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PROSPECTUS

MACSAN EXPLORATIONS LTD.

(NON-PERSONAL LIABILITY)

(Incorporated Under the Laws of the Province of British Columbia)

Offering of 300,000 shares at 60c per share

13 May, 1966

VANCOUVER CANADA

No securities commission or similar authority in Canada has in any way passed upon the merit of the securities offered hereunder and any representation to the contrary is an offence.

A purchase of the securities offered by this prospectus must be considered a speculation.

MACSAN EXPLORATIONS LTD.

(NON-PERSONAL LIABILITY)

PROPERTY

Over 300 staked and recorded Mineral Claims located on southern Vancouver Island along the Juan de Fuca Straits, west of Sooke Peninsula.

CAPITALIZATION

3,000,000 N.P.V. shares
(Maximum Selling Price $1.00)

DIRECTORS

OSWOOD G. MacDONALD	Vancouver, B.C.
DAVID WHITING	Vancouver, B.C.
E. C. DOBELL	Vancouver, B.C.
W. B. WILSON	Victoria B.C.
H. S. DOMAN	Duncan, B.C.
H. C. K. HOUSSER	Vancouver, B.C.
N. SKIDMORE	Vancouver, B.C.

OFFICERS

President	Oswood G. MacDonald
Vice-President	David Whiting
Secretary	Malcolm G. King
Treasurer	R. C. Smith
Asst. Treasurer	A. Flynn

HEAD OFFICE

620 Howe Street, Vancouver 1, B.C.

TRANSFER AGENT

CROWN TRUST COMPANY
455 Howe Street
Vancouver 1, B.C.

AUDITORS

RIDDELL, STEAD, GRAHAM & HUTCHISON
900 West Hastings St., Vancouver, B.C.

SOLICITORS AND REGISTERED OFFICE

BOYD, KING & TOY
Barristers and Solicitors
925 - 925 West Georgia St.
Vancouver 1, B.C.

FOREWORD

OBJECTIVES
Exploration of Vancouver Island Sooke Area

This company was incorporated to explore initially, the southern part of Vancouver Island and particularly that area on either side of the Sunro copper mine at Jordan River in the Sooke Area.

REASONS
Ideal geology— greenstone belt widespread copper mineralization

The prime reason for confining our efforts here in this area is because geologically, we have ideal conditions with widespread copper mineralization in a greenstone belt similar to those of northern Ontario and Quebec, only younger.

Gabbro intrusives
Diabase dykes
Young granite plugs

These pillow lavas and basalts have been intruded by gabbro or diabase dykes some 40 miles or more in length roughly paralleling the Straits of Juan de Fnca. Young granite plugs intrude these older rocks.

Major structure—
Major faults
Long, wide shatter zones

Secondly, the structural conditions here are also exceptionally favourable in that we have major faults such as the Leech River fault running for some 40 to 140 miles bounding this area on the north, with a network of shatter or shear zones throughout the whole area.

Sunro—
Producing mine in centre of area
Over 1,000 ft. depth ore
Tonnage in millions
Already established

Thirdly, there is a good producing mine, the Sunro, at Jordan River, in the centre of the area. Here they already have established ore for 1000 feet in depth and with very little exploration work, outlined ore reserve tonnage in the millions.

Ideal economics
On tide-water
Paved roads 20 miles from Victoria
Power lines
Low elevation
Year-round operation

Last but by no means least, economically this area leaves little to be desired, for it is readily accessible by airplane or boat from Vancouver within a matter of a couple of hours. The area itself has paved roads, industrial power lines for its full length, adjacent to tidewater; logging roads through all parts. Temperate climate with little or no snow except at higher elevations, thus permitting exploration and operation the year-round. Supplies, repairs, equipment and settled communities are nearby.

Very low costs

It is obvious exploration and operation costs would, therefore, be a small fraction of what is experienced in other areas of British Columbia and Canada.

PROSPECTUS

PROPERTY
More than 300 claims

Over 300 staked and recorded Mineral Claims located on southern Vancouver Island along the Juan de Fuca Straits, west of Sooke Peninsula.

Ground will be added or dropped according to results obtained.

LOCATION
Vancouver Island Sooke-west

The holdings lie immediately south from Leech River to Juan de Fuca Straits, extending from East Sooke west to Sombrio Point; all in the southern part of Vancouver Island, 10 to 50 miles west of Victoria in the Sooke and Renfrew Land Districts and all within the Victoria Mining District.

HISTORY
Copper found Sooke 1863

Jordan River 1915 Production 1962

COPPER was first discovered in British Columbia on Vancouver Island by Capt. Jeremiah Nagle 100 years ago in 1863 on the Peninsula of East Sooke. Fifty years then lapsed before other copper discoveries were made by George Winkler at Jordan River. These were developed intermittently by various companies thereafter. But again, almost another 50 years elapsed before this discovery was brought into production by Cowichan Copper Co. Ltd. in 1962.

Relatively unmapped and

Although this area is only some 10 to 50 miles west of Victoria, it has never been thoroughly geologically mapped. Available data are reports of the Geological Survey of Canada made by Clapp, Cook and Dolmage dating back some 50 years, along with a Report by Fyles in 1948, all dealing almost exclusively with the Sooke Peninsula and Jordan River which represents only about 20% of the exposed area.

unexplored

Similarly, other than these two areas mentiond, there has been comparatively little prospecting done in this Sooke belt that extends for 40 miles.

TOPOGRAPHY
Generally gentle relief

The area along the Straits of Juan de Fuca, 3 to 10 miles up from the beach (going from west to east) is a relatively uniform sloping hillside extending from an elevation of 300 feet at tidewater to an elevation of 2,000 feet on the northern claims. This slope is cut by a number of south-flowing streams in narrow canyons. The area is generally logged off and replanted.

CLIMATE
Mild year-round

This area generally is one of the most temperate climates to be found anywhere in Canada. There is little, if any snowfall. Hence, year-round operations are assured.

WATER
ample

There are numerous creeks and rivers throughout the area, usually running from north to south, emptying into the straits which would provide ample supply to meet any mining or milling water requirements.

POWER
Available along full length claims

On Jordan River, is situated a dam and Hydro-electric power plant of 45,000 H.P. capacity, built many years ago to supply the City of Victoria. Recently, however, power has been brought from the mainland by cable. High tension transmission lines run from Victoria along this coast line for the full length of Macsan holdings, past Sombrio Point into Port Renfrew.

ACCESS AND ROADS
Excellent

There is a paved highway, No. 14, running from Victoria to Jordan River, some 43 miles. From Jordan River a good gravel road continues 25 miles into Port Renfrew. Off this highway there are numerous logging roads which provide ready and easy access to all parts of our holdings.

TRANSPORTATION
Railway Trucking Barging

The C. N. Railway runs west from Victoria to Sooke and then north. However, with trucking costs, such as they have today, railways are no longer an important factor. In fact, there is a general trend by major logging companies to pull up all rails.

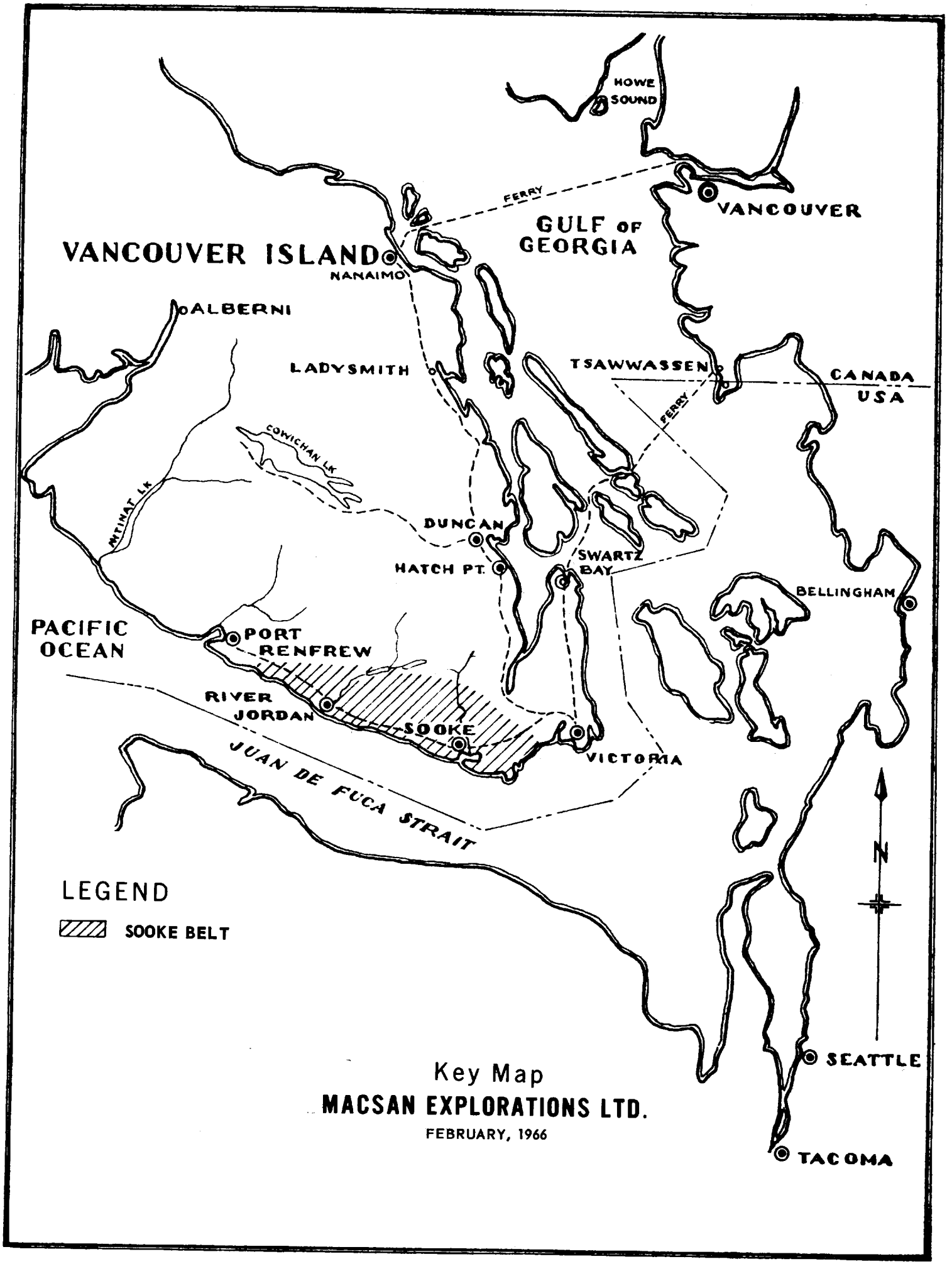
Although the sea runs along the full length of this Sooke belt, it does not offer cheap transportation on a short haul basis, due primarily to the exposure of the Pacific Ocean swells and the generally shallow water for considerable distances out from the shore that would require fairly expensive installations.

Deep sea sites available

However, there are two or three locations nearby where deep sea loading and shipping facilities could be built when required.

GEOLOGY
Very favourable greenstone belt intruded by diabase gabbro dykes and by younger granites

It was found that the whole area was a single greenstone belt intruded by diabase & gabbro dykes which branched, pinched, widened and generally formed an extensive system of dykes roughly paralleling the Leech River fault on the north. Some of these dykes run for the full length of the belt and attained widths up to three miles as on the Sooke Peninsula. Younger, small granitic intrusions also occur.



Key Map

MACSAN EXPLORATIONS LTD.

FEBRUARY, 1966

Flat lying (mostly eroded) young sediments, the Sooke Formation, extend inland for generally short varying distances from the ocean, covering the older rocks.

STRUCTURES

Major faults
Strong long shear zones

A major steep dipping reverse fault, the Leech River Fault, bounds the area on the north and a similar fault in the Strait of Juan de Fuca is believed to bound the area on the south. The total area lies in a downfaulted block or "Graben" which has been broken by numerous adjustment shear zones in the brittle basalts and gabbros, similar to the shattering of a window.

In some areas of fine grained hornblendized basalt, shear zones or areas of sheeting are up to 1,000 feet in width and over several thousand feet in length. The sheeting often occurs in two or three directions in these areas.

Gave access to mineralization

The sheared and broken areas have provided access to solutions which have altered the rocks to serpentines, hornblendites and albitized rocks. Later sulphide mineralization entered in a similar manner into the altered rocks.

Widths of shears from a few feet to several hundred Lengths traced for miles

Consequently, in this Sooke belt, extending form East Sooke to Sombrio Point, there are numerous persistent and well defined shear zones varying in widths from a few feet to over several hundred feet. Some of these can be traced for miles and should persist to great depth.

Charles H. Clapp states in Memoir 13, page 176:

"There is every reason to believe these shear zones extend to considerable depths."

Depth over 1,000 feet established at Jordan River

At Sunro, 1000 feet of depth has already been established on the River Zone orebodies.

MINERALIZATION

The mineralization throughout the area consists of fracture fillings and sulphide veins in the sheared rocks. The sulphides are chalcopyrite, pyrrhotite, pyrite with traces of sphalerite (zinc mineral) and molybdenite. Magnetite occurs in some sections and pentlandite (nickel mineral) and bornite (highgrade copper mineral) occasionally are found. The gabbroic rocks generally have a slightly higher pyrrhotite, pentlandite, bornite, magnetite content in the fractures.

Extensive pyrrhotite pyrite, chalcopyrite

It is a notable fact that all the shear zones are mineralized to varying degrees with pyrrhotite, pyrite and chalcopyrite, filling numerous fractures in both the gabbro and basalt.

Every shear zone mineralized

The pyrrhotite, and pyrite not only contain iron and sulphur in appreciable quantities, but have in places, significant nickel, cobalt and palladium content.

Significant secondary minerals

The chalcopyrite usually has significant gold and silver values associated with it.

The chalcopyrite and pyrrhotite vary in amounts from deposit to deposit and grade from 100 per cent chalcopyrite in some sections to 100 per cent pyrrhotite in others.

Mineralization controls—

The sulphide mineralization is extensive and varied, being closely related to the shear zones, the hornblende alteration and the intrusion of the pegmatite stringers.

Surface leached

However, often the mineralization is leached from the surface with typical maroon discolouration and leached boxworks in the rocks. Iron cappings and gossans are common with native copper and limonite occurring in some leached fractures down to considerable depths.

Mineralization proportional to shearing, crushing

The amount of chalcopyrite and pyrrhotite seem to be directly related to the amount of shearing and near the shear walls where the rock shows most crushing the percentage of feldspar and sulphide increases. At the Sunro Mine, high grade orebodies occur at the intersection of major shear zones where the crushing is almost complete.

Sunro Mine
OREBODIES

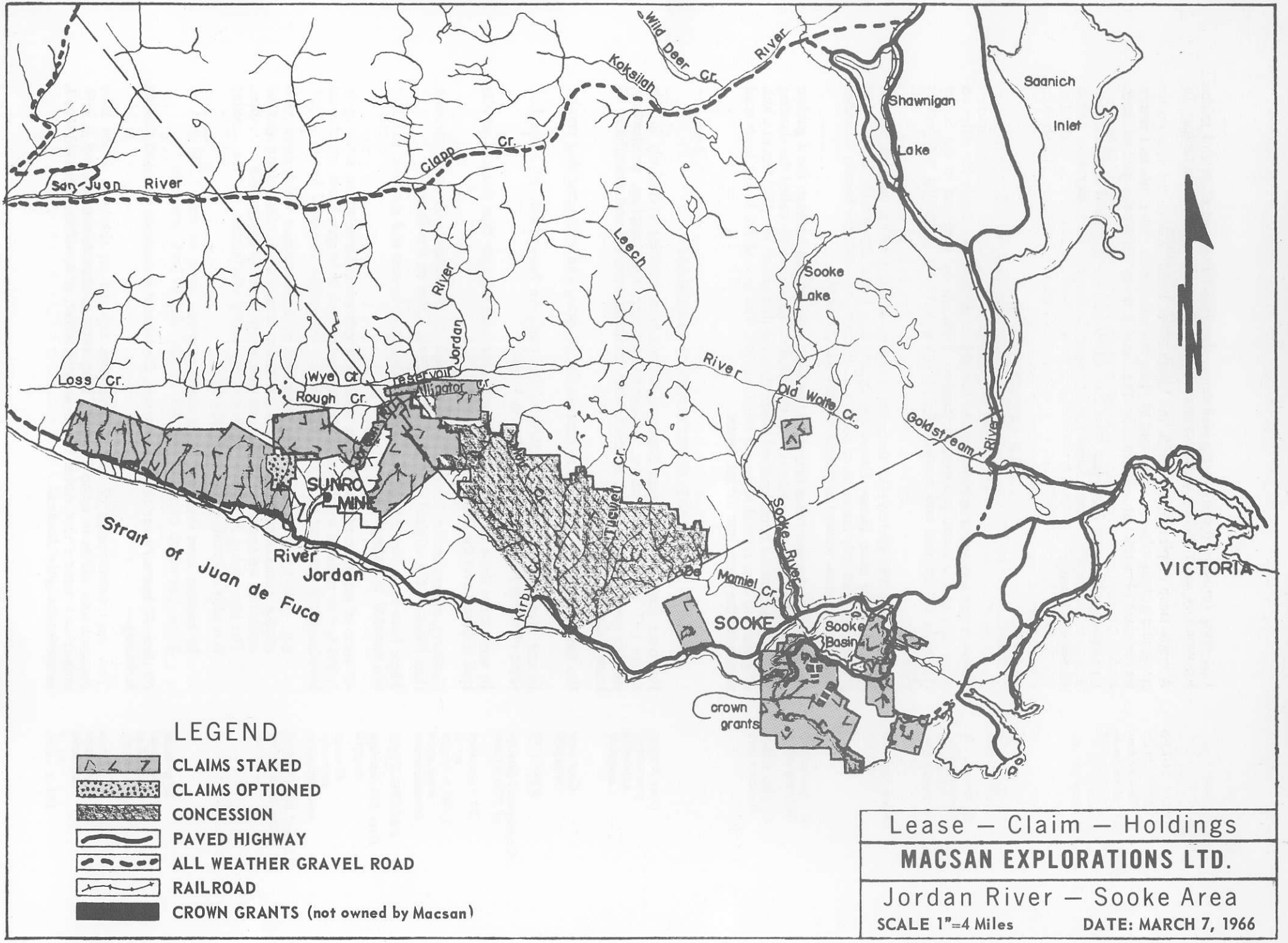
At the Sunro mine old reports state that exposures of sulphides in the Jordan River canyon walls some 500 feet below the top were of low grade, being approximately a half per cent copper over 30 feet of width.

River-Zone low grade surface

It was not until drilling reached a further 200 feet below the river level or some 700 feet below the top of the river canyon that good ore was encountered and at which level the River Zone "B" orebody was found to be some 450 feet long and 110 feet wide and better than 2% grade of copper.

good grade at depth

Similarly, the "C" orebody of the River Zone on the surface above the river assayed only trace copper and it was not until over 100 feet of depth was reached that it demonstrated good grade of 2% or better over widths of 10 to 40 feet.


Wild Deer Cr.
River
Koksilah
Clapp Cr.
San Juan River
Shawnigan
Lake
Saanich
Inlet
Leech
River
Sooke
Lake
Jordan
River
Loss Cr.
Wye Cr.
Rough Cr.
Reservoir
Alligator Cr.
Old Wolfe Cr.
Goldstream River
SUNRO
MINE
Strait of Juan de Fuca
River
Jordan
Kirby Cr.
Mamiel Cr.
Sooke River
SOOKE
Sooke
Basin
VICTORIA
crown
grants
LEGEND
CLAIMS STAKED
CLAIMS OPTIONED
CONCESSION
PAVED HIGHWAY
ALL WEATHER GRAVEL ROAD
RAILROAD
CROWN GRANTS (not owned by Macsan)
Lease — Claim — Holdings
MACSAN EXPLORATIONS LTD.
Jordan River — Sooke Area
SCALE 1"=4 Miles
DATE: MARCH 7, 1966

Tonnage—2 Zones the River and Cave Over million tons

12 zones so far

According to recent Cowichan Copper Co. reports the River and Cave Zones demonstrate tonnage over the million mark and are still open to depth and length. In addition to these two there have been reported another 10 zones.

Sunro Mine
ORE OCCURRENCE
1. along gabbro-basalt contact—15,000 ft.
2. also within the gabbro

Of these 12 zones, 9 occur in the basalts along the contaet on either side and within 1000 feet of the main gabbro intrusive. The other 3 occur within the gabbro itself.

This main gabbro, over 2,000 feet wide, has between the northern and southern contacts with the basalts, some 15,000 feet of length favourable for exploration within the Sunro property.

- ORE OCCURRENCES -
Promising Prospecting Areas

Promising

Gabbro-basalt contacts extend full length Sooke Belt

However our geological mapping shows that this main gabbro extends for miles on either side of the Sunro property to Sombrio Point on the west and to the Sooke Peninsula on the east and accordingly providing a v e r y promising prospecting objective.

3 more gabbro intrusives

In addition to this gabbro dike there are 3 others, of lesser width, running parallel throughout the area. Hence favourable exploration areas are greatly increased if you consider not only the areas of contact of the intrusives with the basalts on either side but also arens within the gabbro intrusives themselves.

3. also within Sheeting areas

4. also within breccia zones

Besides, there are two other favourable locales in the basalts between thc 4 gabbro intrusives. The most important of which is what we have hitherto called the sheeting areas of fine grained hornblendized basalt shearing that are up to 1,000 feet in width or more and over several thousand feet in length. The second are in the brecciated areas near the young granitic intrusives.

PAST EXPLORATION PROGRAM

Over 3 years year-round exploring mapping

For over three years Macsan Explorations has been working exclusively in this Sooke belt, summer and winter, geological mapping, soil sampling, prospecting, running geophysical surveys, trenching and sampling outcrops and assembling all known data.

Cost over $100,000

We have spent over $100,000 to date on this program and with gratifying results.

RESULTS

Geophysical surveys of 20% of belt

In one area representing about 20% of the total, we have about 20 anomalies, some of which range up to 5000 feet in length.

20 Anomalies up to 5,000 ft. length some good mineraliaztion

In some cases these anomalies were much larger and stronger than those of similar type obtained over the Sunro orebodies.

Similarly, mineralization found on some of these 20 anomalies is far more extensive than those on the original exposures of the River Zone on the Sunro.

PROSPECTING

Over 200 outcrops mapped

There have been over 200 outcrops of mineralization located and mapped, trenched and sampled, including—

40 areas extensive mineralization

40 areas of extensive mineralization, most of which are in shear zones, some up to 1,000 feet or more in width and several thousand feet in length. Some are sheeted hornblendized zones up to 1,000 feet in width and several thousand feet in length.

Up to 1,000 ft. width several thousand feet long

e.g. For 1,000 feet along one creek bed we have trenches which show good copper mineralizatiun. Simllarly, 3,000 feet east for 200 feet along another creek-bed we again have a series of trenches with better copper mineralization. The intervening 3,000 feet of ground has heavy overburden, but the sheeting is readily discernible on air photographs.

In another area there are mineralized outcrops, over an area 1,200 feet by 2,500 feet which quite possibly will be extended in both directions.

20 warrant Diamond Drilling immediately

Of these 40 known areas of mineralization, 20 warrant immediate diamond drilling including—

2 areas massive sulphides up to 100 ft. width

Two large outcroppings of massive sulphides exposed on tidewater which have demonstrated widths of up to 100 feet. They average approximately about 0.50% copper and contain appreciable values in gold, silver, iron, sulphur, nickel, cobalt, molybdenum and palladium.

At least 2 more on tidewater

Two more (at least) similar outcroppings exist in the same general area that are also ideally situated for diamond drilling for the rapid establishing of substantial tonnage.

Possible smelter tonnage

It is our considered opinion that within this area alone, we could establish sufficient tonnage of ore to support roasting, acid, fertilizer and chemical plants besides other allied secondary industry.

This area in itself, only represents about 10% of the total area that we have under exploration and development in this belt.

COMPARISON — SUNRO MINE — SOOKE BELT

Sunro property 3,000 acres

The Sunro property consists of roughly 60 claims or 3,000 acres. The Sooke belt is well in excess of 100,000 acres.

15,000 ft. contact Sooke Belt 100,000 acres 500,000 ft. contact

Again whereas the Sunro property has some 15,000 feet of favourable gabbro basalt contact along the main gabbro intrusive. This Sooke belt has more than 500,000 feet of gabbro-basalt contact lengths within its confines.

12 known zones 2 zones over million tons

At the Sunro property there are 12 known mineralized zones, two of which have already demonstrated tonnage over the million mark and generally speaking, the property is still relatively unexplored.

SUMMARY

200 outcrops

40 areas of extensive mineralization

As can be seen from the foregoing results of our past three year exploration program, we have come up with over 200 outcrops of mineralization including 40 areas of extensive mineralization in zones up to 1,000 feet and more in width and several thousand feet in length.

Some larger and better than Sunro

Some of the zones have far more extensive and massive mineralization than those of the Sunro surface showings.

Possible open pit tonnages in several areas

Similarly, the tonnage potential, by virtue of the size of the areas of mineralization and possible extensions, suggest that the tonnages could be enormous and in several places, of definitely open pit dimensions.

Large areas as yet unexplored

As is obvious even with the three years' intensive exploration that we have carried out, there remains a great deal of potential ground yet to prospect.

PROPOSED EXPLORATION PROGRAM

No. 1 Phase PROSPECTING

It is proposed we continue the present program of prospecting, trenching and sampling in selected areas based on the study of shear zones and their intersections in metamorphosed areas and, of course, in following up any geophysical results where practical.

No. 2 Phase GEOPHYSICAL LP. SURVEYING

To date, only about 20% of this exposed belt has been adequately covered with geophysical surveys of various kinds. As a second phase, it is proposed that we conduct LP. surveys as probably being the one most suitable type for this area of disseminated mineral occurrences.

No. 3 Phase DIAMOND DRILLING *of potential large tonnage sheeting area*

Most important, it is proposed that we commence diamond drilling immediately.

of wide widths massive mineralization on tidewater

(a) On what promises to be one of the biggest tonnage potential in this belt, namely the hornblendized sheeting that is at least 1,000 feet wide and possibly several thousand feet long.

(b) Secondly, we propose to extend by diamond drilling, the massive mineralization on tidewater which in places appears to be anywhere from 100-300 or 400 feet wide. There are about six of these areas within a radius of 3 miles and we propose to take them in their order of merit.

(c) There is a third area where there is a series of outcrops over an area 1,200 feet by 2,500 feet that could be extended by diamond drilling to include other nearby areas of outcrops to an overall area of some 1,500 feet by 6,000 feet or more.

of large area of mineralized outcrops

3 areas have open-pit potential

In all three of these areas for diamond drilling we have extremely large potential tonnage targets, any one of which could well mean an open-pit operation.

MACSAN EXPLORATIONS LTD.
(NON-PERSONAL LIABILITY)

PROPOSED EXPLORATION PROGRAM
ESTIMATED COST

It must be realized that to begin with we are dealing with a very large area and again with very large targets in this area, so that it is going to take a great deal of money to delimit or prove up these objectives.

Naturally in all 3 phases of the proposed exploration program, work will be accelerated or reduced as the results and conditions dictate.

Therefore to begin with we consider it prudent to base our estimates on a nominal monthly basis for a given period of ten months as follows:

ESTIMATED MONTHLY COST

No. 1 Phase—Prospecting	$ 1,000.00
No. 2 Phase—Geophysical I.P. Survey	1,000.00
No. 3 Phase—Diamond Drilling—1,500 feet @ $8.00 per ft.	12,000.00
Administration	1,000.00
Total estimated monthly cost	$ 15,000.00

Normally the first objective in diamond drilling is to determine if the mineralization is commercial. If so, then to establish dip, strike and tonnage.

In two areas we already have established widths of 70 to 100 feet of commercial mineralization. It now remains for us to establish tonnage and needless to say, this will be, aside from assessment work, our first area for diamond drilling. In fact at the time of writing this, drilling on one zone should have begun and, therefore, results will soon be following.

* * *

It always has been my objective to establish secondary industry on Vancouver Island. Needless to say, this requires proven ore reserves to justify the capital expenditure.

All we need are areas of sufficient potential in which to develop these necessary ore reserves.

In my opinion we have that here in the Sooke Belt.

Granted this is a speculation.

However, we have eliminated as much of the gamble as possible and consider the objectives well worthy of the effort, time and money required.

OSWOOD (Ossie) G. MACDONALD
President

MACSAN EXPLORATIONS LTD.

(NON-PERSONAL L[ABIL[TY)

ORE
MINERAL CONTENT
EVALUATION

Assuning what is already indicated in one area that the average grade of ore is as follows:

	Ore	Per Ton lbs./oz.	Unit Price				
Cu	0.50%	10.	$ .50		$ 5.00		
Au	0.02 oz.	.02	35.00	.70			
Ag	0.40 oz.	0.40	1.25	.70	1.20	$6.20	
Ni	0.10%	2.	.75	1.50			
Co	0.05%	1.	1.50	1.50	3.00		
S	15.00%	300.	.01	3.00			
Fe	10.00%	200.	.01	2.00	5.00	8.00	$14.20
Possibly recovering some Palladium, Molybdenum					.80		
TOTAL					$15.00		

COPPER represents only about ONE THIRD the TOTAL VALUE or $5.00
COPPER with gold and silver LESS than ONE HALF of the TOTAL VALUE or $6.20
or conversely
SULPHUR and IRON is equal to 0.50% COPPER or $5.00
SULHUR and IRON plus NICKEL and COBALT is worth $8.00
(or more than the Copper, Gold, Silver)

NOTE: Nickel and Cobalt is usually associated with the pyrrhotite, pyrite complex (the high iron sulphur minerals).

Value of ore is $15.00 if two concentrates are taken off—a copper (chalcopyrite) and a pyrrhotite, pyrite and both treated at a metallurgical plant of our own.

Value of ore is $6.20 if only copper (chalcopyrite) concentrate taken off and shipped to Europe or Japan.

ACTUALLY WE ARE NOT ONLY LOSING $8.00 OF METAL BUT WE ARE PAYING THE FREIGHT TO THE FOREIGN SMELTERS.

At a rate of treatment or concentration of 1000 tons per day we lose $8,000 of metal.

On a yearly basis (assuming 320 days) of operation this amounts to $2,500,000. Within ten years we are talking $25,000,000.
If on a 4,000 ton per day basis this in 10 years would involve $100,000,000.

Naturally the costs of treating these concentrates to recover these additional minerals would involve some costs to which would be added a unit charge to amortize the capital cost of the equipment and plant.

MACSAN EXPLORATIONS LTD.

(NON-PERSONAL LIABILITY)
(Incorporated under the Companies Act of British Columbia)

BALANCE SHEET AS AT JANUARY 31, 1966

ASSETS

CURRENT ASSETS			
Cash			$ 2,465.04
Accounts receivable			232.65
Prepaid expenses			185.15
Total current assets			2,882.84
PROPERTY AND EQUIPMENT, at cost			
Mining properties and mineral rights	$153,500.00		
Exploration and development costs (Schedule 1)	97,049.84	$250,549.84	
Equipment	5,464.94		
Less—Accumulated depreciation	2,052.20	3,412.74	253,962.58
INCORPORATION EXPENSE			1,307.34
			$258,152.76

Approved on behalf of the Board

OSWOOD G. MacDONALD, Director

DAVID WHITING, Director

LIABILITIES

CURRENT LIABILITIES	
Bank indebtedness	$ 1,000.00
Accounts payable	1,720.58
Conditional sales agreement	852.00
Advances from director	783.79
Advances from Cowichan Copper Co. Ltd. (N.P.L.)	20,294.39
Total current liabilities	$ 24,650.76

SHAREHOLDERS' EQUITY

SHARE CAPITAL		
Authorized		
3,000,000 shares without nominal or par value		
Issued (Note)		
For cash—500,002 shares	$ 80,002.00	
For properties—785,000 shares	153,500.00	233,502.00
		$258,152.76

NOTE: All of the issued shares are subject to such escrow conditions as may be imposed by the Superintendent of Brokers.

AUDITORS' REPORT TO THE SHAREHOLDERS

Macsan Explorations Ltd. (N.P.L.)
To the Shareholders,

We have examined the balance sheet of Macsan Explorations Ltd. (N.P.L.) as at January 31, 1966. 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 the accompanying balance sheet presents fairly the financial position of the company as at January 31, 1966 in accordance with generally accepted accounting principles.

RIDDELL, STEAD, GRAHAM & HUTCHISON

February 11, 1966.

MACSAN EXPLORATIONS LTD.

(NON-PERSONAL LIABILITY)

STATEMENT OF EXPLORATION AND DEVELOPMENT COSTS

For the Period from April 22, 1963 (Date of Incorporation)

To January 31, 1966

	Labour	Materials and Supplies	Other Expenses (Schedule 2)	Totals
STAKED AND RECORDED MINERAL CLAIMS				
Prospecting and staking	$ 19,777.94	$ 2,260.60	$ 7,453.25	$ 29,491.79
Geological	20,449.27	750.67	6,664.79	27,864.73
Soil sampling	4,252.42	281.53	1,540.88	6,074.83
Trenching	1,142.40	108.69	439.42	1,690.51
Geophysical	2,304.21	54.62	1,217.09	3,575.92
	47,926.24	3,456.11	17,315.43	68,697.78
LEASE No. 11 (CANADIAN PACIFIC OIL & GAS)				
Prospecting and staking	1,758.89	573.61	689.44	3,021.94
Geological	4,398.89	111.62	1,221.80	5,732.31
Soil sampling	1,900.02	222.99	574.91	2,697.92
Trenching	484.59	60.46	147.60	692.65
	8,542.39	968.68	2,633.75	12,144.82
LEASE No. 14 (CANADIAN PACIFIC OIL & GAS)				
Prospecting and staking	1,137.13	369.42	465.77	1,972.32
Trenching	2,035.84	253.99	620.09	2,909.92
	3,172.97	623.41	1,085.86	4,882.24
	$ 59,641.60	$ 5,048.20	$ 21,035.04	$ 85,724.84
RECORDING FEES				11,325.00
EXPLORATION AND DEVELOPMENT COSTS as at January 31, 1966 as shown on the attached balance sheet				$ 97,049.84

SCHEDULE 2

MACSAN EXPLORATIONS LTD.
(NON-PERSONAL LIABILITY)

SCHEDULE OF OTHER EXPENSES
For the Period from April 22, 1963 (Date of Incorporation)
To January 31, 1966

Transportation and travel	$ 8,673.17
Camp operating and food	9,932.28
Assaying	452.10
Workmen's Compensation expense	806.69
Legal and accounting fees	2,883.66
Office salaries	2,042.25
Office and miscellaneous expenses	1,766.81
Interest and bank charges	780.64
Depreciation	2,052.20
Loss on disposal of equipment	1,207.76
	30,597.56
Less—Recovered	9,562.52
	$ 21,035.04

SUMMARY OF CASH EXPENDITURES
Three Months Ended April 30, 1966

CASH ON HAND, JANUARY 31, 1966			$ 1,960.07
RECEIPTS			
Advances by director			29,169.20
Accounts receivable			32.65
			31,161.92
DISBURSEMENTS			
Diamond drilling		$ 14,000.00	
Wages and employee benefits		5,633.19	
Exploration and Development supplies and expenses		2,713.50	
Administration expenses		2,431.92	
Reduction of January 31, 1966 liabilities:			
Accounts payable	$ 1,260.56		
Demand loan	1,000.00		
I.A.C.	429.00	2,689.56	
Recording fees		1,792.00	
Increase in employees advance a/c		300.00	
Assaying		299.25	
Advances to affiliated companies:			
Caycuse	$ 65.00		
Cellardor	825.00		
Cowichan Copper	128.80	1,018.80	30,878.22
CASH ON HAND, APRIL 30, 1966			$ 283.70

STATUTORY INFORMATION

A. The full name of the Company is MACSAN EXPLORATIONS LTD. (NON-PERSONAL LIABILITY). The head office of the Company is located at 620 Howe Street, Vancouver, British Columbia;

B. The Company was incorporated under the name COWICHAN EXPLORATIONS LTD. under the laws of the Province of British Columbia by Certificate of Incorporation dated the 22nd day of April, 1963;

C. There have been no amendments to the Memorandum of Association of the Company except the following:

1. Under Certificate of the Registrar of Companies for the Province of British Columbia dated the 21st May, 1963 the name of the Company was changed to MACSAN EXPLORATIONS LTD.;

2. Under Certificate of the Registrar of Companies for the Province of British Columbia dated the 23rd May, 1963 the authorized capital of the Company was increased so that the Company is authorized to issue Three Million (3,000,000) shares without nominal or par value at a maximum price or consideration of One Dollar ($1.00) each;

3. Under Certificate of the Registrar of Companies for the Province of British Columbia dated the 29th July, 1964 the Company was converted to a Specially Limited Company;

4. Under Certificate of the Registrar of Companies for the Province of British Columbia dated the 29th July, 1964 the Company was converted to a Public Company.

D. The full name, occupation and home address of each Director of the Company is as follows:
Oswood G. MacDonald, Mining Executive, 4051 Pine Crescent, Vancouver, B.C.
David Whiting, Plumbing & Heating Contractor, 5721 Cree Street, Vancouver, B.C.
Edward C. Dobell, Executive, 675 Eyremont Drive, West Vancouver, B.C.
Harry C. K. Housser, Barrister & Solicitor, 3663 Pine Crescent, Vancouver, B.C.
Norman Skidmore, Upholsterer, 6235 Halifax Street, North Burnaby, B.C.
Harbanse S. Doman, Executive, Quamichan Heights, Duncan, B.C.
William B. Wilson, Executive, 536 Herald Street, Victoria, B.C.
The said Oswood G. MacDonald may be considered as the promoter of the company.

E. The auditors of the Company are Messrs. Riddell, Stead, Graham & Hutchison, Chartered Accountants, of 900 West Hastings Street, Vancouver, B.C.

F. The Company's Registrar and Transfer Agent is The Crown Trust Company, 455 Howe Street, Vancouver, B.C.

G. The Company is authorized to issue Three Million (3,000,000) shares without nominal or par value at a maximum price or consideration of One Dollar $(1.00) each all of one class known as "common" shares. The Company has issued and allotted as fully paid shares One Million, two hundred and eighty-five thousand and two (1,285,002) shares;

H. The Company has not issued and does not intend to issue any Debentures;

I. Seven hundred and eighty-five thousand (785,000) issued shares of the capital of the Company are held in escrow by the Crown Trust Company pursuant to an escrow agreement dated the 29th day of April, 1966. The said agreement provides that the said shares may not be traded in or dealt with in any manner whatsoever or released, nor may the Company, its Transfer Agent or Escrow Agent make any transfer or record any trading in the escrow shares without the consent of the Superintendent of Brokers.

In addition, all of the shares purchased for cash are subject to being pooled or escrowed upon such conditions as may be imposed by the Superintendent of Brokers:

J. The number of shares sold for cash are as follows:

1. 2 shares at $1.00 per share;
2. 100,000 shares at $0.05 per share;
3. 50,000 shares at $0.10 per share;
4. 350,000 shares at $.20 per share.

Total cash received from the sale of the said shares is Eighty thousand and two dollars ($80,002.00).
No commissions were paid or allowed on the sale of the said shares.
No discount was allowed to any person, firm or corporation in consideration of his, their, or its subscription or agreeing to subscribe for shares;

K. The Company has not sold any securities other than shares for cash;

L. The following shares have been issued and allotted to Oswood G. MacDonald who may be considered a Promoter of the Company;

1. 750,000 shares as consideration for the transfer of the recorded mineral claims described in paragraph M(1)(a) hereof;
2. 277,500 shares for a total cash consideration of Fifty-Five Thousand and Five Hundred ($55,500.00) Dollars;

M.1(a) The Company is the holder, subject to the provisions of the Mineral Act for the Province of British Columbia, of a full interest in those staked and recorded mineral claims, situate, lying and being in the Victoria Mining Division of the Province of British Columbia, more particularly known and described as:

"EXT"—1 to 10 inclusive—Record Nos. 10359 to 10368 respectively
"EXT"—17 to 20 inclusive—Record Nos. 10335 to 10338 respectively
"EXT"—21 to 28 inclusive—Record Nos. 10397 to 10404 respectively
"EXT"—37—Record No. 10405
"EXT"—38—Record No. 10406
"EXT"—58 to 61 inclusive—Record Nos. 10407 to 10410 respectively
"EXT"—87 to 98 inclusive—Record Nos. 10371 to 10382 respectively
"EXT"—102—Record No. 10354
"EXT"—116 to 121 inclusive—Record Nos. 10317 to 10322 respectively
"MID"—25—Record No. 10501
"MID"—26—Record No. 10502
"MID"—49—Record No. 10503
"MID"—50—Record No. 10504
"MID"—55 to 64 inclusive—Record Nos. 10505 to 10514 respectively
"MID"—33 to 48 inclusive—Record Nos. 10515 to 10530 respectively
"MID"—65 to 76 inclusive—Record Nos. 10531 to 10542 respectively
"MID"—1 to 24 inclusive—Record Nos. 10551 to 10574 respectively
"MID"—150 to 153 inclusive—Record Nos. 10575 to 10578 respectively
"MID"—75 to 88 inclusive—Record Nos. 10579 to 10592 respectively
"MID"—101 to 109 inclusive—Record Nos. 10593 to 10601 respectively
"REN"—38—Record No. 10909
"EXT"—39 to 48 inelusive—Record Nos. 10339 to 10348 respectively
"EXT"—63 to 69 inclusive—Rccord Nos. 10252 to 10258 respectively
"EXT"—69—Record No. 10258
"EXT"—86—Record No. 10267
"EXT"—30 to 36 inclusive—Record Nos. 10290 to 10296 respectively
"EXT"—54 to 57 inclusive—Record Nos. 10297 to 10300 respectively
"EXT"—99 to 101 inclusive—Record Nos. 10301 to 10303 respectively
"EXT"—103 to 115 inclusive—Record No.s 10304 to 10316 respectively
"REN"—181 to 200 inclnsive—Record Nos. 11115 to 11124 respectively
"MID"—178A to 181A inclusive—Record Nos. 11348 to 11352 respectively
"MID"—203A—Record No. 11353
"MID 204A—Record No. 11354
"MID"—182A to 184A inclusive—Record Nos. 11373 to 11375 respectively
"JK"—15 to 20 inclusive—Record Nos. 12330 to 12349 respectively
"JK"—21 to 30 inclusive—Record Nos. 12407 to 12416 respectively
"JK"—91 to 101 inclusive—Record Nos. 12571 to 12581 respectively
"TOKEN"—Record No. 11178
"EMDYCK"—1—Record No. 11757
"EMDYCK"—2—Record No. 11762
"OGM"—401C to 403C inclusive—Record Nos. 12709 to 12711 respectively
"OGM"—437E to 440E inclusive—Record Nos. 12712 to 12715 respectively
"OGM"—400C—Record No. 12716
"CAS"—1F to 8F inclusive—Record Nos. 12717 to 12724 respectively
"JW"—1E to 6E inclusive—Record Nos. 9952 to 9957 respectively
"MID"—97B to 100B inclusive—Record Nos. 12828 to 12831 respectively
"MID"—122B to 125B inclusive—Record Nos. 12832 to 12835 respectively
"MID"—146B to 149B inclusive—Record Nos. 12836 to 12839 respectively
"W"—1 to 15 inclusive—Record Nos. 12840 to 12853 respectively
"W"—22 to 31 inclusive—Record Nos. 12854 to 12861 respectively
"W"—7—Record No. 12864
"W"—32 to 70 inclusive—Record Nos. 12865 to 12903 respectively
"W"—16 to 21 inclusive—Record Nos. 12904 to 12909 respectively
"W"—25—Record No. 12910
"W"—29—Record No. 12911
"W"—71 to 82 inclusive—Record Nos. 12988 to 12999 respectively
"ND"—1—Record No. 13010
"ND"—2—Record No. 13011
"GULL"—1 to 4 inclusive—Record Nos. 13012 to 13015 respectively
"OGM"—149E—Record No. 13017
"OGM"—150E—Record No. 13018

"PAT"—1 to 4 inclusive—Record Nos. 13019 to 13022 respectively
"DEE"—15 to 20 inclusive—Record Nos. 13023 to 13028 respectively
"LEE"—23 to 29 inclusive—Record Nos. 13076 to 13082 respectively
"LEE"—1 to 14 inclusive—Record Nos. 13131 to 13144 respectively
"REN"—243B to 251B inclusive—Record Nos. 13219 to 13225 respectively

(b) The Company is the recorded holder of a full interest in those 6 mineral claims located in the Victoria Mining Division of the Province of British Columbia, more particularly known and described as follows:

Jack No. 1—Record No. 11486
Jack No. 2—Record No. 11487
Jack No. 3—Record No. 11488
Emdyk No. 1—Record No. 11757
Emdyk No. 2—Record No. 11762
Token—Record No. 11178

(c) The Company is the recorded holder of a full interest in those 30 mineral claims located in the Victoria Mining Division of the Province of British Columbia more particularly known and described as follows:

"K"—Numbers 1 to 8 inclusive—Record Nos. 11982 to 11989 respectively
"X"—Numbers 1 to 4 inclusive—Record Nos. 11859 to 11862 respectively
"X"—Number 5—Record No. 11906
"X"—Number 6—Record No. 11907
"Y"—Numbers 1 to 8 inclusive—Record Nos. 11863 to 11876 respectively
"Z"—Numbers 1 to 8 inclusive—Record Nos. 11898 to 11905 respectively

(d) In an Agreement in writing dated the 1st day of June, 1963 made between Canadian Pacific Oil and Gas Ltd. (therein and herein called "C.P.O.G.") of the First Part and the Company of the Second Part, the Company was granted for a period of three years (since extended by one year) the exclusive right to explore for minerals upon those parcels or tracts of land situate on Vancouver Island in the Province of British Columbia and more particularly known and described as follows:

Block 832, Block 864, Block 977, Block 795, Block 785, Block 796, Block 1027, Block 984, Block 980, Block 716, Block 70, Block 609, Block 174, Block 811, Block 69, Lot 23, Lot 39, and Lot 81.

Lying in the Malahat Land District and comprising 19,535 acres, more or less. (Hereinafter called "the said lands").

Within the period of four years and providing it is not in default of the said Agreement the Company may require "C.P.O.G." to execute and deliver to the Company a lease of such parcel or parcels of the said lands as the Company shall elect, such lease to be in the form and subject to the terms and conditions set forth in the said Agreement.

(e) In an Agreement in writing dated the 1st day of June, 1965 made between Canadian Pacific Oil and Gas Ltd. (therein and herein called "C.P.O.G.") of the First Part and the Company of the Second Part the Company was granted the exclusive right for a period of two years to explore for minerals upon that certain parcel or tract of land situate on Vancouver Island in the Province of British Columbia, more particularly known and described as follows:

The parcel of land lying in the Malahat Land District, Vancouver Island, Province of British Columbia, described as commencing at the most southerly to southeast corner of Lot 123; thence due south in a straight line to the point of commencement with the north boundary of Block 864, thence west at a right angle in a straight line to a distance of 2,640 feet; thence north at a right angle in a straight line to the point of commencement with the south boundary on Lot 125; thence easterly along the south boundary of Lot 125 to the west boundary of Lot 123; thence along the western and southern boundary of Lot 123 to the point of commencement the area herein described comprising 200 acres more or less (hereinafter called "the said lands").

Within the said period of two years and providing it is not in default under the said agreement, the Company may require C.P.O.G. to execute and deliver to the Company a lease to be in the form and subject to the terms and conditions set forth in the said Agreement.

M.2(a) The Vendor of the mineral claims referred to in clause M.1(a) hereof is Oswood G. MacDonald, 4051 Pine Crescent, Vancouver, B.C. Seven hundred and fifty thousand (750,000) shares were allotted to him as consideration for the sale to the Company of the said mineral claims and of other claims which, since their acquisition have been allowed to lapse as they did not merit further exploration work.

(b) The Vendors of the mineral claims referred to in clause M.(a)2 hereof are Frank Cooke of 2809 Mathers Avenue, West Vancouver, B.C. and William M. Cooke of R.R. No. 6, Victoria, B.C.

Twelve thousand five hundred (12,500) shares of the Company were allotted to each of the said Frank Cooke and William M. Cooke as consideration for the sale of the said six (6) claims to the Company.

(c) The Vendor of the mineral claims referred to in clause M.(a)3 hereof is Thomas Kirk of 1143 Lockley Road, Victoria, B.C.

Ten thousand (10,000) shares of the Company were allotted to the said Thomas Kirk as consideration for the sale of the said thirty (30) mineral claims to the Company.

(d) The Vendor of the property referred to in Clause M.1(d) hereto is Canadian Pacific Oil and Gas Ltd., 137 - 9th Avenue, Southeast, Calgary, Alberta. Under the Exploration Agreement referred to in the said clause, the Company shall pay cash to C.P.O.G. or perform exploration work on the said lands at an expenditure per year of not less than $.50 per acre. In the event that the Company exercises its option to lease all or

any part of the said lands, the Company shall pay to C.P.O.G. a rental of $1.00 per acre per year and a royalty as provided in the said Agreement.

(e) The Vendor of the property referred to in Clause M.1(e) hereto is Canadian Pacific Oil and Gas Ltd., 137 - 9th Avenue, Southeast, Calgary, Alberta. Under the Exploration Agreement referred to in the said clause, the Company shall pay cash to C.P.O.G. or perform exploration work on the said lands at an expenditure per year of not less than $2.00 per acre. In the event that the Company exercises its option to lease all or any part of the said lands, the Company shall pay to C.P.O.G. a rental of $1.00 per acre per year and a royalty as provided in the said Agreement.

M3. To the best of the knowledge of the signatories hereto, no one acquired or is to acquire any portion of the consideration paid or to be paid to the aforesaid Vendors of the mineral claims described in clauses M(1)(a), M(1)(b) and M(1)(c) hereof in excess of five per cent (5%) thereof:

M4. The access to all of the aforementioned mineral claims is by paved highway number 14 running from Victoria, British Columbia, to Jordan River. From Jordan River a good gravel road continues twenty-five (25) miles into Port Renfrew. Off these roads are numerous logging roads which provide access to the claims:

M5. There has been no underground exploration development plant or equipment on any of the aforementioned mineral claims;

M6. Surface exploration has consisted of geological mapping, soil sampling, prospecting and trenching. There is no surface plant or equipment on the property save and except three motor vehicles used by the Company in its exploration work;

M7.(a) East Sooke Peninsula.

Following the discovery of copper in this area in 1863 ore was assayed in England and thereafter until 1918 some trenches, shafts and tunnels were driven on the peninsula. Approximately fifteen hundred (1,500) tons of copper ore were shipped to smelters at Tacoma and Ladysmith. In 1951 following electromagnetic survey some twelve diamond drill holes for a total footage of thirty-three thousand, five hundred and forty-four feet (33,544 ft.) were drilled.

(b) Jordan River area.

Copper was discovered in this area in 1915 and exploration and development work has been carried out intermittently until 1958, particularly by a subsidiary company of The Consolidated Mining & Smelting Co. of Canada.

M8. The present management of the Company has carried out a complete geological survey of the area lying south of the Leech River fault some forty miles in length and covering an area of over two hundred square miles. Preliminary soil samples have been taken from eighty per cent of the area. Prospecting and trenching have been carried out on two hundred out-croppings and a self-potential geophysical survey has been carried out in two areas.

N. There are no securities in respect of which options have been given or are to be given nor is the Company a party to any underwriting agreement.

The Company proposes to offer to the public three hundred thousand (300,000) shares of its capital stock at a price of sixty cents (60c) per share.

O. The Company plans to carry out the proposed exploration programme developed by the President and set forth in his report which forms part of this Prospectus and recommended by D. C. Malcolm P.Eng. in his report dated 29 April, 1966 a copy of which has been filed with the Superintendent of Brokers for the Province of B.C. The net proceeds which the Company may expect to receive from the sale of shares hereby offered is One hundred and eighty thousand dollars ($180,000.00). The Company plans to expend this as follows:

1. Retirement of debt to Oswood G. MacDonald	$ 30,000.00
2. Prospecting, trenching, sampling, assaying	8,000.00
3. Geophysical surveying, including line cutting, mapping, etc.	12,000.00
4. Diamond drilling, core-splitting, sampling, assaying, logging, etc.	80,000.00
5. Engineering—Geological mapping, etc.	10,000.00
6. Administration	10,000.00
7. Contingencies and miscellaneous and any necessary capital expenditure or increase in Items 2, 3 or 4	30,000.00
	$180,000.00

In addition to the funds necessary to carry out the said programme the proceeds of the sale of securities hereby offered will be used to defray normal business and administrative expenses and legal and accounting services with respect to the operations of the Company, preparation of this Prospectus and in the examination of other properties with a view to their acquisition or option;

P. The Company was incorporated more than one year ago.

Q. There is no substantial indebtedness to be created or assumed by the Company that is not shown on the Balanee Sheet as at 31st January, 1966 filed with the British Columbia Securities Commission and which is

attached to and forms part of this Prospectus other than the sum of Twenty-nine thousand, one hundred, sixty-nine dollars and twenty cents ($29,169.20) which has been loaned to the Company since January 31, 1966 by Oswood G. MacDonald to enable the Company to continue its exploration work and enter into arrangements for the implementation of the programme referred to in Clause O hereof. No part of the proceeds of this offering in excess of Thirty thousand ($30,000.00) Dollars will be used to retire debts of the Company. No security has been given for any indebtedness.

R. The principal business in which each Director of the Company has been engaged during the immediate preceding three years is as follows:

Oswood G. MacDonald,
President, Cowichan Copper Co. Ltd. (N.P.L.),
620 Howe Street, Vancouver, B.C.

David Whiting,
President, A & A Plumbing & Heating Ltd.,
3350 Fraser Street, Vancouver, B.C.

Edward C. Dobell,
President, North Coast Fisheries Ltd.,
2199 Commissioner Street, Vancouver, B.C.

Harry C. K. Housser
Partner, Bull, Housser and Tupper,
Barristers and Solicitors,
675 West Hastings Street, Vancouver, B.C.

Norman Skidmore,
Since prior to 1 March, 1963 to 15 August, 1965 — proprietor, Shop Easy Store, 3745 Rupert Street, Vancouver, B.C.
Since 15 August, 1965—employed by Ross & Bridge, 2630 Granville Street, Vancouver, B.C.

Harbanse S. Doman,
President, Doman Transport Ltd.
Duncan, B.C.

William B. Wilson,
President, The B. Wilson Co. Ltd.,
Victoria, B.C.

S. The interest of Oswood G. MacDonald, a Director and Officer of the Company in property acquired or proposed to be acquired by the Company is set forth in Clause M(1)(a) hereof;

T. To 31st May, 1965 Douglas C. Malcolm had received by way of salary from the Company the sum of Eleven thousand dollars ($11,000.00). No other remuneration has been paid to a Director or Officer of the Company for the fiscal year ending 31st May, 1965.

U. It is not estimated that any remuneration will be paid during the current fiscal year to the Directors or Officers of the Company.

V. Oswood G. MacDonald by reason of beneficial ownership of securities of the Company is able or entitled to elect or cause to be elected a majority of the Directors of the Company.

W. No dividends have been paid by the Company prior to the date of this Prospectus.

X. There are no other material facts relating to the securities of the Company which require disclosure in this Prospectus and which are not disclosed under any other provision of the Securities Act for the Province of British Columbia.

Y. The foregoing constitutes a full, true and plain disclosure of all material facts in respect of the offering of the securities referred to above as required by the Securities Act for the Province of British Columbia and there is no further material information applicable other than in the Financial Statements or reports where required.

Dated the 13th day of May, 1966.

"OSWOOD G. MACDONALD"

"H. S. DOMAN"

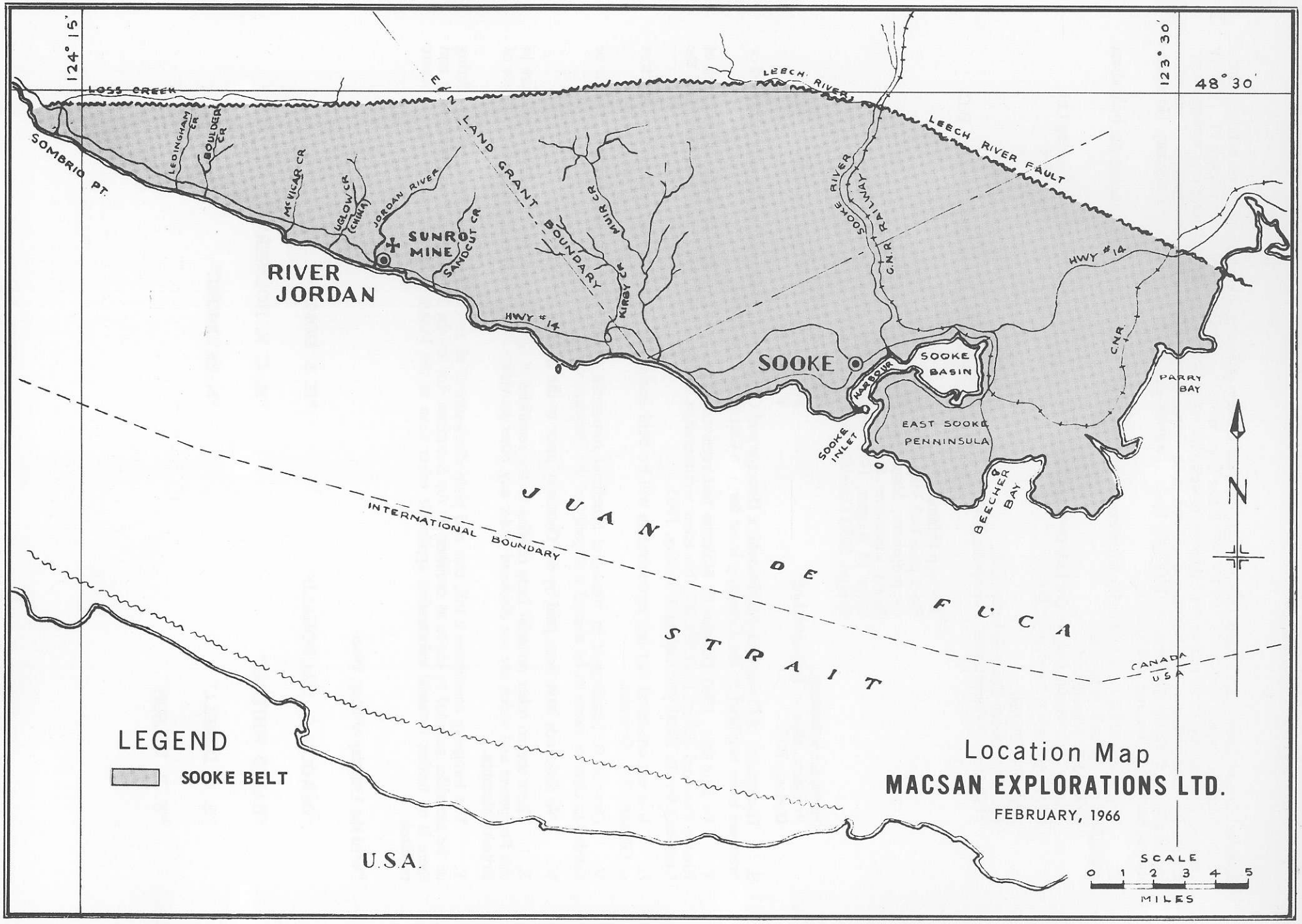
"DAVID WHITING"

"H. C. K. HOUSSER"

"E. C. DOBELL"

"N. SKIDMORE"

"W. B. WILSON"



Location Map

MACSAN EXPLORATIONS LTD.

FEBRUARY, 1966

REPORT ON MACSAN EXPLORATIONS LTD. (N.P.L.)
VICTORIA MINING DIVISION, BRITISH COLUMBIA

by D. C. MALCOLM, P.ENG., Consulting Geologist
2290 West 23rd Avenue, Vancouver 8, B.C.
April 29, 1966

SUMMARY

Macsan Explorations Ltd. (N.P.L.) owns claims and mineral rights covering a large part of a 35 mile length and 2 to 8 mile width along the south coast of Vancouver Island between the Leech River and the Strait of Juan de Fuca and between Sooke and Sombrio Point. The property is favorably located in a pleasant climate. It has favorable geology and numerous copper replacements similar to Cowichan Copper's producing Sunro Mine near the centre of the block.

In addition Macsan has several very large low grade surface deposits such as one which averages 0.26% copper in 66 pits in an area 500 feet by 1,000 feet. This deposit is ideally located for cheap open pit mining and with a potential of 50,000,000 tons to depth of 1,000 feet deserves diamond drilling to this depth below the partly covered and leached surface.

LOCATION

Latitude 48° 15′ north, Longitude 123° 40′ to 124° 15′ West, Elevation 0 to 2,000 feet, Victoria Mining Division, British Columbia. Located along Highway 14, southern Vancouver Island west of Victoria.

PROPERTY

Approximately three hundred located claims and base metal rights on 20,000 acres under agreement from Canadian Pacific Oil and Gas Company of Canada Limited.

GEOLOGY

(a) Climate and Topography: The area is, like Victoria, one of the most pleasant year around climates in Canada. The ground is gently sloping from the hills at 2,000 foot elevations to the sea. The heavy rains have been drained by numerous creeks which have cut small canyons across the slopes to the ocean. The district contained heavy forest cover but much of this has been logged, burned and reforested from a network of good logging roads.

(b) General Geology: A thick assemblage of basalts similar to Pre-Cambrian greenstones are intruded by a series of parallel and reticulating gabbro intrusives and by a number of small granite plutons. The rocks are extensively sheared, brecciated and faulted along steep dipping northwest, northeast, north and east striking shear zones, faults and sheeted areas.

(c) Mineralization and Alteration: The fractured and sheared gabbros and basalts have been altered by hornblende and by quartz feldspar solutions extending into the rocks from the fractures. Pyrite, magnetite, chalcopyrite, pyrrhotite and small amounts of pentlandite, sphalerite and molybdenite replaced the altered rocks with the amount of mineralization related to the degree of fracturing. The intersections of shear zones contain the highest percentages of sulphides.

(d) Leaching: The sulphides do not show on the surface but the rock fractures show native copper and maroon staining. In some places the sulphides are found a few inches below the surface but in others they may be leached to a depth of several hundred feet. One fossil lateritic bauxite deposit occurs in the belt.

DEVELOPMENT

Macsan Explorations Ltd. (N.P.L.) has mapped the whole area on a scale of 1″=500 feet and the deposits have been mapped on a scale of 1″=100 feet. The area has been partly covered by an airborne magnetic survey; most of the belt has been tested by geochemical surveys run along the roads, along traverse lines and along the creeks; electro magnetic surveys have been made over the Sunro and Sooke deposits and over some of the other areas; Self Potential surveys have been run over the same areas and detailed magnetometer surveys were made in these selected spots. The area has been partly prospected in great detail.

This work has outlined numerous major and minor anomalous areas and located a great number of ore and sub-ore deposits with favorable geology.

DEPOSITS

Numerous zones of mineralization have been found and partly explored in the large area. A few of these are as follows:

(a) East Sooke Peninsula: Several deposits occur in shear zones up to several hundred feet in width. Generally the overall values are low in the entire sheared area; and the most important deposits occur where shear zones intersect. The Iron Hill is typical. Here a north 25 degree east striking zone 100 feet in width has been traced for 1,500 feet in length. It is intersected by other narrow zones striking north 60 degrees east and north 20 degrees west. The shear contains magnetite, pyrrhotite, chalcopyrite in hornblendite.

Surface samples averaged 0.5% copper over a 25 foot width and values were very low over the entire zone. Values in other metals were erratic and up to a maximum of 0.3% nickel, 0.3% cobalt, 0.2% molybdenum 0.04 oz. per ton palladium, 0.01 oz. per ton gold and 0.25 oz. per ton silver.

A diamond drill hole showed the 100 foot wide zone to average 0.5% copper and a shear intersection showed 15 feet averaging 1.38% copper.

(b) West of Sooke Peninsula. Many large and small sulphide occurrences have been found and partly explored on the property in the basalts. The following are some of these:

(1) On a steep cleared hillside overlooking the ocean a uniform fine grained basalt is sheared in a north direction over 600 foot widths and sheeted in an east direction over an area 1,200 feet by 2,000 feet. The rocks are gossan stained and show up to 10% pyrrhotite with small amounts of chalcopyrite. No work has been done over the whole zone but several higher grade sections were trenched. One of these showed a 10 foot width which averaged 0.53% copper for a 300 foot length.

(2) A reforested area of dense second growth and heavy overburden 3,000 feet in length is cut by 3 creeks in small canyons. In these canyons over widths of 600 to 800 feet samples from 15 pits contained native copper, chalcopyrite and pyrrhotite and averaged 0.38% copper. The area is sheared by north, northwest and west striking zones which dip vertically. The dense hornblendic basalts are sheeted and native copper, cuprite and chalcopyrite fill the fractures in the three directions. Geophysical and geochemical surveys show large anomalies covering the area.

(3) The Jordan River crosscuts the entire greenstone belt in a very deep canyon and has exposed three large and many smaller zones. A shear zone near the B.C. Hydro dam showed a 100 foot width averaging 0.3% copper in brecciated basalt and gabbro. The sulphides are pyrite and chalcopyrite but a little bornite was found in one section. An area along the B.C. Hydro road at Rough Creek was trenched and contains pyrite and chalcopyrite. A zone of sheeting in altered hornblendic basalt 1,000 feet in width is exposed on the same road and in rock cuts on a flume line several hundred feet west of the road. The fractures contain native copper, chalcopyrite, pyrite and sphalerite. Surface values are 0.25% copper in the sulphides.

(4) In another area a number of properties were found. A 5 by 10 foot outcrop near a main logging road showed 0.83% copper when bulk sampled. The surrounding area is overburden covered but the fractured basalt is identical in appearance to the ores from the Sunro Mine.

A nearby area contains rocky outcrops over an area 1 mile in length and about ½ mile in width. The rocks are uniform fine grained basalts well mineralized with pyrite, pyrrhotite, chalcopyrite and native copper in sheeted zones striking north 45 degrees west and north 20 degrees east. The low areas are in wide linears striking east and north 70 degrees east. The outcrops were pitted and bulk sampled. One area 1,000 feet in length and 500 feet in width averaged 0.26% copper in samples from 66 pits.

The above descriptions are of deposits found in outcrop areas which have possibilities for open pit mining. Other small deposits over widths of 2 to 10 feet assay quite high in copper and nickel but their potential appears limited for large tonnages.

CONCLUSION

The greenstone belt on Macsan ground contains large areas of low grade copper in geologically favorable structures. They are ideally situated for cheap mining and treatment and have been adequately tested by surface work.

Less than 100 surface drill holes have been drilled in the entire belt and almost all of these have intersected one or more ore grade copper zones.

RECOMMENDATIONS

A systematic programme of diamond drilling is required to test sample the large deposits at depth and planned holes should be drilled to search for Sunro type deposits at the intersections of major shear zones and along the gabbro contacts.

April 29, 1966

Report by D. C. MALCOLM, P.Eng.

D. C. MALCOLM, Consulting Geologist

CERTIFICATE

I, Douglas Cole Malcolm of Vancouver, in the Province of British Columbia, do hereby certify that:

1. I am a geological Engineer residing at 2290 West 23rd Avenue, Vancouver, British Columbia.
2. I am a registered Professional Engineer of the Provinces of British Columbia and Ontario and that I have been practising my profession continuously since 1935.
3. I have no direct or indirect interest in the property of Macsan Explorations Ltd. (N.P.L.), described in the accompanying report, or in any of the securities pertaining thereto. One share was issued in my name in 1964 but this is not in my possession.
4. The accompanying report is based on two years work between May 1st, 1963 and May 1st, 1965 as Chief Geologist for Macsan Explorations Ltd. (N.P.L.).

Dated at Vancouver, British Columbia, this 2nd day of May A.D. 1966.

D. C. MALCOLM, P.Eng.

Macsan Explorations Ltd. (N.P.L.)
620 Howe Street
VANCOUVER 1, B.C.

Dear Sirs:

I refer to my Report dated 29 April, 1966 on the mining properties of your Company referred to in your Prospectus dated 13 May, 1966 with which a copy of my Report was filed with the Superintendent of Brokers for the Province of British Columbia.

I hereby certify that the proceeds of the proposed sale of the securities offered by the said Prospectus in the amount of $180,000.00 which will be used to finance the recommended programme of exploration referred to in my Report and in the Statement of Oswood G. MacDonald, which forms part of the said Prospectus, will be sufficient to carry out the said programme and is a realistic estimate of the amount required to do so.

This letter should be considered as forming part of my said Report.

Yours very truly,

DOUGLAS C. MALCOLM, P.Eng.
Consulting Geologist