



Effective Date: July 5, 1976

672497

SECURITIES ACT, 1967

Neither the British Columbia Securities Commission nor the Vancouver Stock Exchange has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

BRITISH COLUMBIA SECURITIES COMMISSION
VANCOUVER STOCK EXCHANGE

TYEE LAKE RESOURCES LTD.

Head Office: #305-850 West Hastings Street, Vancouver, B.C.
Registered Office: #1275-555 Burrard Street, Vancouver, B.C.

(Address of head office and registered office of company.)

Statement of Material Facts

1. Give details of the circumstances relating to the offering of the securities and any material changes in the affairs of the issuer.	See Item 1 attached schedule
2. Set out the description, designation, and number of shares being offered by the issuer or selling shareholder. If any of the shares being offered are to be offered for the account of a selling shareholder, name such shareholder and state the number of shares owned by him, the number to be offered for his account, and the number to be owned by him after the offering.	See Item 1 attached schedule
3. Set out the price to the public, underwriting discounts or commissions and the estimated net proceeds to the issuer or selling shareholder, on both a per share and an aggregate basis. If it is not possible to state the price to the public or the underwriting discount or commissions, the method by which they are to be determined shall be explained. Give the range of the market price during the previous 90 days.	See Item 1 attached schedule
4. State the principal purposes for which the estimated net proceeds to be derived by the issuer from the sale of the shares to be offered are intended to be used and the approximate amount intended to be used for each such purpose.	See Item 4 attached schedule
5. State the laws under which the issuer was incorporated and whether incorporated by memorandum of association, Letters Patent, or otherwise or under a particular part of an incorporating Statute dealing with mining companies and the date thereof.	The Company was incorporated in the Province of British Columbia by Memorandum of Association on June 25, 1969.
6. Give names, addresses, and chief occupations for the past five years of the officers and directors of the issuer.	See Item 6 attached schedule
7. State the share capitalization of the issuer showing authorized and issued capital.	Company authorized to issue 5 Million Shares without par value and has issued 3,635,700.
8. Give particulars of any bonds, debentures, notes, mortgages, charges, liens, or hypothecations of the issuer.	The Company has borrowed \$30,000.00 from a Canadian Chartered Bank.
9. Outline briefly the manner in which the shares being offered are to be distributed, giving particulars of any outstanding or proposed underwriting, sale, or option agreement, including the name and address of each underwriter, purchaser, or optionee. Give similar particulars of sub-underwriting or sub-option agreements outstanding or proposed to be given and particulars of any assignments or proposed assignments of any such agreements. Give names and addresses of persons having any interest, direct or indirect, in underwritten or optioned shares.	See Item 1 attached schedule

<p>10. Give name and address of any person or company who beneficially owns, directly or indirectly, in excess of 5 per cent of each class of shares of any company named in answer to item 9 hereof and the number and percentage of each class of shares so owned.</p>	<p>See Item 10 attached schedule</p>
<p>11. Give particulars of any payments in cash or securities of the issuer made or to be made to a promoter or finder in connection with the proposed underwriting.</p>	<p>NIL</p>
<p>12. Give brief particulars of properties owned, leased, held under option, or operated or presently intended to be owned, leased, held under option, or operated by the issuer.</p>	<p>See Item 12 attached schedule</p>
<p>13. State whether any property referred to in item 12 has a known body of commercial ore or reserves of recoverable oil and gas. Give particulars.</p>	<p>See Item 12 attached schedule</p>
<p>14. Give brief particulars of the exploration and development work of the issuer during the past year and the results thereof on (1) its own properties and (2) other properties. State amounts spent on each.</p>	<p>See Item 12 attached schedule</p>
<p>15. Give brief particulars of property proposed to be acquired by the issuer or any affiliate or acquired by the issuer or any affiliate within the previous three years, including the name and address of the vendor and the cost or proposed cost thereof to the issuer or any affiliate, and if any such vendor is or was an insider or promoter of the issuer or an associate or affiliate of any insider or promoter of the issuer, so state and indicate the nature of the relationship.</p>	<p>See Item 12 attached schedule</p>
<p>16. State the name of any person or company who is or has been a promoter of the issuer within the preceding two years and, if not disclosed in item 15, the nature and amount of anything of value (including money, securities, property, contracts, options, or rights of any kind) received or to be received by each promoter.</p>	<p>The Board of Directors acting in such capacity may be considered to be the Promoters of the Company.</p>
<p>17. If the property referred to in item 15 was or is to be paid for by the issuance of shares of the issuer or any subsidiary, give (a) the number of shares of the issuer and any subsidiary issued to or to be issued to the vendor after giving effect to such transaction, and (b) the number and, if more than 5 per cent of the shares presently outstanding, the percentage of shares of the issuer and any subsidiary owned or to be owned by the vendor after giving effect to the transaction. If the vendor is a company, give the names and addresses of the insiders of the company.</p>	<p>See Item 12 attached schedule</p>
<p>18. Give the number and, if more than 5 per cent, the percentage of the shares of the issuer held in escrow or in pool and a brief statement of the terms of the escrow or pooling agreement. Give the names and addresses of the beneficial owners of such shares.</p>	<p>See Item 18 attached schedule</p>
<p>19. Give the number of shares of the issuer owned of record or beneficially, directly or indirectly, by each person or company who owns of record, or is known either by the issuer or the selling shareholder to own beneficially, directly or indirectly, more than 5 per cent of such shares, in each case within 10 days from the date hereof. Show separately whether the shares are owned both of record and beneficially, of record only or beneficially only, and show the respective amounts in percentages owned in each such manner. Give names and addresses of the owners referred to above.</p>	<p>See Item 19 attached schedule</p>
<p>20. Give a brief statement of any legal proceedings to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Make a similar statement as to any such proceedings known to be contemplated.</p>	<p>To the knowledge of the signatories there are no legal proceedings commenced against the Company nor are any known to be contemplated.</p>

21. Give the aggregate direct remuneration, including amounts for services rendered, paid or payable by the issuer and its subsidiaries during the past year to the insiders of the issuer.	Direct remuneration and amounts for services rendered by directors and insiders during the past twelve months amounts to \$7,000.00.
22. Give brief particulars of all options to purchase securities (other than such as are granted or proposed to be granted to shareholders as such on a <i>pro rata</i> basis) outstanding or proposed to be given by the issuer and its subsidiaries to any person or company, naming each such person or company and showing separately all such options outstanding or proposed to be given to the insiders of the issuer or its subsidiaries.	See Item 22 attached schedule
23. State the prices at which shares of the issuer have been issued for cash during the past year. If any shares have been issued for services, state the nature and value of the services and give the name and address of the person or company who received such shares. State the number of shares issued at each price.	25,000 shares @ 15 cents 200,000 shares @ 35 cents 600,000 shares for properties
24. Give the dates of and parties to and the general nature of every material contract entered into by the issuer or any subsidiary within the preceding two years which is still in effect and is not disclosed in the foregoing.	NIL
25. Give particulars of any other material facts relating to the shares proposed to be offered and not disclosed pursuant to the foregoing items.	NIL
26. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost of book value and present market value.	NIL

27.

CERTIFICATE OF THE COMPANY

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

Dated June 25, 1976

TYEE LAKE RESOURCES LTD.

<i>D. H. Dickson</i>	} [Corporate Seal.]
Director	
<i>W. J. ...</i>	
Director	
<i>James ...</i>	
Director	
<i>Arthur ...</i>	
Director	

CERTIFICATE OF UNDERWRITER OR OPTIONEE

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.

Dated June 25, 1976

RADEMAKER, MACDOUGALL AND COMPANY

[Signature]

[Signature]

Schedule to Statement of Material Facts

Tyee Lake Resources Ltd.

Item 1

Underwriting Agreement dated June 25, 1976

Rademaker, MacDougall and Company,
409 Granville Street,
Vancouver, British Columbia.

Underwriting: 200,000 shares at 49 cents per share
payable forthwith on acceptance of
the Agreement by the Vancouver Stock
Exchange ("effective date")

Options Granted 200,000 shares at 54 cents per share
On: exercisable 90 days from the
effective date.

Net Proceeds \$ 98,000.00
from Underwriting:

Net Proceeds from \$ 206,000.00
Underwriting if
Options are
exercised in full:

The shares underwritten and acquired under option will be distributed to the public through the facilities of the Vancouver Stock Exchange at market prices from time to time prevailing.

There are no sub-underwriting agreements. To the knowledge of the signatories only the contracting Underwriter has any interest, direct or indirect, in the underwritten and optioned shares.

The market price established within the last 90 days is a high of 58¢ and a low of 10¢.

Item 4

The Company will spend the proceeds from the Underwriting on its Hydraulic Lake claims pursuant to the recommendations of J.J. Crowhurst, P.Eng., of Bacon & Crowhurst Ltd., as set out in their report of June 23, 1976. The Company had an earlier report from Bacon & Crowhurst dated April 2, 1976 and

the Company is currently working on that programme with funds on hand from an earlier financing.

The present recommendations include further exploration diamond drilling together with radon gas detection survey work and total	...	\$ 93,500.00
Addition to Company's working capital		<u>\$ 4,500.00</u>
Total underwriting proceeds	...	\$ 98,000.00
		=====

In the event that the option is exercised, the proceeds derived therefrom will be used to conduct the extended work of exploration as recommended in Mr. Crowhurst's report.

None of the proceeds realized from the firm underwriting or the options will be spent on any property other than that referred to above without first filing with the Vancouver Stock Exchange a satisfactory Engineer's Report.

Item 6

Directors and Officers

Hiroshi Ogata 661 Riverdale Drive, Richmond, B.C.	President and Director	President, Tyee Lake Resources Ltd. formerly Administrative Manager Nippon Mining Co. Ltd., Vancouver Branch.
Santoshi Hamada, 510 Colbeck Road, Richmond, B.C.	Director	Business Executive
Laurence S. Trenholme, 6746 Marguerite Street, Vancouver, B.C.	Director	Chief Geologist, Chatham Resources Ltd., formerly Exploration Manager Brameda Resources Ltd.
Donald M. Alexander, 3827 West 27th Avenue, Vancouver, B.C.	Director and Secretary	Accountant

Item 10

RADEMAKER, MACDOUGALL and COMPANY

Rademaker MacDougall and Company is a corporate partnership of MacDougall & Granger Ltd. and Elphick Securities Ltd. whose respective shareholders are:

MACDOUGALL & GRANGER LTD.

John F. MacDougall	400-409 Granville St., Vancouver, B.C.	12,100 common (60.5%) 12,200 class A (61%)
Robin V. Granger	400-409 Granville St., Vancouver, B.C.	4,700 common (23.5%) 5,700 class A (28.5%)
John Woods	400-409 Granville St., Vancouver, B.C.	3,200 common (16%) 1,600 class A (8%)

ELPHICK SECURITIES LTD.

Conrad Rademaker	1542 W. 20th Avenue, Vancouver, B.C.	355 common (55.5%) 10,650 preferred (26.79%)
Barry M. Stanfield	152-3300 Capilano Rd., North Vancouver, B.C.	64 common (10.0%) 1,920 preferred (4.90%)
Estate of Frank Bennett, Deceased	5229 Oak Street, Vancouver, B.C.	86 common (13.41%) 22,580 preferred (57.98%)
John Packett	4580 Belmont Avenue, Vancouver, B.C.	64 common (10.00%) 1,920 preferred (4.90%)

Item 12

Hydraulic Lake Property

Pursuant to an agreement dated March 24, 1976 between the Company and Reco Management Enterprises Ltd. of 14 Sprucebank Crescent, Calgary, Alberta, a private company, the shares of which are wholly owned by Robert E. Humphreys of the same address, the Company acquired by way of option 320 mineral claims near Hydraulic Lake, east of Kelowna, B.C.

Pursuant to the terms of the option the Company issued 100,000 shares on the granting of the option and in order to keep it in good standing would be required to issue further shares on the following basis:

100,000 shares on November 30, 1976 or following the expenditure of \$20,000.00 or the sooner thereof;

150,000 shares on April 30, 1977 or following the total expenditure of \$60,000.00 or the sooner thereof;

150,000 shares on November 30, 1977 or following the total expenditure of \$120,000.00 or the sooner thereof.

The claims are contained in two groups almost surrounding, in between and adjacent to properties owned by Nissholwai Canada Ltd. in the Hydraulic Lake area east of Kelowna, British Columbia. These claims are variously in the Vernon, Greenwood and Osoyoos Mining Divisions and are contained in two blocks:

Kettle Group Claim Blocks	No. of Claims
11	140
Uranus Group Claim Blocks	No. of Claims
13	180

The Company arranged financing by way of private placement with Peregrine Petroleum Ltd. of 420 Three Calgary Place, 345 - 4th Avenue S.W., to which it sold 200,000 shares at 35 cents and pursuant to an agreement with that Company dated May 24th, 1976, the Company agreed to expend \$49,000.00 of the money on the Hydraulic Lake property. The Company has been since that date and is presently carrying out a programme on the property consisting of geological mapping, track etch surveying and diamond drilling. This programme is continuing and it is the intention of the Company to use the proceeds from

the present underwriting to extend the programme according to its consultant's recommendations.

The Company is undertaking the acquisition of surface rights in the area and has recently located an additional 165 claims to the west of the original claim groups.

Wainwright Gas Well

Pursuant to an Agreement dated July 18, 1975 with Redco Explorations Ltd. of 420 Three Calgary Place, 345-4th Avenue S.W., Calgary, Alberta, a private company, the shares of which are wholly owned by Cameron J. McFeely of the same address, the Company acquired a 50% interest in a gas well located in the Wainwright field at 10-35-44-5 W4M Alberta.

The Agreement was on a turnkey basis, the Company paying the dry hole drilling costs of \$36,000.00 and 50% of the completion and tie-in costs of \$39,000.00. This was paid for by issuing Redco 500,000 shares at the deemed price of 15 cents per share. The shareholdings represent 14% of the presently issued shares of the Company and have subsequently been transferred from Redco to Cameron J. McFeely.

The well commenced production in February 1976 and Tye borrowed \$30,000.00 from a Canadian Chartered Bank against its production.

Ken Claims - Yukon Territory

Pursuant to an Agreement dated June 8, 1973, the Company acquired a 50% interest in 55 mineral claims in the MacMillan Pass area of the Yukon and Northwest Territories as follows:

<u>Name</u>	<u>Record No.</u>	<u>Expiry Date</u>
KEN 1 - 30 (Yukon)	Y 69349 - 78	May 22, 1977
KEN 31-52 & 60 (N.W.T.)	A 68001-23	May 22, 1980

Pursuant to the Agreement the Vendor of the 50% interest to Tyee, Kenneth S. Rustand of 210 S. Hythe Street, Burnaby, B.C. received 125,000 shares of the Company's stock and is presently owed \$2,500.00. The Company's co-partner in the claims is Saxton Industries Ltd. of #1275-555 Burrard Street, Vancouver, B.C.

During 1975 the claims were optioned to Canada Tungsten Ltd. who reportedly spend \$90,000.00 in exploration on the property, but dropped its option in January 1976.

Duckling Creek Property

The Company had 100 claims near Germanisen Landing, B.C., but carried out no work on the claims during 1975 and allowed them to lapse.

Item 18

There are 225,000 shares of the Company, representing 6% of the total issued shares of the Company which are held in escrow with Guaranty Trust Company pursuant to an Escrow Agreement which provides that without the written consent of the B.C. Securities Commission or any other regulatory body, the holders of escrow shares will not sell, assign or transfer the said shares, and if the Company loses or does not obtain good and marketable title to or abandons development of any property which was or formed a part of the consideration for any shares in escrow there shall be surrendered by way of gift to the Company for cancellation such number of the said shares as the B.C. Securities Commission in its sole discretion deems fair and equitable and in such manner or proportion as it may direct.

Item 18

The names and addresses of owners of more than 5% interest in escrowed shares are as follows:

Alfred E. Turton	424 Burrard Street, Vancouver, B.C.	40,500
Inter-Pacific Enterprices Ltd.	#205-850 West Hastings St., Vancouver, B.C.	32,250
Lacanex Mining Co. Ltd.	1177 West Hastings Street, Vancouver, B.C.	15,000
Long Lac Mineral Exploration Ltd.	#400-112 King Street West, Toronto, Ontario	90,000

Item 19

The following are the persons and companies known to own of record and beneficially more than 5% of the shares of the Company:

<u>Name & Address</u>	<u>No. of shares</u>	<u>Percentage</u>
Cameron J. McFeely, 420 Three Calgary Place, 345-4th Avenue, S.W., Calgary, Alberta	500,000	14%
Peregrine Petroleum Ltd. 420 Three Calgary Place, 345-4th Avenue S.W., Calgary, Alberta.	200,000	6%

Item 22

The following are the only share options outstanding:

25,000 shares at 20 cents to a director, Laurence S. Trenholme exercisable on or before February 28, 1978.

25,000 shares to each of Donald M. Alexander and Santoshi Hamada, directors, exercisable as follows:

12,500 shares or any part thereof at a price of 40 cents per share exercisable on or before April 30, 1977, and an additional

12,500 shares or any part thereof at a price of 50 cents per share exercisable anytime after April 30, 1977, but on or before April 30, 1978.

Purchaser's Right of Rescission

Sections 61 and 62 of the Securities Act, contain provisions enabling a purchaser of securities offered in the course of primary distribution to rescind the contract of purchase in certain events. The purchaser may rescind where:

- (a) delivery of a copy of the Statement of Material Facts is not made in accordance with Section 60 of the Act, and;
- (b) written notice of intention to commence an action for rescission of the contract served upon the person who contracted to sell the securities within 60 days of the date of delivery of the written confirmation of the sale of the securities; and
- (c) the purchaser is still the owner of the security.

This statement of the purchaser's right of rescission is indicative only and not intended to be comprehensive. For complete details, reference should be made to the Section of the Act.

BACON & CROWHURST LTD.
CONSULTING ENGINEERS

April 2, 1976.

Mr. H. Ogata, President,
Tyee Lake Resources Ltd.,
205 - 850 W. Hastings St.,
Vancouver, B.C.

Dear Mr. Ogata:

I am pleased to submit herewith my report concerning your Hydraulic Lake uranium property which is situated about 14 air miles east of Kelowna in southern British Columbia.

In my opinion, your property deserves careful and continued exploration. Access is easy. Good paved and gravel roads pass through the centre of the claim groups; these lead from Kelowna to the west about 18 miles. Ground exploration can, therefore, be conducted inexpensively.

The property offers excellent possibilities to discover economic zones of uranium mineralization as either extensions of known flat-lying sedimentary deposits in adjacent ground or, alternatively, to discover other similar uranium deposits not now known. Radioactive discoveries so far in the area have been composed of secondary minerals (mostly autunite) and uraninite. By comparison with producing mines, it is not anticipated that any metallurgical problems will be encountered.

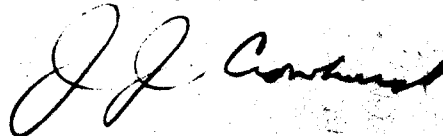
We believe that these uranium discoveries are the first of their kind in British Columbia.

My recommendations are that the sum of \$30,700 be provided, as soon as may be arranged, to cover the cost of the first phase of exploration.

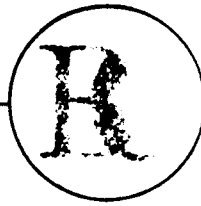
Your confidence in entrusting this study to our appraisal is appreciated.

Yours very truly,

BACON & CROWHURST LTD.



J.J. Crowhurst



BACON & CROWHURST LTD.

1720-1055 West Hastings Street
Vancouver 1, B.C.

REPORT

on the

HYDRAULIC LAKE URANIUM PROPERTY
KELOWNA AREA, BRITISH COLUMBIA

for

TYEE LAKE RESOURCES LTD

by

J. J. CROWHURST, B. A. Sc., P. Eng

Vancouver, B.C.

April 2nd. 1976

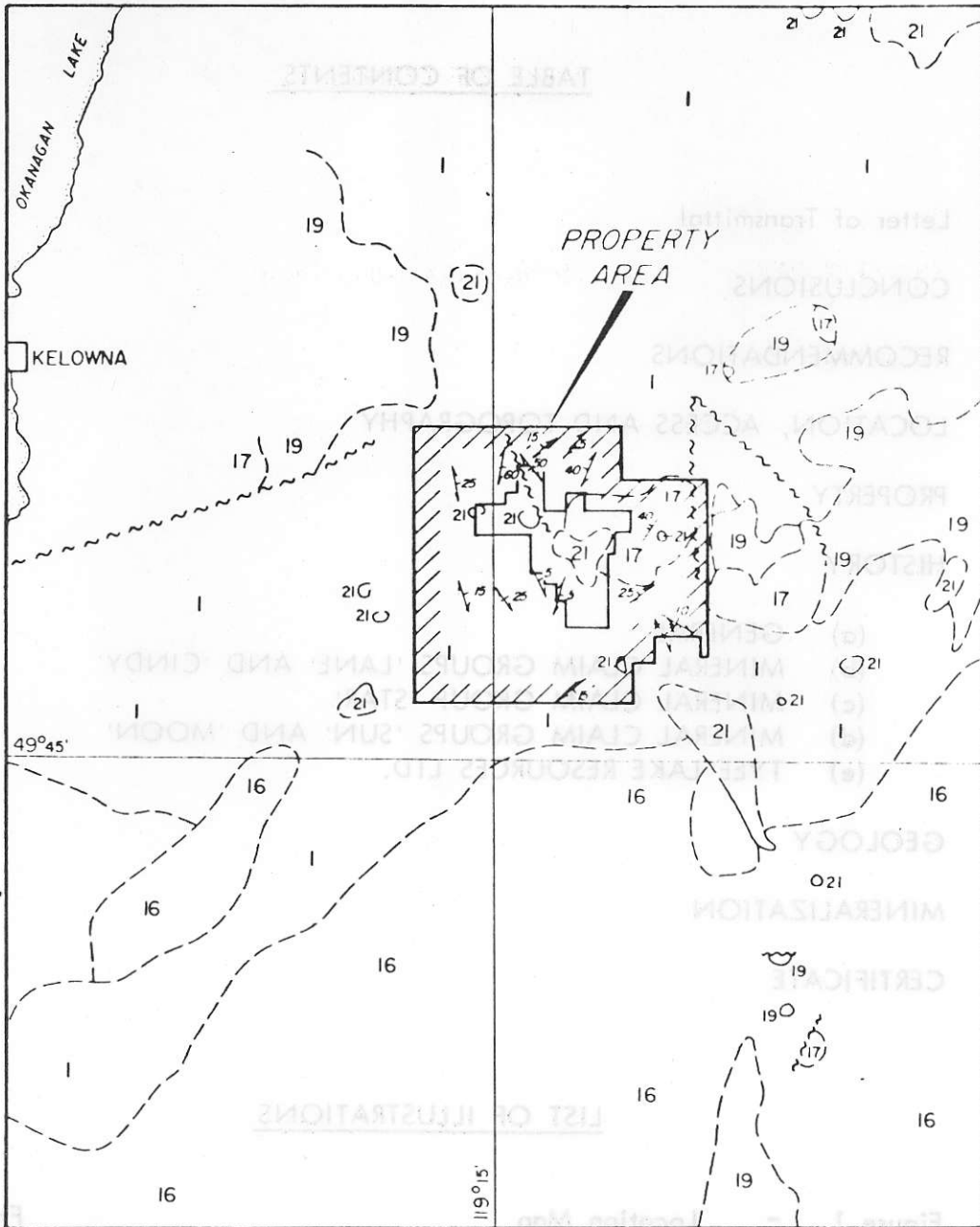


FIGURE 1.
TYEE LAKE RESOURCES LTD.

LOCATION MAP

HYDRAULIC CREEK AREA
 McCULLOCH, B.C.





TERTIARY MIOCENE ?

21 Plateau basalt, minor olivine basalt

EOCENE OR OLIGOCENE

19 Andesite, trachyte, minor basalt, locally, interbedded tuff and shale

PALEOCENE OR EOCENE

17 Conglomerate, sandstone shale, tuff

CRETACEOUS (?)

16 Valhalla Plutonic Rocks, granite, granodiorite

MONASHEE GROUP

1 Layered gneiss, minor schist, amphibolite
Quartzite

— Geological contact, defined, assumed

— Bedding inclined

— Gneissosity, inclined

FIGURE 3

TYEE LAKE RESOURCES LTD.

REGIONAL GEOLOGY

HYDRAULIC CREEK AREA

McCULLOCH, B.C.

MILES

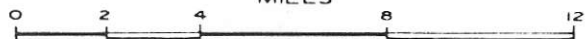


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Figure 2	-	Property Claim Map	Following Page 5
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CONCLUSIONS

Tyee Lake Resources Ltd. has acquired 320 mineral claims in the Hydraulic Lake area about 14 air miles east of Kelowna in southern British Columbia. Part of these claims completely surrounds a group of claims owned by Nissho-Iwai Canada Ltd. and the remainder are situated between this property and another Nissho group to the south.

Sufficient information is given in the British Columbia Provincial Government assessment reports filed by the Power Reactor & Fuel Development Corporation - Japan (who acted as agent for Nissho-Iwai) to establish the presence of significant quantities of uranium on both of the Nissho claim groups.

This mineralization is reported by the British Columbia Department of Mines to consist largely of secondary uranium minerals (autunite) occurring in flat-lying unconsolidated conglomerate and sandstone beds which form the lower part of what has been termed the Plateau Basalt formation. This is summarized later in this report, but it can be noted here by way of reference that Hole No. 10 cut 3.0 metres (9.85 feet) of uranium mineralization grading 0.40% eU_3O_8 in a flat-lying pebble conglomerate bed about 125' below the surface. This is the best intersection, but enough other intersections were obtained to establish an attractive pattern.

It would appear that correlation exists between this uranium mineralization and the Vathalla plutonic intrusions as a possible source, and that ancient stream valley positions controlled to some extent the subsequent deposition in the sediments.

Oxidation and weathering of uranium-bearing veins or pegmatites or low-grade disseminated uraninite in basement rocks (for example the Carmi molybdenum prospect) is quoted by the Department of Mines as a possible source for this secondary mineralization.

CONCLUSIONS

The available regional geological mapping by the Geological Survey of Canada is, of necessity, general in nature (see Figure 3). For example, several buried tongues and masses of Valhalla plutonic rocks are noted in the Nissho-Iwai diamond drilling logs, a considerable distance to the north of the contact area shown on the G.S.C. maps. Many hitherto undetected small plugs and extensions of the main stock no doubt exist on the Tye Lake holdings. It is also not known whether the Valhalla intrusive contact dips under the Tye property area.

Similarly, other sections of the "Plateau" conglomerate and sandstone beds could perhaps be found by detailed geological mapping, as could the ancient stream pattern be studied and explored.

Access is very favourable; an all-weather road leads through the centre of the property. Elevations are less than 4500 feet above sea level.

The present price of uranium (latest sales are reported to be in the \$35 to \$40 per lb. of U_3O_8 range) and the ever increasing excess of demand over current supply intensifies the attractiveness today of exploration for this material.

The use of modern geochemical and geophysical methods (such as "Track Etch") can be cheaply and effectively applied as a follow-up to geological mapping and interpretation in the Hydraulic Lake area.

The Tye Lake Resources Ltd. mineral claim properties in this area east of Kelowna in southern British Columbia, therefore, present, in our opinion, an attractive exploration target directed at the discovery of economic uranium mineralization.

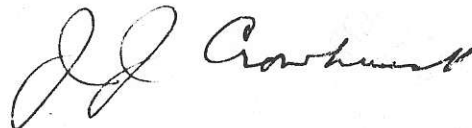
RECOMMENDATIONS

It is recommended that the sum of \$30,700 be provided, as soon as may be arranged, to cover the costs of preliminary exploration work as detailed below:

Study of existing information and appraisal	\$1,000
Geological mapping - one geologist and one helper - salary and wages	6,000
Supplies and support field costs	1,500
Linecutting - 30 miles @ \$150 per line mile	4,500
Track Etch survey - 750 cup program - base price \$12,000 plus extra handling and contour mapping for second and third areas	12,900
Consulting advice re program - Terradex Corp., California	1,000
Evaluation of results and recommendations	<u>1,000</u>
	\$27,900
Plus contingencies @ 10%	<u>2,800</u>
	<u>\$30,700</u>

Respectfully submitted,

BACON & CROWHURST LTD.



J.J. Crowhurst, B.A.Sc., P.Eng.

LOCATION, ACCESS AND TOPOGRAPHY

The Tyee Lake Resources property is located at approximately 49°50'N, 119°12'W, about 14 air miles east of Kelowna, B.C.

Highway #33, which leads east out of Rutland and Kelowna, passes through the property, then proceeds southerly 28 to 30 miles down the West Kettle River valley to Beavertell and on to Rock Creek, B.C. This highway is partially paved and otherwise is a good gravel road. Travel time from Kelowna is approximately 30 minutes.

Elevations range from 3500' to 4300' above sea level. The weather is moderate; from two to four feet of settled snow can be expected during winter. Field work can usually commence in May.

Overburden is extensive but is usually less than 10'-12' thick. Outcrops are plentiful so that reasonably accurate surface geological mapping can be completed. Some swampy areas exist, but these are not numerous.

BACON & CROWHURST LTD



J.L. Crowhurst, B.A.Sc., P.Eng.

PROPERTY

Tyee Lake Resources Ltd. has recently acquired 320 mineral claims almost surrounding, in between and adjacent to the properties owned by Nissho-Iwai Canada Ltd. in the Hydraulic Lake area, east of Kelowna, British Columbia. These claims are variously in the Vernon, Greenwood and Osoyoos Mining Divisions and are summarized in the following table. (See Figure 2)

<u>Kettle Group Nos.</u>	<u>No. of Units</u>	<u>Uranus Group Nos.</u>	<u>No. of Units</u>
1	20	1	20
2	8	2	15
3	4	3	14
4	2	4	20
5	20	5	10
6	20	6	20
7	10	7	8
8	6	8	20
9	20	9	4
10	12	10	16
11	18	11	12
		12	3
		13	18
Totals	140		180

HISTORY

(a) GENERAL

A study of several assessment reports obtained recently from the Department of Mines and Petroleum Resources, Victoria, B.C., for the years 1972-73 and 1974 discloses that two main groups of claims (see Figure 2) had been staked in 1972 in the Hydraulic Lake area about 20 miles east of Kelowna, B.C. (owner - Nissho-Iwai Canada Ltd.)

During 1973-1974 geological mapping and diamond drilling consisting of 28 vertical holes totalling 5295 feet, was carried out by Power Reactor and Nuclear Fuel Development Corporation of Japan (hereinafter called 'Power Corporation - Japan'). This work continued in 1975.

Interesting radioactivity was discovered in flat-lying conglomerate and sandstone beds underneath Tertiary basalts. It is reported autunite (calcium uranium phosphate) was responsible.

It has also been reported that more extensive diamond drilling was completed in 1975 by the Power Corporation - Japan. It is believed encouraging results were encountered.

The 1973-1974 diamond drilling is summarized in the following table. The holes were logged and probed using a TCS-603R G.P. 27 (background 35 cpm) geiger counter made by Nippon Meter, Japan. Core size was BQ.

<u>Period</u>	<u>Mineral Claim Group</u>	<u>No. of Claims</u>	<u>No. of Holes</u>	<u>Total Feet Drilled</u>	<u>Assessment Report Number</u>
25 July - 21 Aug. 1973	Lane	30	4 (#7-10 incl.)	961	4629
	Cindy	30	4 (#11-14 incl.)	1001	4629
20 June - 21 June 1974 7 June - 30 June 1974	Lane	30	2 (#15+16 incl.)	269	5115
	Star	39	5 (#6 & 17-20 incl.)	823	5115
1 July - 10 Aug. 1974	Sun	40	8	1538	5090
	Moon	28	5	703	5090
<u>Total</u>			28	5295	

The background count for the geiger counter used to probe the core was recorded as being from 35 to 55 counts per minute.

Details are summarized as follows:

(b) MINERAL CLAIM GROUPS LANE AND CINDY (10 holes - #7-16 incl.)

Quoting from Power Corporation - Japan - September 1973 report

"Though there has been no radiometric anomaly clarified at the ground surface in the area, some radiometric anomalies were found, especially in No. 10 hole (13,000 cpm) (0.4% eU₃O₈) was noteworthy."

The drill hole log for Hole No. 10 shows abnormal radioactivity from 34 metres (111 feet) to 37 metres (121 feet) or over a thickness of 3 metres (9.8 feet).

The intersection was in a flat pebble conglomerate bed lying underneath the Tertiary Kallis Creek basalt (Map Unit No. 21 - see Figure 3) and top of a 3.7 m thick (12.1 feet) tongue of the Valhalla intrusive rocks (Map Unit 16 - Cretaceous?).

The same conglomerate bed was intersected in seven of the other holes, namely #7, 8, 11, 13, 14, 15 and 16, in thicknesses varying from 0.2 m (0.66 feet) in Hole #7 to 35.8 metres (117.5 feet) in Hole #14. Little or no radioactivity was found in the conglomerate in Holes #14 and 16, but in the remaining holes radioactivity varies from 50 cpm in Hole #8 to 250 cpm in Hole #15.

In five holes, Nos. 7, 8, 13, 14 and 16, a sandstone layer varying from 2.5 metres in Hole #16 to 17.7 metres in Hole #13 (8.2 ft. to 58.1 ft.) lies immediately above or within the conglomerate bed, while in Holes #9 and #12 no conglomerate was encountered but thin layers of sandstone were intersected. The sandstone is logged as "coaly" in Holes 7, 8 and 12. In Holes 7, 12 and 16, the sandstone showed 20 cpm, 615 cpm and 400 cpm respectively.

(c) MINERAL CLAIM GROUP STAR (5 holes - #6, & #16-20 incl.)

Quoting from Power Corporation - Japan - August 1974:

"There has been radiometric anomalous zones clarified on the Star group. Though the radioactivity was not so high, its distribution varied widely."

Little or no radioactivity is shown in the logs for Holes #6, 18 and 20, although a comment is made in the report that "Chemical assay is not done yet, but it is estimated at 0.01% eU_3O_8 (Drill Hole BCP-20)."

Holes #19 and 20 intersected Monashee gneisses intruded by tongues of Valhalla granite and the radioactivity appears to be in pegmatitic phases of the granite. No significant radioactivity is shown in the conglomerate overlying the granite in Hole 19; Hole 20 was in granite and gneiss throughout its length.

Conglomerate and sandstone layers were intersected in all of the holes except #20. Radioactivity is reported from 150 cpm up to 300 cpm in sandstone in Hole #17 but no abnormal radioactivity is shown in the conglomerate intersections.

(d) MINERAL CLAIM GROUPS SUN AND MOON (13 holes - #21-33 incl.)

Quoting from Power Corporation - Japan - August 1974:

"Though there has been no radiometric anomaly clarified on the ground surface in the area, some radiometric anomalies were found in drill holes, especially in Hole BCP-31, which counts 1980 cpm (0.07% eU_3O_8) at the highest.

These anomalies occur at the bottom of the Plateau Basalt Formation on the base of the Valhalla plutonic rocks. No anomaly was found on the base of the Kettle River formation."

The same general sequence of flat-lying volcanics and sediments over the Monashee basement gneisses was found, with the exception that in the northerly

part of the claim group, the Kettle River formation occurs underneath the conglomerate and sandstone layers, on top of the Valhalla intrusives or on top of the Monashee gneisses.

Extremely interesting radioactive zones were found in the lower sections of the conglomerate-sandstone formation (total thickness from 6.4 m or 21 feet to 73.2 m or 240 feet) under the basalt in Holes 21, 22, 30, 31 and 32. All of these holes are in the southern part of the claim group. These zones can be summarized as follows:

Hole No.	Rock Type	Intersection (metres)	Thickness		CPM
			Metres	Feet	
21	Conglomerate	3.5- 6.0	2.5	8.2	200
22	Conglomerate & sandstone (some 'coaly')	30.0-31.5	1.5	4.9	650
30	Conglomerate	38.0-39.0	1.0	3.3	500
31	Coarse sandstone	52.0-53.5	1.5	4.9	Up to 1100
	'Coaly' sandstone	61.5-62.8	1.3	4.3	Up to 1980
	Coarse sandstone & boulder conglomerate	69.8-74.4	4.6	15.1	Up to 1350 (average 800)
32	'Coaly' sandstone (medium) and conglomerate	53.0-62.0	9.0	29.5	Up to 600 (average 400)
	Conglomerate	67.0-70.0	3.0	9.8	Up to 900 (average 690)
	Boulder conglomerate & 'coaly' sandstone - fine	72.0-76.0	4.0	13.1	Up to 1200 (average 750)

It is noted, however, that in Holes #23 and 33, which are situated close to the holes quoted above, no significant radioactivity was discovered in the conglomerate-sandstone formations.

(e) TYEE LAKE RESOURCES LTD.

Tyee Lake Resources Ltd. has now acquired nearly all (if not all) of the more attractive surrounding ground. The "Sun" and "Moon" groups, on which the Power Corporation - Japan work was done, are completely enveloped and ground adjacent to the "Lane", "Cindy" and "Star" groups has been secured by Tyee.

GEOLOGY

GENERAL (See Figure 3)

All of the area under consideration is no doubt underlain by the Monashee Group (Map Unit #1) which is considered to be PreCambrian in age (H.W. Little). This group consists locally of layered gneiss (paragneiss) and biotite gneiss. Some minor schist is reported.

This Monashee group has been intruded by Cretaceous (?) Valhalla plutonic rocks (Map Unit #16) consisting mainly of biotite granite. Pegmatitic phases and aplite are noted at the contact areas.

It is noteworthy that radioactivity (up to twice background) has been detected in the pegmatitic zones; this was noted by the Power Corporation - Japan in the logs for Holes #19 and 20 drilled on the Star group immediately to the north-west of Hydraulic Lake.

This suggests that the Valhalla plutonics could have a greater than average uranium content.

In the northerly part of the "Sun" and "Moon" groups, rocks belonging to the Kettle River formation have been logged by the Power Corporation - Japan.

as resting unconformably on top of the Monashee Group. The Kettle River rocks consist of acidic tuff, tuffaceous sandstone and conglomerate. It is assumed this corresponds to Map Unit #17 (Paleocene or Eocene). This formation was not encountered by the diamond drilling south of the north end of Hydraulic Lake, nor have outcrops been mapped as such for about 10 miles southerly.

No significant radioactivity was found in the Kettle River formation by the Power Corporation - Japan diamond drilling.

Overlying all of these rocks mentioned is the Plateau Basalt formation (Map Unit #21).

This can be divided into two parts. The lower section consists of 'coaly' sandstone, sandstone and conglomerate. The upper part is olivine-basalt lava in which numerous gas cavities exist ("Kallis Creek" basalt).

The average thickness of both sections is quoted as being about 160 feet; it is not believed the lower part outcrops in the area, except in isolated locations, but it no doubt exists as an extensive buried layer.

A second type of intrusive, Oligocene in age, designated as Coryell granite, is shown on the Power Corporation - Japan surface mapping. Outcrop areas are small, however, in comparison to the Valhalla stock shown, and appear almost to be dykes.

Mention is made of Cache Creek group rocks as being closely associated with the Monashee group. It is believed this is also local in nature.

MINERALIZATION

The Victoria, B.C., Department of Mines, in their publications, mention that a possible source for the radioactive minerals (largely autunite) would be the oxidation and weathering of uranium-bearing veins or pegmatites or low-grade disseminated uraninite in basement rocks.

The most significant uranium mineralization to date has been found in the coarse and/or 'coaly' sandstones. Second in importance are the boulder conglomerate occurrences. These two groups of sediments form the lower section of Map Unit #21 and probably grade in and out of each other. They are always adjacent but reverse upper and lower position in the drill holes and occur between each other.


The presence of radioactive minerals also appears to be directly related to the Valhalla intrusives. It can be postulated that these intrusives formed the source and the uranium minerals migrated into the favourable sediments, then were redeposited, aided by the presence of carbon as in the 'coaly' sandstones.

This can be compared with the origin of the Dawn Uranium Mine deposits on the Spokane Indian Reservation northeast of Spokane. Here the Loon Lake porphyritic quartz monzonite stock (Cretaceous in age?) has been shown to possess an unusually high uranium content.

The uraninite orebodies, grading approximately 0.18% U_3O_8 , occurred in the adjacent sheared and rusty argillites (Purcell in age) when embayments in the Loon Lake granite existed. Weathering and oxidation converted the upper parts of the mineralization to autunite, a calcium uranium phosphate.

CERTIFICATE

The control that the old stream channels in the Monashee formation may have on the concentration of uranium mineralization is mentioned in the Power Corporation - Japan reports. It is interesting to note that their best uranium mineralization occurred along lines parallel to the present Hydraulic Creek valley; this valley may reflect the position of an ancient underlying valley, as may also the many streams (and tributaries, some of which enter the Hydraulic River) on the Tyee Lake Resources property.

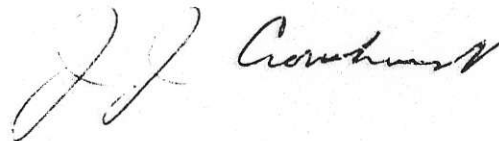


J.J. Crowhurst, B.A.Sc., P.Eng.

CERTIFICATE

I, John James Crowhurst, DO HEREBY CERTIFY THAT

1. I am a practising mining engineer with Bacon & Crowhurst Ltd.,
1720 - 1055 West Hastings Street, Vancouver, B.C.
2. I am a graduate of the University of British Columbia and have been granted
the degree of Bachelor of Applied Science.
3. I have been practising my profession as a mining engineer for 35 years.
4. I am a member of the Association of Professional Engineers of British
Columbia, Registration No. 2120.
5. I was the General Manager of the Newmont Mining Corporation
Dawn Uranium property, situated on the Spokane Indian Reserve, Ford,
Washington, during 1958 and 1959.
6. I nor any member of my firm have directly or indirectly received or expect
to receive any interest direct or indirect in the property or securities of
Tye Lake Resources Ltd.



J.J. Crowhurst, B.A.Sc., P.Eng.

BACON & CROWHURST LTD.
CONSULTING ENGINEERS

June 23, 1976.

Mr. H. Ogata, President,
Tye Lake Resources Ltd.,
205 - 850 W. Hastings St.,
Vancouver, B.C. V6C 1E2

Dear Mr. Ogata:

I have reviewed Mr. L. Trenholme's Progress Report No. 1 dated June 19th, 1976, concerning the recent exploration carried out on your Hydraulic Lake uranium property. This property is situated some 14 air miles southeast of Kelowna in southern British Columbia. The text of Mr. Trenholme's report is reproduced herewith:

"GENERAL

The Company is testing by diamond drilling the uranium potential of Tertiary stream channel deposits in the vicinity of Hydraulic Lake, some 20 miles southeast of Kelowna, B.C. The Company has acquired extensive claim holdings surrounding claims of Nissho-Iwai Canada Ltd. including 2 miles of strike length between areas drilled by Power Reactor and Nuclear Fuel Development Corporation of Japan. In assessment reports of the B.C. Department of Mines and Petroleum Resources, this Company cites the intersection of significant amounts of uranium oxide (as radiometric equivalent).

A diamond drill capable of recovering NQ (1-7/8") core was moved to the Tye property on June 7th and commenced drilling on June 8th, 1976.

To date, three holes have been completed with a combined depth of 464 feet and a fourth hole has been started. Radiometric testing is being done with the scintillation counter probe equipment supplied by Scintrex Ltd. of Thornhill, Ontario.

Geophysical consultants to the Company are Richard Crosby and Associates of Vancouver. Geological consulting is provided by Dr. Toru Kikuchi of Vancouver, whose geological mapping has indicated several promising areas on Tye ground in addition to the area currently being drilled.

RESULTS OF DRILLING AND PROBING (Vertical Boreholes)

Hole 76-1 was collared in the northwest part of claim Kettle 6. One foot of the host conglomerate was encountered at a depth of 71 feet between Tertiary basalt and the basement rocks (quartzite and granite). Although radiometric readings of 2x to 4x background were obtained in the vicinity of the contact, it is concluded that the hole is probably near the eastern margin of the depositional channel.

Hole 76-2 was collared 3500 feet northwest of 76-1 and encountered 52 feet of weakly anomalous sediments above the basement granite (at depth of 82 feet). It is tentatively concluded that Hole 76-2 was drilled west of the main trend of uranium mineralization.

Consequently, Hole 76-3 was collared 700 feet due east of 76-2 and, from results of probing and core examination, appears to have been well located in the main depositional channel. Continuous anomalous readings were obtained throughout a thickness of 126 feet of sandstone, mudstone and conglomerate overlying the granite

basement which was reached at a depth of 213 feet. These readings ranged up to 33x background over 22 feet, with individual highs up to 46x background. Core recovery ranged from 14% in the upper part of the zone to 70% near the basement.

Hole 76-4 was spotted 450 feet southeast of 76-3 and should be completed on or about June 22nd.

As a guide to future drilling, the Company is considering the use of near-surface radon detection equipment to help delineate the extent of the radioactive deposits and is also considering the use of seismic surveys to obtain profiles of the paleo-stream channels.

In spite of elaborate precautions, recovery of the important carbonaceous mudstone with present equipment is not sufficient to provide representative material for chemical assays. It is, therefore, concluded that large diameter drills must eventually be employed for this purpose.

In the meantime, analysis of the scintillometer probe results, taking into account the very low response in the thorium and potassium ranges, indicates that the anomalous readings are primarily due to uranium minerals."

I concur with Mr. Trenholme's statements and conclusions. Please note, however, my additional observations:

- (1) A close study of the probe results in Hole 76-3 (which were recorded by a Scintrex Gamma Analyzer Model GAM-1) shows that the section of the hole between 121' and 180' (59') showed an average of 322 cps, or more than 10 times the background of 30 cps.

The succeeding section from 180' to 211' (31') recorded an average of 928 cps, or more than 30 times the same background of 30 cps.

This abrupt increase in radioactivity is impressive and can be interpreted to represent a substantial amount of uranium mineralization.

(2) The anomalous readings in Hole 76-3, which it is determined can be attributed mainly to uranium and not thorium or potassium, have been recorded throughout a total thickness of 90' of favourable sediments.

Study of all the available Power Reactor & Nuclear Fuel Development Corporation - Japan assessment reports in this area of southern British Columbia show that the Tye hole 76-3 results have intersected the greatest thickness by far found to date in what must now be considered to be an extensive flay-lying layer of intermixed conglomerates, sandstones and mudstones, occurring at various localities in the district.

(3) The horizontal strike distance between Tye Hole No. 76-1 and the Power Reactor & Nuclear Fuel Development Hole No. 32 (or No. 31) is approximately 3000'±. Tye Hole No. 76-3 was drilled in an intermediate location.

In all of these holes the favourable sedimentary sequence was encountered; albeit the intersection in Hole 76-1 amounted to only 0.7' of "grit: clay, sand, red and yellow specks". This, however, indicates that the potential length of the buried stream channel could be more than 4000 feet.

The possible width is indeterminate at present, because insufficient drilling has been completed.

(4) The chances of finding other tributary buried sediment filled channels in the favourable sedimentary sequence and thereby discovering other substantial uranium deposits should not be overlooked.

This could be first detected by the use of near surface radon gas detection equipment, as suggested by Mr. Trenholme, P.Eng., and subsequently delineated by short hole, large diameter core diamond drilling.

(5) Proper core recovery is very difficult and has not been satisfactory; the sediments are loosely consolidated and very friable. Uranium values in the form of autunite, in particular, may well be washed away by the diamond drill mud fluids used.

Sufficient diamond drill core has been recovered, however, to permit microscopic identification of the uranium minerals and to obtain tentative chemical assay results. Interpretation of these results depends on further diamond drilling information from much larger size core, and perhaps other drilling techniques, as Mr. Trenholme recommends.

RECOMMENDATIONS

The diamond drilling results to date have confirmed a significant strong extension southward of the known uranium mineralization found north of McCullough, B.C., by the Power Reactor & Nuclear Fuel Development Corporation - Japan in preceding years.

Further NQ size or larger diamond drilling is, therefore, recommended to continue with the exploration of this extension.

Radon gas detection, aimed at the discovery of other uranium-bearing zones on the extensive Tye property, is also recommended. This would be conducted by, first, calibrating the equipment over the known uranium mineralization, and then moving to other selected areas.

It is proposed, for example, that this equipment would then be used to explore the possibilities in the sedimentary sequence lying westerly of the zone now under investigation. This is approximately 13,000 feet north-south and about 2200 feet east-west; any part of which may contain promising uranium-bearing zones.

Funds should, therefore, be provided, as soon as may be arranged, to cover the cost of the following:

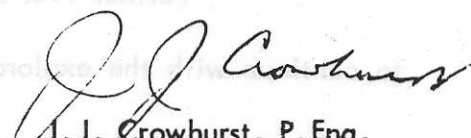
Phase 1

(1) Diamond drilling - 15 holes x 200' hole coverage x \$20/ft. - NQ size	\$60,000
(2) Assaying and probe equipment cost	6,000
(3) Radon gas detection survey	10,000
(4) Support field engineering - 1 geologist	4,000
(5) Travel expense and miscellaneous field costs	2,500
(6) Evaluation of results	<u>2,500</u>
	\$85,000
Contingencies @ 10%	<u>8,500</u>
	<u>\$93,500</u>

Phase 2

Further diamond drilling and exploration for new favourable areas would be as dictated by the results of Phase 1.

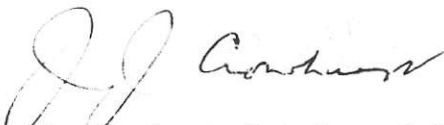
Respectfully submitted,
BACON & CROWHURST LTD.


J.J. Crowhurst, P. Eng.

CERTIFICATE

I, John James Crowhurst, DO HEREBY CERTIFY THAT:

1. I am a practising mining engineer with Bacon & Crowhurst Ltd.,
1720 - 1055 West Hastings Street, Vancouver, B.C.
2. I am a graduate of the University of British Columbia and have been
granted the degree of Bachelor of Applied Science.
3. I have been practising my profession as a mining engineer for 35 years.
4. I am a member of the Association of Professional Engineers of British
Columbia, Registration No. 2120.
5. I was the General Manager of the Newmont Mining Corporation
Dawn Uranium property, situated on the Spokane Indian Reserve, Ford,
Washington, during 1958 and 1959.
6. I nor any member of my firm have directly or indirectly received or expect
to receive any interest direct or indirect in the property or securities of
Tye Lake Resources Ltd.


J.J. Crowhurst, B.A.Sc., P.Eng.

Vancouver, Canada,
June 23, 1976.

TYEE LAKE RESOURCES LTD.

Vancouver, British Columbia

Financial Statements - May 31, 1976.

TYEE LAKE RESOURCES LTD.

Balance Sheet

May 31, 1976

(With figures for September 30, 1975)

Assets

	May 31, 1976	September 30, 1975
Current assets:	\$	\$
Cash	2,474	303
Term Deposits	5,000	-
Accounts receivable	<u>1,951</u>	<u>1,951</u>
Total current assets	9,425	2,254
Office furniture and equipment, at cost	602	602
Less accumulated depreciation	<u>312</u>	<u>312</u>
	290	290
Mineral claims and oil and gas leases (Notes 2 and 3)	198,750	139,850
Deferred exploration and administration costs, per accompanying statement	221,330	361,727
Incorporation costs	<u>1,618</u>	<u>1,618</u>
	<u>\$ 431,413</u>	<u>\$ 505,739</u>
<u>Liabilities and Shareholders' Equity</u>		
Current liabilities:		
Accounts payable and accrued charges	\$ 17,766	\$ 12,203
Due to shareholders	2,818	8,321
Bank loan	<u>27,000</u>	<u>-</u>
Total current liabilities	47,584	20,524
Shareholders' equity:		
Capital stock (Notes 4 and 5):		
Authorized 5,000,000 shares without par value; issued 3,435,700 shares	654,195	591,445
Contributed surplus	<u>20,610</u>	<u>20,610</u>
	674,805	612,055
Deficit, per accompanying statement	<u>290,976</u>	<u>126,840</u>
Net shareholders' equity	383,829	485,215
	<u>\$ 431,413</u>	<u>\$ 505,739</u>

See accompanying notes to financial statements:

On behalf of the Board:

 Director  Director

TYEE LAKE RESOURCES LTD

Statement of Deferred Exploration and Administration Costs

Eight months ended May 31, 1976

(With figures for the eighteen months ended September 30, 1975)

	May 31, 1976	September 30, 1975		
Exploration:				
Claim staking and recording	\$ -	\$ 779		
Consultants' fees	12,075	4,373		
Engineering and geological surveys	200	-		
Field equipment and rentals	240	-		
Maps and photographs	389	129		
Miscellaneous	350	-		
Travel	1,332	194		
	<u>14,586</u>	<u>5,475</u>		
Administration:				
Interest	1,416	-		
Legal and audit	3,490	2,880		
Management fees	-	2,400		
Miscellaneous	618	709		
Office operating costs	5,930	7,607		
Printing	-	833		
Transfer agent and stock exchange fees	2,972	2,797		
Travel	1,522	477		
	<u>15,948</u>	<u>17,703</u>		
Expenditures for the period	30,534	23,178		
Less Gas well income	6,895	-		
	<u>23,639</u>	<u>23,178</u>		
Balance deferred at beginning of the period	<u>361,727</u>	<u>418,016</u>		
	385,366	441,194		
Deduct expenditures applicable to properties abandoned during the period	<u>164,036</u>	<u>79,467</u>		
Balance deferred at end of the period	<u>\$ 221,330</u>	<u>\$ 361,727</u>		
Allocation claims and leases:				
	Balance at	Expenditures	Expenditures	Balance a
	beginning	during	written-off	end
	<u>of period</u>	<u>the period</u>	<u>during the</u>	<u>of period</u>
			<u>period</u>	
Claims:	\$			
McLeese Lake	165,585	7,062	-	172,647
Duckling Creek	164,036	-	164,036	-
Ken	29,536	1,260	-	30,796
Hydraulic Lake	-	15,208	-	15,208
Leases:				
Wainwright	<u>2,570</u>	<u>109</u>	<u>-</u>	<u>2,679</u>
	<u>\$ 361,727</u>	<u>23,639</u>	<u>164,036</u>	<u>221,330</u>

See accompanying notes to financial statement.

TYEE LAKE RESOURCES LTD.

Statement of Deficit

Eight months ended May 31, 1976.

(With figures for the eighteen months ended September 30, 1975)

	May 31 1976	September 30 1975
Balance at beginning of period	\$ 126,840	\$ 44,563
Deferred exploration and development costs written off	164,036	79,467
Mineral claims abandoned	<u>100</u>	<u>2,810</u>
	164,136	82,277
Balance at end of period	<u>\$ 290,976</u>	<u>\$ 126,840</u>

See accompanying notes to financial statements

TYEE LAKE RESOURCES LTD.

Statement of Changes in Financial Position

Eight months ended May 31, 1976

(With figures for the eighteen months ended September 30, 1975)

	<u>May 31, 1976</u>	<u>September 30, 1975</u>
Funds provided from:		
Shares issued for cash	\$ 3,750	\$ 24,820
Sale of leases	<u>-</u>	<u>4,065</u>
Total funds provided	<u>3,750</u>	<u>8,885</u>
Funds applied to:		
Claims and leases	59,000	36,000
Less shares issued therefor	<u>59,000</u>	<u>36,000</u>
	-	-
Exploration and administration costs less items not requiring use of funds	<u>23,639</u>	<u>22,867</u>
Total funds applied	<u>23,639</u>	<u>22,867</u>
Increase (decrease) in working capital	(19,889)	6,018
Working capital deficiency at beginning of year	<u>18,270</u>	<u>24,288</u>
Working capital deficiency at end of period	<u>\$ 38,159</u>	<u>\$ 18,270</u>

See accompanying notes to financial statements.

TYEE LAKE RESOURCES LTD.

Notes to Financial Statements

May 31, 1976

1. Significant accounting policies:

Mineral claims and oil and gas leases:

Mineral claims and oil and gas leases are recorded at cost with the exception of the Duckling Creek claim which is at nominal value.

When an area of claims is abandoned the cost is written off.

Deferred exploration and administration costs:

Exploration costs are allocated to the appropriate properties and deferred. Administration costs are allocated in proportion to exploration costs for the period to the appropriate properties and deferred. Deferred exploration and administration costs are written off as an area of interest is abandoned. In the event of production commencing on a property, these costs will be amortized on the unit of production basis.

2. Mineral claims and oil and gas leases:

(a) The company holds or has an interest in the following:

- (i) 10 claims in the McLeese Lake area, Cariboo Mining Division, British Columbia, acquired for 750,000 shares of the company's capital stock \$75,000.
- (ii) 320 claims in the Hydraulic Lake area, Vernon, Osoyoos and Greenwood Mining Divisions, British Columbia, acquired from Reco Management Enterprises Ltd. for 500,000 shares of the company's capital stock of which 100,000 shares have been issued. The balance will be issuable 100,000 shares by November 30, 1976, or after spending \$20,000, if sooner; 150,000 by April 30, 1977, or after spending a total of \$60,000, if sooner; and 150,000 by November 30, 1977, or after spending \$120,000, if sooner. 20,000
- (iii) 50% interest in 30 claims in the Mayo Mining District, Yukon Territory and 50% interest in 23 claims in the MacKenzie Mining District, Northwest Territories acquired for 125,000 shares of the company's capital stock and \$10,000 cash (Ken claims) 28,750

TYEE LAKE RESOURCES LTD.

Notes to Financial Statements, continued

May 31, 1976

2.	(iv) 50% interest in certain oil and gas leases in Alberta held by Redco Exploration Ltd. of Calgary including the drilling acquired for 500,000 shares of the company's capital stock at a deemed price of 15 cents per share	<u>75,000</u>
		<u>\$ 198,750</u>

(b) Gas lease:

In February 1976, a well on the company's gas lease has started commercial production at a daily capacity of approximately 500,000 cubic feet. The company owns a 50% interest in the well.

3. Agreements relating to claims and leases:
The option agreement on the Ken claims in Yukon & Northwest Territories, dated February 1, 1974, with Canada Tungsten Mining Corporation has been terminated.

4. Capital Stock:
Shares issued during the year:

	<u>Number</u>	<u>Amount</u>
Balance at September 30, 1975		
For mineral claims and interests in claims and oil, gas and mining leases	1,167,500	139,625
For cash	<u>1,883,200</u>	<u>451,820</u>
	<u>3,050,700</u>	<u>591,445</u>
Issued during period:		
For interests in oil, gas and mining leases	360,000	59,000
For cash	<u>25,000</u>	<u>3,750</u>
	<u>385,000</u>	<u>62,750</u>
Balance at May 31, 1976:		
For mineral claims and interests in claims and oil, gas and mining leases	1,527,500	198,625
For cash	<u>1,908,200</u>	<u>455,570</u>
	<u>3,435,700</u>	<u>654,195</u>

TYEE LAKE RESOURCES LTD.

Notes to Financial Statements, continued

May 31, 1976

5. The following share options are outstanding:

25,000 shares at 20¢ per share to L. S. Trenholme, exercisable on or before February 28, 1978.

25,000 shares each to D. M. Alexander and S. Hamada, exercisable as follows:

12,500 shares or any part thereof at 40¢ per share on or before April 30, 1977.

12,500 shares or any part thereof at 50¢ per share at any time after April 30, 1977, but on or before April 30, 1978.

6. Subsequent Events:

Under two Agreements dated May 24, 1976, the Company has sold 140,000 and 60,000 of its Treasury Shares at 35 cents per share, netting the Treasury \$70,000.00 on June 3, 1976, the purchaser in both agreements is Peregrine Petroleum Ltd. of 420 Three Calgary Place, 355-4th Avenue S.W., Calgary, Alberta.

We have examined the statements of deferred expenses and administration costs, deficit and changes in financial position for the eighteen months period ended September 30, 1975 and the statements of deferred expenses and administration costs, deficit and changes in financial position for the eighteen months period ended June 3, 1976. 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 financial statements present fairly the financial position of the company at September 30, 1975 and the results of its operations and the changes in its financial position for the eighteen months then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

[Handwritten signature]

Chartered Accountants

Vancouver, British Columbia
October 17, 1975

PEAT, MARWICK, MITCHELL & CO.

CHARTERED ACCOUNTANTS

Suite 2100, One Bentall Centre
505 Burrard Street
Vancouver, British Columbia
V7X 1M1

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Tye Lake Resources Ltd. as of September 30, 1975 and the statements of deferred exploration and administration costs, deficit and changes in financial position for the eighteen months then ended. 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 financial statements present fairly the financial position of the company at September 30, 1975 and the results of its operations and the changes in its financial position for the eighteen months then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.



Vancouver, British Columbia
October 17, 1975

Chartered Accountants

TYEE LAKE RESOURCES LTD.

Statement of Deferred Exploration and Administration Costs

Eighteen months ended September 30, 1975

(With comparative figures for the eighteen months ended March 31, 1974)

	September 30, 1975	March 31, 1974		
Exploration:				
Assay	\$ -	140		
Camp and accommodation expenses	-	23		
Claim staking and recording	779	1,633		
Communications	-	41		
Consultants' fees	4,373	22,072		
Engineering and geological surveys	-	520		
Field equipment and rentals	-	166		
Maps and photographs	129	574		
Miscellaneous	-	188		
Prospecting	-	148		
Travel	194	560		
Marsden lease drilling	-	10,000		
	<u>5,475</u>	<u>36,065</u>		
Administration:				
Insurance	-	150		
Legal and audit	2,880	2,679		
Management fees	2,400	8,700		
Miscellaneous	709	2,768		
Office operating costs	7,607	14,971		
Printing	833	901		
Transfer agent and stock exchange fees	2,797	3,832		
Travel	477	1,031		
	<u>17,703</u>	<u>35,032</u>		
Expenditures for the period	23,178	71,097		
Less proceeds of options granted during the period	-	2,666		
	23,178	68,431		
Balance deferred at beginning of the period	<u>418,016</u>	<u>370,298</u>		
	441,194	438,729		
Deduct expenditures applicable to properties abandoned during the period	<u>79,467</u>	<u>20,713</u>		
Balance deferred at end of the period	<u>\$ 361,727</u>	<u>418,016</u>		
Allocation to claims and leases:				
	Balance at beginning of period	Expenditures during the period	Expenditures written-off during the period	Balance at end of period
Claims:				
McLeese Lake	\$ 157,792	7,793	-	165,585
Duckling Creek	152,906	11,130	-	164,036
Princeton	63,864	-	63,864	-
Ken	27,851	1,685	-	29,536
Others	5,603	-	5,603	-
Leases:				
Marsden	10,000	-	10,000	-
Wainwright	-	2,570	-	2,570
	<u>\$ 418,016</u>	<u>23,178</u>	<u>79,467</u>	<u>361,727</u>

See accompanying notes to financial statements.

TYEE LAKE RESOURCES LTD.

Statement of Deficit

Eighteen months ended September 30, 1975

(With comparative figures for the eighteen months ended March 31, 1974)

	September 30, 1975	March 31, 1974
Balance at beginning of period	\$ 44,563	15,850
Deferred exploration and development costs written off	79,467	20,713
Mineral claims abandoned	<u>2,810</u>	<u>8,000</u>
	<u>82,277</u>	<u>28,713</u>
Balance at end of period	\$ <u>126,840</u>	<u>44,563</u>

See accompanying notes to financial statements.

TYEE LAKE RESOURCES LTD.

Statement of Changes in Financial Position

Eighteen months ended September 30, 1975

(With comparative figures for the eighteen months ended March 31, 1974)

	September 30, <u>1975</u>	March 31, <u>1974</u>
Funds provided from:		
Shares issued for cash	\$ 24,820	30,000
Sale of leases	<u>4,065</u>	<u>-</u>
Total funds provided	<u>28,885</u>	<u>30,000</u>
Funds applied to:		
Claims and leases	36,000	43,625
Less shares issued therefor	<u>36,000</u>	<u>28,625</u>
	-	15,000
Purchase of furniture	-	168
Exploration and administration costs less items not requiring the use of funds	<u>22,867</u>	<u>68,297</u>
Total funds applied	<u>22,867</u>	<u>83,465</u>
Increase (decrease) in working capital	6,018	(53,465)
Working capital deficiency at beginning of year	<u>24,288</u>	<u>(29,177)</u>
Working capital deficiency at end of year	\$ <u>18,270</u>	<u>24,288</u>

See accompanying notes to financial statements.

TYEE LAKE RESOURCES LTD.

Notes to Financial Statements

September 30, 1975

1. Change of name:

On September 10, 1974, the company converted from a specially limited company to a limited company under the name Tyee Lake Resources Ltd.

2. Significant accounting policies:

Mineral claims and oil and gas leases:

Mineral claims and oil and gas leases are recorded at cost with the exception of the Duckling Creek claim which is at nominal value.

When an area of claims is abandoned the cost is written off.

Deferred exploration and administration costs:

Exploration costs are allocated to the appropriate properties and deferred. Administration costs are allocated in proportion to exploration costs for the period to the appropriate properties and deferred. Deferred exploration and administration costs are written off as an area of interest is abandoned. In the event of production commencing on a property, these costs will be amortized on the unit of production basis.

3. Mineral claims and oil and gas leases:

(a) The company holds or has an interest in the following:

(i)	10 claims in the McLeese Lake area, Cariboo Mining Division, British Columbia, acquired for 750,000 shares of the company's capital stock	\$ 75,000
(ii)	48 claims in the Duckling Creek area, Omineca Mining Division, British Columbia, at nominal value	100
(iii)	50% interest in 30 claims in the Mayo Mining District, Yukon Territory and 50% interest in 23 claims in the MacKenzie Mining District, Northwest Territories acquired for 125,000 shares of the company's capital stock and \$10,000 cash (Ken claims)	28,750
(iv)	50% interest in certain oil and gas leases in Alberta held by Redco Exploration Ltd. of Calgary including the drilling acquired for 240,000 shares of the company's capital stock at a deemed price of 15 cents per share	<u>36,000</u>
		<u>\$ 139,850</u>

(b) Gas lease:

On September 30, 1975, a well on the company's gas lease was perforated and the subsequent gas flow indicated commercial production. Management expects production to commence in early December, 1975.

The company is committed to pay fifty percent of the estimated cost of completing the well and tying it into production facilities at a cost not to exceed \$39,000. This amount is to be paid by the issue of 260,000 shares without par value at a price of 15 cents per share.

TYEE LAKE RESOURCES LTD.

Notes to Financial Statements, continued

September 30, 1975

4. Agreements relating to claims and leases:

Under an agreement dated February 1, 1974, Canada Tungsten Mining Corporation Limited was granted an option to acquire a 60% interest in the Ken claims in the Mayo and MacKenzie Mining Districts. This option is conditional on expenditures being made by Canada Tungsten Mining Corporation Limited on or in connection with these claims of \$23,000, \$50,000, \$100,000 and \$125,000 on or before December 31, 1974, 1975, 1976 and 1977 respectively for a total of \$298,000. Expenditure of \$90,000 was reported by Canada Tungsten Mining Corporation Limited in 1974.

The agreement provides that if the option is exercised, net proceeds from operations will be paid first to repay both parties to the agreement, their pre-production expenditures and thereafter in proportion to their respective interests.

5. Capital stock:

Shares issued during the year:

	<u>Number</u>	<u>Amount</u>
Balance at March 31, 1974:		
For mineral claims and interests in claims and oil, gas and mining leases	927,500	\$ 103,625
For cash	<u>1,635,000</u>	<u>427,000</u>
	<u>2,562,500</u>	<u>530,625</u>
Issued during period:		
For interests in oil, gas and mining leases	240,000	36,000
For cash	<u>248,200</u>	<u>24,820</u>
	<u>488,200</u>	<u>60,820</u>
Balance at September 30, 1975:		
For mineral claims and interests in claims and oil, gas and mining leases	1,167,500	139,625
For cash	<u>1,883,200</u>	<u>451,820</u>
	<u>3,050,700</u>	<u>\$ 591,445</u>