DECEMBER 31, 1979

LIABILITIES AND SHAREHOLDERS' EQUITY

	<u>1979</u>	<u>1978</u>
<u>Current</u>		
Accounts Payable	\$ 19,766	\$ 46,935
<u>Shareholders' Equity</u>		
<u>Share Capital - (Note 3)</u>		
Authorized:		
10,000,000 Shares, par value 50¢ each		
Issued:		
2,242,005 Shares	803,872	803,872
<u>Contributed Surplus</u>	230	230
<u>Deficit</u>	<u>(271,772)</u>	<u>(282,434)</u>
	<u>532,330</u>	<u>521,668</u>
	\$ 552,096	\$ 568,603
	=====	=====

APPROVED ON BEHALF OF THE BOARD:

R. S. Leman DIRECTOR

John B. Macdonald DIRECTOR

See accompanying notes

WEI W. YIP
CHARTERED ACCOUNTANT

MARK V PETROLEUMS & MINES LTD. (N.P.L.)

STATEMENT OF DEFICIT

FOR THE YEAR ENDED DECEMBER 31, 1979

	<u>1979</u>	<u>1978</u>
<u>Balance</u> - Beginning of Year	\$ 282,434	\$ 276,591
<u>Add</u> : Cost of Claims Abandoned	10,637	5,843
Write Off of Miscellaneous Expenses	2,940	-
<u>Deduct</u> : Profit on Sale of Mineral Claims	<u>(24,239)</u>	<u>-</u>
<u>Balance</u> - End of Year	\$ 271,772	\$ 282,434
	=====	=====

See accompanying notes

WEI W. YIP
CHARTERED ACCOUNTANT

MARK V PETROLEUMS & MINES LTD. (N.P.L.)

STATEMENT OF EXPLORATION AND ADMINISTRATION EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1979

	<u>To</u> <u>Dec.31/78</u>	<u>Current</u> <u>Year</u>	<u>Total</u>
<u>Exploration</u>			
Mineral Claims:			
- Washington County - Idaho	\$ 62,709	\$ 150	\$ 62,859
- Province of Saskatchewan -			
La Ronge - CBS Group	3,072	-	3,072
Inexco - Seager Lake	56,569	-	56,569
Sandfly Lake	17,871	16,658	34,529
Foster River	3,890	10,490	14,380
Wapata Lake	93	2,473	2,566
Calvert Lake	-	14,499	14,499
Miscellaneous Expenses	-	2,940	2,940
	<u>144,204</u>	<u>47,210</u>	<u>191,414</u>
<u>Less: Recovery</u>	<u>(33,475)</u>	<u>(974)</u>	<u>(34,449)</u>
	110,729	46,236	156,965
Oil and Gas Leases	1,332	24,251	25,583
<u>Less: Written Off to Deficit</u>	<u>-</u>	<u>(2,940)</u>	<u>(2,940)</u>
	<u>112,061</u>	<u>67,547</u>	<u>179,608</u>
<u>Administration</u>			
Advertising and Shareholders'			
Information	11,571	979	12,550
Public Relations	16,875	-	16,875
Management Fees	41,072	9,609	50,681
Legal and Audit	23,621	6,180	29,801
Licenses and Dues	6,357	895	7,252
Office, Printing and Sundry	28,941	6,223	35,164
Transfer Fees	6,039	1,901	7,940
Travel and Entertainment	14,302	11,090	25,392
	<u>148,778</u>	<u>36,877</u>	<u>185,655</u>
<u>Less: Expenses Recovered</u>	<u>(613)</u>	<u>-</u>	<u>(613)</u>
Interest Earned	<u>(25,169)</u>	<u>(4,331)</u>	<u>(29,500)</u>
	<u>122,996</u>	<u>32,546</u>	<u>155,542</u>
<u>Total</u>	<u>\$ 235,057</u>	<u>\$ 100,093</u>	<u>\$ 335,150</u>
	=====	=====	=====

See accompanying notes

MARK V PETROLEUMS & MINES LTD. (N.P.L.)

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31, 1979

	<u>1979</u>	<u>1978</u>
<u>Source of Working Capital</u>		
Proceeds from Sale of Shares	\$ -	\$ 275,000
Proceeds from Sale of Mineral Claims	<u>72,899</u>	<u>-</u>
	<u>72,899</u>	<u>275,000</u>
<u>Use of Working Capital</u>		
Mineral Claims and Gas and Oil Leases	1,348	99,157
Exploration and Administration Expenses	100,093	85,211
Miscellaneous Expenses Written Off	<u>2,940</u>	<u>-</u>
	<u>104,381</u>	<u>184,368</u>
<u>Increase (Decrease) in Working Capital</u>	(31,482)	90,632
<u>Working Capital - Beginning of Year</u>	<u>157,775</u>	<u>67,143</u>
<u>Working Capital - End of Year</u>	\$ <u>126,293</u>	\$ <u>157,775</u>
	=====	=====

See accompanying notes

WEI W. YIP
CHARTERED ACCOUNTANT

MARK V PETROLEUMS & MINES LTD. (N.P.L.)

NOTES TO THE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 1979

1. Accounting Policies

a) Deferred Expenses

The company follows the accounting principle of deferring all exploration and administrative expenses relating to its mineral claims and leases at costs which are intended to benefit future periods. If the company should attain commercial production of its claims or leases these deferred expenditures will be written off against operations. If the prime claims of a group are abandoned or allowed to lapse, the related deferred expenditures will be written off to retained earnings or deficit.

b) Values

The recorded costs of mineral properties and leases and deferred exploration and administrative expenses represent costs incurred and the ascribed values of shares issued for mineral properties and are not intended to reflect present or future values.

c) Depreciation

No depreciation has been provided on the fixed assets.

2. Mineral Claims & Petroleum & Natural Gas Leases

The company is the recorded owner of the following properties:

- | | | |
|----|---|----------|
| a) | A 45% interest in Claim Blocks CBS 3523, 3532, 3533, 3538, 3540 and 3541, located in the Sandfly Lake area, Province of Saskatchewan, acquired at a cost of | \$ 5,280 |
| b) | A 25% interest in Claim Blocks CBS 5133 located in the Seager Lake area, Province of Saskatchewan, acquired at a cost of | 5,252 |
| c) | A 50% interest in Claim Blocks CBS 6285-6290 and 6295-6300, located in the Athabasca Mining District, Province of Saskatchewan, acquired at a cost of | 29,995 |
| d) | A 20% interest in Claim Block 4587 located in the La Ronge Mining District, Province of Saskatchewan acquired at a cost of | 607 |

WEI W. YIP

CHARTERED ACCOUNTANT

MARK V PETROLEUMS & MINES LTD. (N.P.L.)

NOTES TO THE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 1979

2. Mineral Claims & Petroleum & Natural Gas Leases continued

e) A 50% interest in Claim Block 5608 located in the Athabasca Mining District, Province of Saskatchewan, acquired at a cost of	5,719
f) An exclusive right to explore and prospect for all minerals in 163,230 acres located in the Foster River area, Province of Saskatchewan, acquired at a cost of	25
g) A 2 3/4 interest in certain petroleum and natural gas leases located in the Province of Saskatchewan. The leases are subject to various royalty payments	11,000
h) The right to participate in the drilling of four test wells in the Washington County, Ohio, U.S.A., to earn a 4% working interest in these wells. This right was acquired for	1,348
i) A 100% interest in the following in the State of Idaho, U.S.A.	
a) Jug Group - 15 Claims	1
b) Arts Group - 23 Claims	1
c) Nixon Ranch - 560 acres	8,000
	<u>8,000</u>
	\$ 67,228
	=====

3. Share Capital

Since incorporation, shares have been issued as follows:

	<u>Number of Shares</u>	<u>Par Value</u>	<u>Discounts and Premium</u>	<u>Net</u>
For Cash	1,515,005	\$ 757,502	\$ 39,100	\$ 796,602
For Properties	<u>727,000</u>	<u>363,500</u>	<u>(356,230)</u>	<u>7,270</u>
	2,242,005	\$ 1,121,002	\$ (317,130)	\$ 803,872
	=====	=====	=====	=====

WEI W. YIP

CHARTERED ACCOUNTANT

MARK V PETROLEUMS & MINES LTD. (N.P.L.)

NOTES TO THE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 1979

4. Remuneration of Directors and Senior Officers

During the year accounting fees of \$1,395. were paid to a public accounting firm, a partner of which was a former director of the company. Dolmage, Campbell & Associates Ltd. billed the company \$44,859. during 1979. Robert Adamson, a director of the company is an employee of Dolmage, Campbell & Associates Ltd.

5. Comparative Statements

Certain figures of prior year's have been reclassified for comparative purposes.

6. Subsequent Events

The company has an option to purchase a 100% interest in Granite 1 to 6 mineral claims located in the Omineca Mining Division, B. C. for the sum of \$55,000 and 75,000 shares. This agreement requires the approval of the regulatory bodies.

MARK V PETROLEUMS & MINES LTD. (N.P.L.)
INTERIM FINANCIAL STATEMENTS
EIGHT MONTH PERIOD ENDED AUGUST 31, 1980

INDEX

Accountants' Comments

Interim Balance Sheet

Interim Statement of Deficit

Interim Statement of Exploration
and Administration Expenses

Interim Statement of Changes in
Financial Position

Notes to Interim Financial
Statements

ACCOUNTANTS' COMMENTS

We have prepared the accompanying balance sheet of Mark V Petroleums & Mines Ltd. (N.P.L.) as at August 31, 1980 and the statements of deficit and exploration and administration expenses and changes in financial position for the eight month period then ended from the records of the company and from information supplied to us. In order to prepare these financial statements we made a review, consisting primarily of enquiry, comparison and discussion, of such information. However, in accordance with the terms of our engagement we have not performed an audit and consequently do not express an opinion on these financial statements.

Abbott Harrison & Co.

CHARTERED ACCOUNTANTS

Vancouver, B. C.
October 10, 1980


MARK V PETROLEUMS & MINES LTD. (N.P.L.)

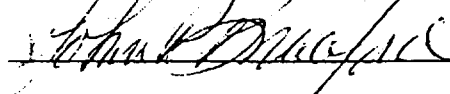
INTERIM BALANCE SHEET - AUGUST 31, 1980
(unaudited)

(with comparative figures at December 31, 1979)

ASSETS	August 31, 1980	December 31, 1979
CURRENT ASSETS		
Cash	\$ 23,328	\$ 11,711
Government of Canada Bonds	8,000	8,000
Performance Bond	-	25,000
Accounts receivable		
Joint venture	12,338	20,949
Sale of claims	31,607	79,519
Accrued interest	880	880
Prepaid management	500	-
	<u>76,653</u>	<u>146,059</u>
MINERAL CLAIMS AND PETROLEUM AND NATURAL GAS LEASES (Note 2)	<u>86,342</u>	<u>67,228</u>
FIXED ASSETS, AT COST		
Office furniture and equipment	<u>1,845</u>	<u>1,845</u>
DEFERRED EXPENSES		
Organization	1,814	1,814
Exploration and administration	<u>388,446</u>	<u>335,150</u>
	<u>390,260</u>	<u>336,964</u>
	<u>\$555,100</u>	<u>\$552,096</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	<u>\$ 22,770</u>	<u>\$ 19,766</u>
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 3)		
Authorized: 10,000,000 shares par value 50¢ each		
Issued: 2,242,005 shares	803,872	803,872
CONTRIBUTED SURPLUS	230	230
DEFICIT	<u>(271,772)</u>	<u>(271,772)</u>
	<u>532,330</u>	<u>532,330</u>
	<u>\$555,100</u>	<u>\$552,096</u>

APPROVED BY THE DIRECTORS:

 Director

 Director

MARK V PETROLEUMS & MINES LTD. (N.P.L.)

INTERIM STATEMENT OF DEFICIT
(unaudited)

EIGHT MONTH PERIOD ENDED AUGUST 31, 1980

(with comparative figures for the year ended December 31, 1979)

	<u>August 31,</u> 1980	<u>December 31,</u> 1979
Balance, beginning of period	\$271,772	\$282,434
Add: Cost of claims abandoned	-	10,637
Write off of miscellaneous expenses	-	2,940
Deduct: Profit on sale of mineral claim	<u>-</u>	<u>(24,239)</u>
DEFICIT, END OF PERIOD	<u>\$271,772</u>	<u>\$271,772</u>

MARK V PETROLEUMS & MINES LTD. (N.P.L.)

STATEMENT OF EXPLORATION AND ADMINISTRATION EXPENSES
(unaudited)

EIGHT MONTH PERIOD ENDED AUGUST 31, 1980

	To <u>Dec. 31, 1979</u>	<u>Current</u>	<u>Total</u>
EXPLORATION			
Mineral claims			
Washington County, Idaho	\$ 62,859	\$ 1,103	\$ 63,962
Province of Saskatchewan			
La Ronge - CBS Group	3,072	32	3,104
Inexco - Seager Lake	56,569	171	56,740
Sandfly Lake	34,529	-	34,529
Foster River	14,380	30,599	44,979
Wapata Lake	2,566	689	3,255
Calvert Lake	14,499	15,343	29,842
Province of B. C.			
Granite Basin	-	5,400	5,400
Miscellaneous expenses	<u>2,940</u>	<u>2,837</u>	<u>5,777</u>
	191,414	56,174	247,588
Less: Recovery	(34,449)	(9,663)	(44,112)
	156,965	46,511	203,476
Oil and gas leases	25,583	2,796	28,379
Less: Written off to deficit	(2,940)	-	(2,940)
Oil revenue	-	(7,714)	(7,714)
	<u>179,608</u>	<u>41,593</u>	<u>221,201</u>
ADMINISTRATION			
Advertising and shareholders' information	12,550	401	12,951
Public relations	16,875	-	16,875
Management fees	50,681	4,100	54,781
Legal, audit and accounting	29,801	3,405	33,206
Licenses and dues	7,252	1,490	8,742
Office, printing and sundry	35,164	1,235	36,399
Transfer fees	7,940	1,072	9,012
Travel and entertainment	25,392	-	25,392
	185,655	11,703	197,358
Less: Expenses recovered	(613)	-	(613)
Interest earned	(29,500)	-	(29,500)
	<u>155,542</u>	<u>11,703</u>	<u>167,245</u>
	<u>\$335,150</u>	<u>\$ 53,296</u>	<u>\$388,446</u>

MARK V PETROLEUMS & MINES LTD. (N.P.L.)

INTERIM STATEMENT OF CHANGES IN FINANCIAL POSITION
(unaudited)

EIGHT MONTH PERIOD ENDED AUGUST 31, 1980

(with comparative figures for the year ended December 31, 1979)

	August 31, 1980	December 31, 1979
SOURCE OF WORKING CAPITAL		
Proceeds from sale of mineral claims	\$ -	\$ 72,899
Recovery of exploration and development expenses	9,663	-
Oil revenue	7,714	-
	<u>17,377</u>	<u>72,899</u>
USE OF WORKING CAPITAL		
Mineral claims and gas and oil leases	19,114	1,348
Exploration and administration expenses	70,673	100,093
Miscellaneous expenses written off	-	2,940
	<u>89,787</u>	<u>104,381</u>
DECREASE IN WORKING CAPITAL	72,410	31,482
WORKING CAPITAL, BEGINNING OF PERIOD	<u>126,293</u>	<u>157,775</u>
WORKING CAPITAL, END OF PERIOD	<u>\$ 53,883</u>	<u>\$126,293</u>

MARK V PETROLEUMS & MINES LTD. (N.P.L.)

NOTES TO INTERIM FINANCIAL STATEMENTS
(unaudited)

AUGUST 31, 1980

1. ACCOUNTING POLICIES

(a) Deferred expenses

The company follows the accounting principles of deferring all exploration and administrative expenses relating to its mineral claims and leases at costs which are intended to benefit future periods. If the company should attain commercial production of its claims or leases these deferred expenditures will be written off against operations. If the prime claims of a group are abandoned or allowed to lapse, the related deferred expenditures will be written off to retained earnings or deficit.

(b) Values

The recorded costs of mineral properties and leases and deferred exploration and administrative expenses represent costs incurred and the ascribed values of shares issued for mineral properties and are not intended to reflect present or future values.

(c) Depreciation

No depreciation has been provided on the fixed assets.

2. MINERAL CLAIMS AND PETROLEUM AND NATURAL GAS LEASES

The company is the recorded owner of the following properties:

- | | | |
|-----|--|----------|
| (a) | A 45% interest in Claim Blocks CBS 3523, 3532, 3533, 3538, 3540, 3541 and 6673 located in the Sandfly Lake area, Province of Saskatchewan, acquired at a cost of | \$ 5,280 |
| (b) | A 25% interest in Claim Blocks CBS 5133 located in the Seager Lake area, Province of Saskatchewan, acquired at a cost of | 5,252 |
| (c) | A 50% interest in Claim Blocks CBS 6285-6290 and 6295-6300, located in the Athabasca Mining District, Province of Saskatchewan, acquired at a cost of | 29,995 |

MARK V PETROLEUMS & MINES LTD. (N.P.L.)

NOTES TO INTERIM FINANCIAL STATEMENTS
(unaudited)

AUGUST 31, 1980

2. MINERAL CLAIMS AND PETROLEUM AND NATURAL GAS LEASES (continued)

- (d) A 20% interest in Claim Block 4587 located in the La Ronge Mining District, Province of Saskatchewan acquired at a cost of \$ 607
- (e) A 40% interest in Claim Block 5608 and a 50% interest in CBS 7105 located in the Athabasca Mining District, Province of Saskatchewan, acquired at a cost of 7,301
- (f) An 80% interest in CBS 7078, 7079 and 7080, Claim 596409 7,557

During the period the company sold a 20% interest to the Saskatchewan Mining Development Corporation.

- (g) A 2 3/4% interest in certain petroleum and natural gas leases located in the Province of Saskatchewan. The leases are subject to various royalty payments 11,000
- (h) The right to participate in the drilling of four test wells in Washington County, Ohio, U.S.A. to earn a 4% working interest in these wells. This right was acquired for 1,348
- (i) A 100% interest in the following in the State of Idaho, U.S.A.
 - (a) Jug Group - 69 claims 1
 - (b) Arts Group - 5 claims 1
 - (c) Nixon Ranch - 560 acres 8,000
- (j) An exclusive option to acquire a 100% interest in 6 mineral claims known as "Granite" situated in the Omineca Mining Division, Province of British Columbia for 75,000 shares of the capital stock of the company to be issued no sooner than July 31, 1984 and no later than September 30, 1984 and payment of \$55,000 as follows:
 - \$ 5,000 - On approval of the Agreement by the V.S.E.
 - 10,000 - In lieu of statement of Material Facts (paid)
 - 10,000 - September 30, 1980
 - 10,000 - September 30th of each year thereafter for 3 years 10,000

\$86,342

MARK V PETROLEUMS & MINES LTD. (N.P.L.)

NOTES TO INTERIM FINANCIAL STATEMENTS
(unaudited)

AUGUST 31, 1980

3. SHARE CAPITAL

Since incorporation, shares have been issued as follows:

	<u>Number of Shares</u>	<u>Par Value</u>	<u>Discounts and Premium</u>	<u>Net</u>
For cash	1,515,005	\$ 757,502	\$ 39,100	\$ 796,602
For properties	<u>727,000</u>	<u>363,500</u>	<u>(356,230)</u>	<u>7,270</u>
	<u>2,242,005</u>	<u>\$1,121,002</u>	<u>\$ (317,130)</u>	<u>\$ 803,872</u>

4. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

During the period the company was billed \$11,300 for exploration expenses by an engineering firm, a principal of which is a director of Mark V Petroleum & Mines Ltd. (N.P.L.)

20. STATUTORY RIGHTS OF RESCISSION

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


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

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


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

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

September 30th, 1980.
(Date)




Robert Sidney Adamson - President & Director



John Phillip Bradford - Secretary & Director

Josephine Clementine Hutton - Director



CERTIFICATE OF THE UNDERWRITER(S):

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

September 30th, 1980.
(Date)

BOND STREET INTERNATIONAL
SECURITIES LTD.

Per: 