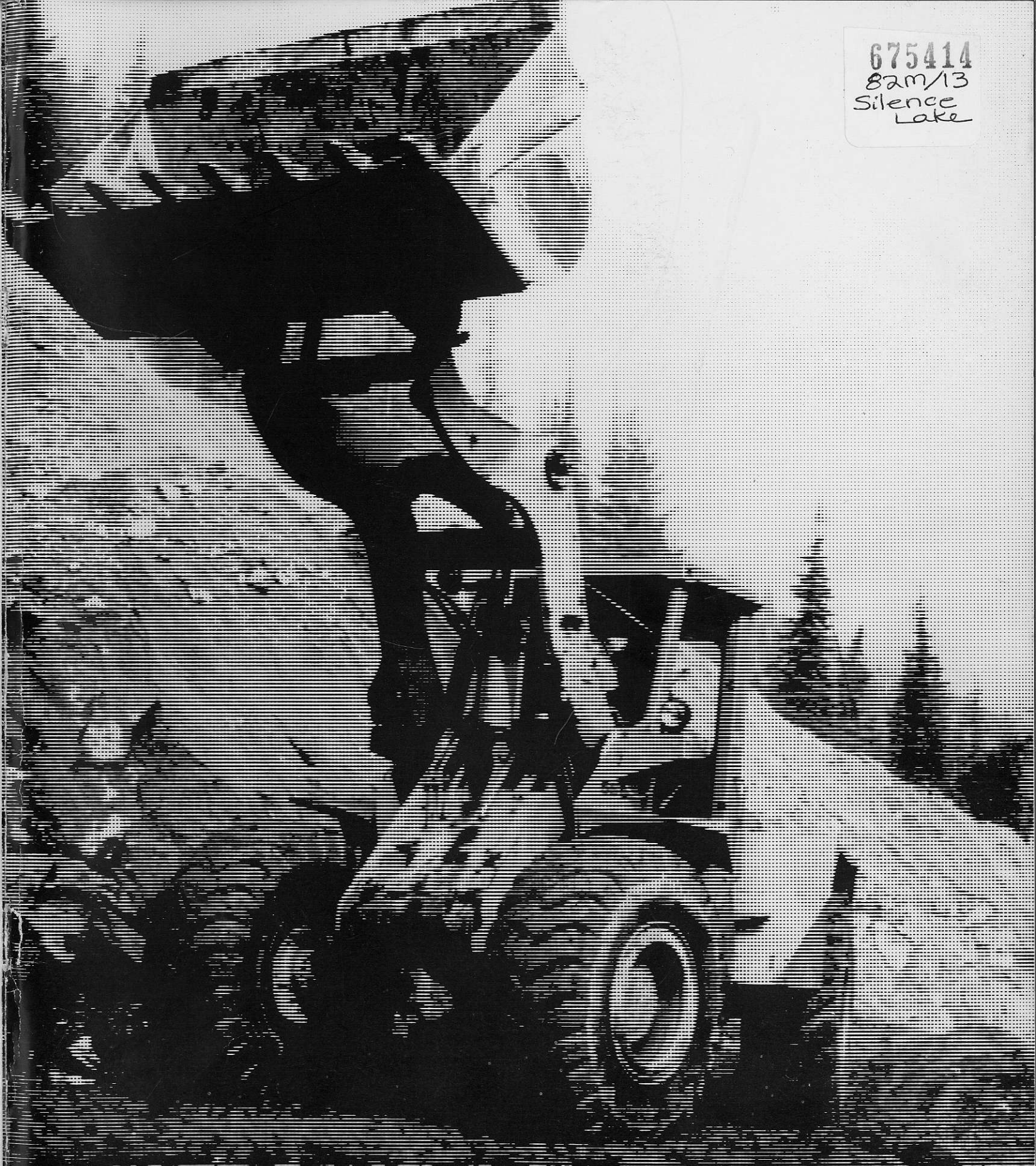


675414  
82m/13  
Silence  
Lake



# DIMAC RESOURCE CORP.

Prospectus - November 5, 1980

THIS PROSPECTUS CONSTITUTES A PUBLIC OFFERING OF THESE SECURITIES ONLY IN THOSE JURISDICTIONS WHERE THEY MAY BE LAWFULLY OFFERED FOR SALE.

NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HEREUNDER AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

NEW ISSUE

PROSPECTUS

# DIMAC RESOURCE CORP.

Incorporated under the laws of the  
Province of British Columbia

**400,000 COMMON SHARES**  
(without par value)

	Price to Public	Commission	Proceeds to Issuer If all shares offered hereunder are sold
Per Share .....	\$1.80*	\$0.30	\$1.50
Total .....	\$720,000	\$120,000	\$600,000**

\*The Principals of Canarim Investment Corporation Ltd. and Registered Representatives with Continental Carlisle Douglas have purchased shares of the Issuer at \$0.10, \$0.25 and \$1.25 per share. Therefore, the investor should note that the offering price of \$1.80 per share has not been determined on an arms-length basis. Reference is made to Page 14, Item 10, "Principal Holders of Securities" for further details.

\*\*Before deduction of expenses of this issue estimated to be \$15,000.00.

THERE IS NO MARKET FOR THE COMMON SHARES OF THE ISSUER. AN APPLICATION WILL BE MADE TO LIST THE SHARES OF THE ISSUER ON THE RESOURCE AND DEVELOPMENT SECTION OF THE VANCOUVER STOCK EXCHANGE. ACCEPTANCE OF THIS LISTING WILL BE SUBJECT TO FILING ACCEPTABLE DOCUMENTS AND EVIDENCE OF SATISFACTORY DISTRIBUTION, BOTH WITHIN 90 DAYS.

THE SHARES OF THE ISSUER MUST BE CONSIDERED SPECULATIVE SECURITIES AS THE ISSUER'S PROPERTIES ARE IN THE EXPLORATION AND DEVELOPMENT STAGE. THE ISSUER'S MINING PROPERTIES ARE LOCATED IN THE PROVINCE OF BRITISH COLUMBIA, CANADA. WHILE THE ISSUER'S SILENCE LAKE PROPERTY HAS BEEN SURVEYED, NO SURVEY HAS BEEN MADE OF THE ISSUER'S OTHER MINERAL CLAIMS AND THEREFORE IN ACCORDANCE WITH THE MINING LAWS OF THE PROVINCE OF BRITISH COLUMBIA, THEIR EXISTENCE AND AREA MAY BE IN DOUBT. PURCHASE OF THE SHARES OFFERED HEREUNDER MUST BE CONSIDERED AS SPECULATION. REFERENCE IS MADE TO THE HEADING "RISK FACTORS" ON PAGE 1 HEREOF.

THE REGISTRAR AND TRANSFER AGENT OF THE ISSUER IS THE CANADA TRUST COMPANY, 901 WEST PENDER STREET, VANCOUVER, B.C.

REFERENCE SHOULD BE MADE TO THE PARAGRAPH "PRINCIPAL HOLDERS OF SECURITIES" ON PAGE 14 HEREIN FOR A COMPARISON OF THE NUMBER OF SHARES HELD BY THE PROMOTERS, DIRECTORS, SENIOR OFFICERS AND CONTROLLING PERSONS OF THE ISSUER WITH THE NUMBER OF SHARES OFFERED BY THIS PROSPECTUS.

We, as Agents, conditionally offer these shares subject to prior sale, if, as and when issued by the Issuer and accepted by us in accordance with the conditions referred to under "Plan of Distribution" on Page 1, subject to approval of all legal matters on behalf of the Issuer by Rand & Edgar, Barristers and Solicitors, Vancouver, British Columbia.

**CANARIM INVESTMENT CORPORATION LTD.**  
1350 - 409 Granville Street  
Vancouver, B.C.  
V6C 2J5

**CONTINENTAL CARLISLE DOUGLAS**  
600 - 789 West Pender Street  
Vancouver, B.C.  
V6C 1H7

DATE: NOVEMBER 5, 1980

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## **(1) PLAN OF DISTRIBUTION**

By an agreement dated the 20th day of October, 1980 (the "Agency Agreement") between Dimac Resource Corp. (the "Issuer") and Canarim Investment Corporation Ltd. (as to 50%), having offices at 1350 - 409 Granville Street, Vancouver, British Columbia, and Continental Carlisle Douglas (as to 50%), having offices at 600 - 789 West Pender Street, Vancouver, British Columbia (the "Agents"), the Agents agreed to act as agents of the Issuer to use their best efforts to sell to the public in the Province of British Columbia 400,000 common shares of the Issuer at a price of \$1.80 per share. The Issuer has agreed to pay the Agents a commission of \$0.30 per share sold. The directors of the Issuer will not participate in the sale of shares offered hereunder.

If all of the said 400,000 shares being offered are not sold within 120 days of the date of the acceptance of this Prospectus by the regulatory bodies having jurisdiction over this Prospectus (the "Effective Date"), all funds, without deduction, will be returned to the purchasers. All funds received will be held in trust by The Canada Trust Company, 901 West Pender Street, Vancouver, British Columbia until an amount of \$720,000, including commissions of \$120,000, is received and the consent to the release of funds has been received from the Superintendent of Brokers for British Columbia, at which time the \$600,000 less the \$3,000 Vancouver Stock Exchange listing fee, will be turned over to the Issuer.

It is the Issuer's intention to make application for the listing of its shares on the Vancouver Stock Exchange immediately upon the completion of this offering.

The Agents, notwithstanding anything to the contrary, reserve the right to offer selling participation, in the normal course of the brokerage business, to selling groups of other licenced broker dealers, brokers and investment dealers, who may or who may not be offered part of the commission derived from this offering.

## **(2) RISK FACTORS**

Resource exploration and development is a speculative business. The marketability of natural resources acquired by the Issuer will be affected by numerous factors, which include market fluctuations, mineral markets, processing equipment and government regulation, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection, which cannot be accurately predicted.

## **(3) USE OF PROCEEDS**

If all of the shares offered hereunder are sold, the net proceeds to be received by the Issuer pursuant to the Agency Agreement will be \$600,000. The principal purposes for which the net proceeds, together with \$142,500 working capital available as at August 31, 1980, are to be spent, in order of priority, are as follows:

(a)	Provision for the Vancouver Stock Exchange's listing fee (to be held in trust by the Issuer's Registrar and Transfer Agent, The Canada Trust Company)	\$3,000
(b)	Estimated cost of this issue, including legal, audit and printing costs	15,000
(c)	To complete Phase I of the work program recommended by Brian Mountford, P. Eng. in his report on the Silence Lake Property dated October 15, 1980	225,000
(d)	Reserve for continued development of the Silence Lake Property	350,000
(e)	General corporate purposes	* <u>149,500</u>
	<b>TOTAL</b>	<b>\$742,500</b>

\*These funds shall be used for property and project evaluation expenses, maintenance of properties presently held and general administration expenses, and will be increased by \$11,250 pursuant to a commission rebate as set out in Item 7 herein.

The Issuer may, pursuant to the recommendations of a qualified engineer, abandon, in whole or in part, any of its properties, alter as work progresses the work program recommended, or make arrangements for the performance of all or any portion of such work by other persons or companies. The Issuer may also redirect funds from one of the above programs to another of the programs or use all or a portion of the working capital to further develop one of the programs. The Issuer may decide to divert any of the above funds for the purpose of conducting work on or examining other properties acquired by the Issuer after the date of this Prospectus, although the Issuer has no present plans in this regard. If any such event occurs during the primary distribution of the shares referred to in this Prospectus, an amendment to this Prospectus will be filed. If any such event occurs subsequent to completion of primary distribution, shareholders will be notified.

No part of the proceeds shall be used to invest, underwrite, or trade in securities other than those that qualify as investments in which trust funds may be invested under the laws of the jurisdictions in which the securities offered by this Prospectus may lawfully be sold. Should the Issuer intend to use the proceeds to acquire other than trustee type securities after the distribution of the securities offered by this Prospectus, notice of the intention will be filed with the securities regulatory bodies having jurisdiction over the sale of the securities offered by this Prospectus.

#### **(4) DESCRIPTION OF BUSINESS AND PROPERTY OF ISSUER**

The principal business of the Issuer is the acquisition, exploration and development of resource properties. The Issuer at present has interests in the mineral properties described below and is continually developing and examining additional projects for acquisition, exploration and development.

1. SILENCE LAKE PROPERTY

The Silence Lake Property is comprised of the Gotcha, Gotcha 2, 3, 4, 5 and 6 mineral claims and is located within the Kamloops Mining Division, 20 miles northeast of Clearwater, British Columbia. All the claims bound the west side of Maxwell Creek, 2 miles above its confluence with the Raft River.

By agreement dated November 5, 1979 the Issuer purchased the Gotcha, Gotcha 2 and Gotcha 3 claims from United Mineral Services Ltd. ("United Mineral") of 701 - 744 West Hastings Street, Vancouver, B. C. in consideration for \$75,000 and the assumption by the Issuer of a United Mineral bank loan totalling \$25,288. This loan, plus accumulated interest totalling \$2,260, has been paid by the Issuer. The Issuer staked the Gotcha 4, 5 and 6 claims adjacent to those purchased.

United Mineral is owned by Robert A. Dickinson, President and a Director of the Issuer, and Murray McClaren, Executive Vice-President and a Director of the Issuer.

All six claims are in good standing under the B. C. Mineral Act and are described as follows:

<u>Claim Name</u>	<u>Units</u>	<u>Record No.</u>	<u>Record Date</u>	<u>Expiry Date</u>
Gotcha	1	881	June 24, 1977	June 24, 1985
Gotcha 2	6	2834	July 24, 1980	July 24, 1989
Gotcha 3	9	1927	June 29, 1979	June 29, 1985
Gotcha 4	1	2835	July 24, 1980	July 24, 1981
Gotcha 5	1	2836	July 24, 1980	July 24, 1981
Gotcha 6	1	2837	July 24, 1980	July 24, 1981

A perimeter survey of the claims has been completed by a B. C. Land Surveyor. This survey has been submitted to the Surveyor General for adjudication. The total area of the 19 mineral claim units is 861.4 acres.

Access to the property is relatively easy. A main arterial logging road leads directly from Clearwater, B. C. to the site. This logging road joins the Yellowhead Highway approximately 4 miles east of Clearwater. The distance along the logging road is some 25 miles.

There is presently no underground or surface plant and equipment located on the property.

During 1972 Union Carbide Exploration Corp. staked the present claim area to cover what appeared to be the source of float containing scheelite. In the same year that company completed a program of geological mapping and 8 diamond drill holes totalling 1,770 feet of drilling. Two holes intersected ore grade scheelite mineralization. A further 3 holes were drilled in 1973 for a total of 1,436 feet. These were exploratory in nature and all were unsuccessful. Union Carbide eventually dropped the claims after spending approximately \$200,000 and the area was re-staked by United Mineral.

In 1977 United Mineral carried out a trenching program and confirmed the presence of scheelite mineralization within two skarn bands. They also established that some of the near-surface mineralization exceeded 3%  $WO_3$  (tungsten). At the start of 1978, N.C.A. Minerals Corporation under an option agreement with United Mineral completed 18 percussive drill holes at a cost of approximately \$20,000. Assay results confirmed a high tenor of mineralization. As a result of N.C.A. failing to comply with the terms of the option agreement, the property subsequently returned to United Mineral.

In 1978 United Mineral removed some 1,500 - 2,000 tons of scheelite ore having a possible grade of approximately 2%  $WO_3$ . This ore is now stockpiled at Clearwater. Also during 1978, three separate metallurgical tests were carried out by Bacon Donaldson and Associates Ltd. and 200 tons of ore were processed through a flotation mill at Lumby, B. C. These tests indicated that scheelite is liberated at a relatively coarse grind and is amenable to both gravity and flotation recovery processes.

United Mineral acquired the property for staking costs of approximately \$2,000 and subsequently spent approximately \$100,000 on exploration of the property.

During 1979 the Issuer was incorporated and acquired full title to the property.

In the latter part of 1979 and the beginning of 1980 the Issuer diamond drilled 20 holes totalling 1,800 feet. Nineteen of these holes intersected scheelite mineralization. Brian Mountford & Associates Ltd. compiled the drilling results and undertook a detailed techno-economic assessment of the production viability of the deposit.

In addition to diamond drilling, surface trenching and geological mapping, considerable development work of a pre-production nature has been undertaken by the Issuer during 1980. This work can be summarized as follows:

- Legal survey of claim perimeter completed in the field; approval by the Surveyor General pending;

- Access roads to proposed open pit area built and upgraded;

- Ore stockpile area stripped and graded;

- Proposed open pit area stripped and benched;

- Several thousand tons of loose ore stockpiled;

- Areas of the property surveyed to determine tailings disposal, waste disposal, mill complex and water sites.

Technical studies regarding the mining, milling and marketing aspects of the project are in progress. Brian Mountford & Associates Ltd., by contract, manage the field, engineering and design work related to the project.

The Issuer has spent \$154,216 on the property up to August 31, 1980 with a credit of \$15,000 (Government grant) for net expenditures of \$139,216.

The property covers an area of contact between metasediments and a post metamorphic intrusive stock. Contact metamorphism has occurred along the metasedimentary and intrusive rock boundary and a variety of contact metamorphic mineral assemblages have been produced. Skarn mineralization occurs in replaced calcareous beds. These beds have been traced by surface mapping and diamond drilling. They are known to extend laterally some 500 feet and have a stratigraphic thickness of approximately 45 feet. Within this thickness, scheelite bearing skarn is interspersed with thin beds of biotite schist and quartzite.

Two principal zones or bands (the Upper and Lower Bands) of tungsten ore have been outlined by drilling and surface exploration. Brian Mountford & Associates Ltd. have calculated mineable reserves within the Upper and Lower Bands from drilling to date. These can be summarized as follows:

	<u>Proven</u> (tons)	<u>Probable</u> (tons)	<u>Grade WO<sub>3</sub></u> (%)
Upper Band	17,521	6,529	1.49
Lower Band	<u>16,210</u>	<u>9,342</u>	<u>1.46</u>
Total:	33,731	15,871	1.48
Total Proven and Probable Ore:		49,602	1.48
Include Ore Stockpiled at Clearwater:		<u>1,438</u>	
TOTAL:		51,000	1.48

In the same area primarily down dip of the existing reserve there exists the potential for a further 13,200 tons at 1.62% WO<sub>3</sub> which can be considered "possible" ore. Geologically the prospects of finding additional ore are considered excellent.

Subsequent to Brian Mountford & Associates Ltd. conducting a techno-economic analysis of the property, Brian Mountford became Vice-President, Operations of the Issuer. Brian Mountford & Associates Ltd. receives a monthly retainer fee of \$2,500 as consideration for managing all phases of the Silence Lake Project.

The work program recommended by Brian Mountford & Associates Ltd. in the report attached hereto dated October 15, 1980 will be completed within the next several months and will be followed by additional work through to production financed by the reserve described in Item 3(d) herein and additional financing to be secured by the Issuer when required.

As discussed in the attached engineering report, capital costs are estimated at between \$950,000 and \$2,000,000. Total operating costs will be provided by cash flow and the directors of the Issuer estimate that a maximum of \$2.5 million will be required for capital costs and initial operating costs. This amount will be provided from the proceeds of this offering together with debt financing from a major Canadian chartered bank and private debenture financing now being negotiated. The target date for the completion of all construction and the commencement of mining operations is September 1, 1981.



2. GJ PROPERTY

The GJ Property lies within the general Stikine region of northwestern British Columbia in the Liard Mining Division. It is located on the western edge of the Kinaskan Lake map sheet (NTS 104 G/9E) at 57°38'40" north latitude and 130°14' west longitude.

The property consists of the GJ, and Spike 1 and 2 mineral claims, covering approximately 2,470 acres. The Issuer purchased all right and title to the claims from United Mineral Services Ltd. Consideration for the GJ claim was 375,000 shares of the Issuer to be held in escrow. The Spike 1 and 2 claims were acquired from United Mineral Services Ltd. at nominal cost.

The claims are in good standing under the B. C. Mineral Act and are described as follows:

<u>Claim Name</u>	<u>Units</u>	<u>Record No.</u>	<u>Record Date</u>	<u>Expiry Date</u>
GJ	12	65	October 29, 1975	October 29, 1984
Spike 1	18	242	November 25, 1976	November 25, 1982
Spike 2	10	243	November 25, 1976	November 25, 1982

Access to the property is normally by helicopter from Tatogga Lake, a distance of 12 miles to the northeast. The nearest road is the Stewart-Cassiar Highway which is routed along the eastern side of Kinaskan Lake. Watson Lake is about 250 miles to the north along the highway while tidewater at Stewart is approximately 65 miles to the south. The proposed B. C. Rail extension to Dease Lake is situated about 20 miles east of the property.

In 1964 and 1965 Conwest Exploration Ltd. undertook considerable exploration work on the property, which included the location of copper-gold mineralization by prospecting and staking the area, preliminary mapping of creek exposures, random soil and silt sampling, a magnetometer survey and I.P. survey. In 1970 and 1971 Amoco Canada Petroleum Ltd. undertook further exploration work, which included mapping, I.P. and magnetometer surveys, soil sampling and diamond drilling 19 holes for a total of 13,200 feet.

The claims covering the mineralized area expired in 1975 and were staked by United Mineral Services Ltd. The claims were subsequently optioned to Norcen Energy Resources Ltd. and in 1976 and 1977 that company carried out further exploration work, including grid establishment, mapping, soil sampling and magnetometer surveying over the entire grid, relogging of previous core, deep overburden geochemical sampling, I.P. surveying over the entire grid and trenching. In 1978 United Mineral refused an offer from Norcen Energy Resources Ltd. to maintain its option to purchase the property and the option was terminated.

There are presently no underground workings or plant and equipment on the property.

The Issuer has had a report on the property dated February 22, 1980 prepared by M. D. McInnis, P. Eng. of Calgary, Alberta. A copy of this report is

available for viewing at the Issuer's record office. Mr. McInnis supervised the exploration work conducted during 1976 on the GJ claims and personally spent several weeks on the property mapping and logging core.

Mr. McInnis made the following observations: The Property has excellent potential to host a copper-gold (+ silver) stockwork type deposit of substantial size. Limited drilling to date does not permit ore reserve calculations to be made. Diamond drilling on the property has intersected significant copper and associated gold and silver mineralization in an area of quartz stockwork veining associated with intense fracturing. Assays from cored sections reveal a maximum grade of 2.16% copper over 10 feet. Several other sections carry copper grades in excess of 1% over 10-foot intervals. More commonly, however, copper grades range from .2% to .7% over intervals of 200 to 300 feet within the stockwork zone.

Gold and silver are present where copper grades are higher. Gold values range from .02 to .07 ounces per ton in the approximate ratio of 0.01 ounce per ton gold to 0.20% copper. Silver appears to range between .1 to .4 ounces per ton but several 10-foot intervals assayed in excess of 1.0 ounce per ton.

Both geochemical sampling and magnetometer surveying suggest that mineralization in the stockwork area may continue easterly for a significant distance. Coincident geochemical and magnetic anomalies continue easterly from the known showings for a distance greater than 2,500 feet.

Mr. McInnis recommended in his report that a 5,000 foot diamond drilling program be undertaken on the property at a cost estimated by the Issuer of \$250,000.

The Issuer plans to seek joint venture participation in the development of the property. To date the Issuer has spent \$1,040 for engineering and drafting only on the property. There are no present plans to spend funds from the Issuer's treasury on further exploration of the property.

3. NIFTY PROPERTY

The Nifty Property consists of the Nifty, Nifty 2 - 11 and the Keen 1 - 3 mineral claims and is located within the Skeena Mining Division, 15 miles north-northwest of Hagensborg, B. C. The property straddles the Noosgulch River and covers an area of approximately 10,440 acres.

The claims are in good standing under the B. C. Mineral Act and are described as follows:

<u>Claim Name</u>	<u>Units</u>	<u>Record No.</u>	<u>Record Date</u>	<u>Expiry Date</u>
Nifty	18	389	June 27, 1977	June 27, 1981
Nifty 2	12	2621	Oct. 14, 1980	Oct. 14, 1981
Nifty 3	8	401	August 4, 1977	August 4, 1981

<u>Claim Name</u>	<u>Units</u>	<u>Record No.</u>	<u>Record Date</u>	<u>Expiry Date</u>
Nifty 4	20	406	August 4, 1977	Survey Pending
Nifty 5	16	2622	Oct. 14, 1980	Oct. 14, 1989
Nifty 6	18	402	August 4, 1977	August 4, 1988
Nifty 7	18	403	August 4, 1977	August 4, 1981
Nifty 8	2	2623	Oct. 14, 1980	Oct. 14, 1989
Nifty 9	2	2624	Oct. 14, 1980	Oct. 14, 1981
Nifty 10	2	2625	Oct. 14, 1980	Oct. 14, 1989
Nifty 11	2	2626	Oct. 14, 1980	Oct. 14, 1981
Keen 1	18	404	August 4, 1977	Survey Pending
Keen 2	18	408	August 4, 1977	Survey Pending
Keen 3	15	405	August 4, 1977	August 4, 1981

By agreement dated June 20, 1980 the Issuer purchased all right and title to the Nifty Property from United Mineral Services Ltd. in consideration for the payment of \$10,000 cash. In addition the Issuer has agreed to pay to United Mineral Services Ltd. any cash option payments made by Rio Tinto Canadian Explorations Ltd. ("Riocanex") to the Issuer pursuant to an option agreement concerning the property dated June 21, 1980 between Riocanex and the Issuer. If the agreement with Riocanex is terminated, no further payments are required to be made to United Mineral by the Issuer in order to retain a 100% interest in the property.

Pursuant to the June 21, 1980 agreement, the Issuer optioned the property to Riocanex. Under the terms of the agreement, Riocanex may exercise its option to acquire a 65% interest in the property by making annual option payments to the Issuer (payable to United Mineral Services Ltd. as aforesaid) and expending a total of \$1,500,000 on the property by December 31, 1987. The Issuer will then have the option of participating as to 35% of further development costs or be reduced to a 20% net profit royalty.

Riocanex made an initial payment to the Issuer of \$10,000 and to extend the option for 12-month periods beyond December 31, 1980, Riocanex will:

- (a) pay the Issuer \$15,000 on or before December 31, 1980 to extend the option to December 31, 1981;
- (b) pay the Issuer a further \$20,000 on or before December 31, 1981 to extend the option to December 31, 1982;
- (c) pay the Issuer a further \$20,000 on or before December 31, 1982 to extend the option to December 31, 1983;
- (d) pay the Issuer a further \$20,000 on or before December 31, 1983 to extend the option to December 31, 1984;
- (e) have expended a total of \$1,000,000 on work on or related to the property and will pay the Issuer a further \$20,000 on or before December 31, 1984 to extend the option to December 31, 1985;

- (f) have expended a total of \$1,500,000 on work on or related to the property on or before December 31, 1985 or pay the Issuer a further \$100,000 on or before December 31, 1985 to extend the option to December 31, 1986;
- (g) have expended a total of \$1,500,000 on work on or related to the property on or before December 31, 1986 or pay the Issuer a further \$100,000 on or before December 31, 1986 to extend the option to December 31, 1987.

Access to the property is by logging road, which extends up to Noosgulch River from the Bella Coola highway to the southern boundary of the property. The main showing, which is exposed on the Nifty 5 claim, is approximately 4 miles north of the end of the logging road and is accessible by helicopter from Hagensborg.

The Nifty Property was discovered in 1931. A 25-foot adit was driven underneath the main showing area. However, there is little documentation of the work performed at that time. In the early 1960's Cominco completed some trenching and surface sampling but allowed the property to lapse. The property was staked by United Mineral in the summer of 1977 and it was subsequently optioned to Pan Ocean Oil Ltd. of Calgary, Alberta. In the summer of 1978 Pan Ocean Oil Ltd. carried out a regional appraisal of the claims in conjunction with a detailed survey of the Nifty 2, 3, 4 and 5 claims and a diamond drill program. A total of 2,215 feet were drilled in 5 holes from a single set-up above the main showing located on the Nifty 5 claim. Pan Ocean Oil Ltd.'s option was terminated in December of 1978.

No further exploration was conducted on the property until this year when the Issuer optioned it to Riocanex, the present operators.

There is no underground development on the property except for the adit located on the Nifty 5 claim, and there is no plant or equipment on the property.

Various types of mineralization occur on the Nifty Property. The most important is the massive sulphide, silver, lead and zinc showings associated with acid, submarine, fragmental volcanics on the Nifty 5 claim.

A pyritiferous gossan developed at the main showing is exposed for approximately 830 feet along strike, while massive sulphide lead-zinc-barite-silver showings are exposed locally as pods and lenses over a strike length of 330 feet and lie above and in part interbedded with the disseminated pyritic zone. Massive sulphides are composed of a coarse grained mixture of sphalerite, galena, pyrite and lesser chalcopyrite. Sphalerite, galena and pyrite also occur as disseminations and veins below the massive sulphides while bedded and massive silver rich barite occurs above and adjacent to the massive sulphides. The best assay results have been obtained in chip samples along trenches which tested the barite and massive sulphide mineralization. Chip samples from the barite zone assayed 0.72% lead, 2.37% zinc and 5.69 oz/ton silver over an apparent width of 37 feet (true width

about 23 feet) while samples obtained from the massive sulphides assayed 2.32% lead, 7.40% zinc and 2.50 oz/ton silver over an apparent width of 30 feet (true width of about 23 feet). These samples were collected by J. R. Woodcock, P. Eng. as consultant for Pan Ocean Oil Ltd.

Pyrite-rich, felsic volcanoclastic rocks occur on the Keen claims, although to date no significant lead-zinc-silver mineralization has been discovered. Tetrahedrite-chalcopyrite occur locally as fracture fillings in overlying subaerial volcanics.

Data collected from exploration to date does not permit any ore reserves to be calculated. Pan Ocean Oil Ltd.'s drilling intersected low grade lead, zinc, silver and barite mineralization. The drill program did establish the presence of a large, fairly intense, sulphide system associated with felsic volcanics. Drilling has not completely tested the main showing area due to the nature of mineralization, complex faulting and drilling difficulties encountered.

Riocanex is now conducting and compiling an exploration program consisting of geological mapping and geophysical surveys.

No significant expenditures have been made to date or are currently required or expected to be made on the Nifty Property by the Issuer.

#### 4. DIEX JOINT VENTURE PROPERTIES

The DIEX Joint Venture is a joint venture between the Issuer and Energex Minerals Ltd. to explore for bulk tonnage silver and gold deposits within geologically favourable areas of the southern Coast Mountains of British Columbia.

A joint venture agreement has been reached in principal but a formal agreement has not yet been executed.

Exploration is at a very early stage. Four properties have been acquired by staking and have been recorded in the name of the Issuer as operator of the joint venture. The properties were staked over areas that produced geochemically anomalous values in silts and rock samples collected in a reconnaissance fashion throughout the area of interest. The potential of these properties, if any, is not known. They have no known history nor is there any plant or equipment on the properties. The properties are described as follows:

<u>Claim Name</u>	<u>Mining Division</u>	<u>Units</u>	<u>Record Number</u>	<u>Record Date</u>	<u>Expiry Date</u>
Hoodoo	Vancouver	15	729	August 6/80	August 6/81
Cay 1	Vancouver	20	717	July 10/80	July 10/81
Cay 2	Vancouver	20	718	July 10/80	July 10/81
Cay 3	Vancouver	20	719	July 10/80	July 10/81
Cay 4	Vancouver	20	720	July 10/80	July 10/81

<u>Claim Name</u>	<u>Mining Division</u>	<u>Units</u>	<u>Record Number</u>	<u>Record Date</u>	<u>Expiry Date</u>
Lil 1	Lillooet	20	1428	July 18/80	July 18/81
Lil 2	Lillooet	20	1429	July 18/80	July 18/81
Stein Gold 1	Kamloops	1	2858	July 10/80	July 10/81
Stein Gold 2	Kamloops	1	2859	July 10/80	July 10/81
Stein Gold 3	Kamloops	1	2860	July 10/80	July 10/81
Stein Gold 4	Kamloops	9	2861	July 10/80	July 10/81

The above properties consist of a total of 1,109 acres.

Energex Minerals Ltd. has agreed to expend the first \$100,000 for exploration of the area of interest to earn a 50% participating interest in the joint venture. The Issuer is the current operator and has spent approximately \$35,000 of the \$60,000 1980 budget. Energex has advanced \$31,400 to the Issuer to date. Energex has the option to operate the joint venture after 1980. The 1981 budget is \$40,000.

A field crew is presently prospecting and sampling the properties. Data collected will be compiled over the next several months and an evaluation of the potential of these properties and area will be made.

Energex Minerals Ltd. is a reporting company trading on the Vancouver Stock Exchange.

#### **(5) NAME AND INCORPORATION**

The Issuer was incorporated under the laws of British Columbia by Memorandum on August 30, 1979. The Issuer became a reporting company upon the issuance of the receipt for this Prospectus.

The registered and records office of the Issuer is located at 400 - 750 West Pender Street, Vancouver, British Columbia. The head office is located at 701 - 744 West Hastings Street, Vancouver, British Columbia, V6C 1A5.

#### **(6) SHARE CAPITAL STRUCTURE**

The authorized capital of the Issuer consists of 10,000,000 common shares without par value, of which 1,615,001 shares are presently issued and outstanding.

All the shares of the Issuer, including those offered by this Prospectus, are common shares with equal voting rights, and they are not subject to any future call or assessment. There are no special rights or restrictions of any nature attached to any of the shares, and they all rank pari passu, each with the other, as to all benefits which might accrue to the holders of the securities.

<u>Designation of Shares</u>	<u>Shares Authorized</u>	<u>Shares Outstanding on date of Balance Sheet Aug.31,1980</u>	<u>Shares Outstanding as at Oct.31,1980</u>	<u>Shares Outstanding after Offering</u>
Common	10,000,000	1,615,001	1,615,001	2,015,001

**(7) PRIOR SALES**

**Shares sold for cash as at August 31, 1980**

<u>No. of Shares</u>	<u>Date Sold</u>	<u>Price</u>	<u>Commission Paid</u>	<u>Cash Received</u>
1	Sep. 7/79	\$0.10	Nil	\$ .10
750,000	Oct. 18/79	\$0.10	Nil	75,000.00
240,000	Nov. 5/79	\$0.25	Nil	60,000.00
100,000	May 27/80	\$1.25	\$7,500	117,500.00
50,000	July 8/80	\$1.25	\$3,750	58,750.00
<u>100,000</u>	<u>Aug. 15/80</u>	<u>\$1.25</u>	<u>Nil</u>	<u>125,000.00</u>
<u>1,240,001</u>			<u>\$11,250*</u>	<u>\$436,250.10</u>

\* This commission has been refunded to the Issuer and will be added to the general working capital of the Issuer.

**Shares issued for properties as at August 31, 1980**

375,000 shares have been issued for properties at a deemed price of \$0.01 per share. (See Item (8)).

**(8) ESCROWED SHARES**

There are 375,000 shares of the Issuer currently held within escrow by The Canada Trust Company, 901 West Pender Street, Vancouver, British Columbia, subject to the direction or determination of the Superintendent of Brokers.

The escrow restrictions provide that the shares may not be traded in, dealt with in any manner whatsoever, or released and that the Issuer, its transfer agent or escrow holder may not make any transfer or record any trading of the shares without the consent of the regulatory authorities.

In the event the Issuer loses or abandons or fails to obtain title to all or part of the property for which it allotted all or part of the escrowed shares, the Issuer will declare any such event to the regulatory authorities by way of a directors' resolution, and the holders of such shares, the trustee thereof and the Issuer have agreed that such number of the said shares as the regulatory authorities shall determine shall become subject to cancellation. The complete text of the escrow agreement is available for inspection at the registered office of the Issuer.

The names and addresses of the owners of the escrowed shares of the Issuer are as follows:

<u>Shareholder</u>	<u>Class of Shares</u>	<u>No. of Escrowed Shares</u>	<u>% of Class</u>
United Mineral Services Ltd. 701 - 744 West Hastings St. Vancouver, B. C.	Common	325,000	20.19%
First Northern Mortgage Co.Inc. 400 - 750 West Pender St. Vancouver, B. C.	Common	20,000	1.24%
H. Stanley Cornwell 930 - 789 West Pender St. Vancouver, B. C.	Common	15,000	.93%
A. E. Turton 3rd Floor, 52 Donald St. Winnipeg, Manitoba	Common	7,500	.46%
The MacLachlan Investments Corporation 1350 - 409 Granville St. Vancouver, B. C.	Common	7,500	.46%
<b>TOTAL:</b>		<b>375,000</b>	

United Mineral Services Ltd. is controlled by Robert A. Dickinson and Murray McClaren, both directors of the Issuer. First Northern Mortgage Co. Ltd. is controlled by William A. Rand of 400 - 750 West Pender Street, Vancouver, B. C. and Brian D. Edgar, a director of the Issuer. The MacLachlan Investments Corporation is controlled by Peter M. Brown of 1350 - 409 Granville Street, Vancouver, B. C.

#### **(9) POOLED SHARES**

There are 1,240,001 pooled shares being held by The Canada Trust Company, 901 West Pender Street, Vancouver, British Columbia, pursuant to an agreement dated as of October 1, 1980. These shares will be released from the provisions of the pooling agreement as follows:

- (a) 25% upon the shares of the Issuer being listed for trading on the Vancouver Curb Exchange or Vancouver Stock Exchange (the date of listing);
- (b) 25% 3 months after the date of listing;



- (c) 25% 6 months after the date of listing;
- (d) 25% 9 months after the date of listing.

#### (10) PRINCIPAL HOLDERS OF SECURITIES

The following are the equity shares of the Issuer owned of record or beneficially, directly or indirectly, by each person or company who owns of record, or is known by the Issuer to own beneficially, directly or indirectly, more than 10% of the shares of the Issuer:

United Mineral Services Ltd.	325,000 Escrow Shares
701 - 744 West Hastings Street	480,000 Free Shares
Vancouver, B. C.	<u>805,000</u> Total Shares

The promoters, directors, officers and controlling persons, as a group, own, directly or indirectly, 1,125,001 shares in the capital stock of the Issuer, representing 69.66% of the issued shares, as follows:

<u>Name and Address</u>	<u>No. of Shares</u>
Robert A. Dickinson 1395 Ottawa Avenue West Vancouver, B. C.	85,001 Free
Murray McClaren 3935 Collins Road R. R. #3 Sardis, B. C.	85,000 Free
Sandra Kansky 703 - 1616 Pendrell St. Vancouver, B. C.	5,000 Free
United Mineral Services Ltd.* 701 - 744 West Hastings St. Vancouver, B. C.	325,000 Escrow 480,000 Free
First Northern Mortgage Co.Inc.** 400 - 750 West Pender St. Vancouver, B. C.	20,000 Escrow 125,000 Free

\* United Mineral Services Ltd. is controlled by Robert A. Dickinson and Murray McClaren, both directors of the Issuer.

\*\* First Northern Mortgage Co.Inc. is controlled by William A. Rand and Brian D. Edgar (a director of the Issuer) both of 400 - 750 West Pender Street, Vancouver, B. C.

On completion of the sale of the shares offered by this Prospectus, the promoters, directors, officers and controlling persons will continue to hold

1,125,001 shares, which will then represent 55.83% of the issued shares of the capital stock of the Issuer. The shares being offered by this Prospectus represent 19.85% of the total shares which will be outstanding on completion of this offering.

Canarim Investment Corporation Ltd., one of the Agents herein, and associated companies and persons, have directly and indirectly acquired the following shares in the capital stock of the Issuer:

<u>Name of Shareholder</u>	<u>Number of Shares</u>	<u>Type of Shares</u>	<u>Price Per Share</u>
Canarim Investment Corporation Ltd. 1350 - 409 Granville St. Vancouver, B. C.	50,000	Pooled	\$1.25
A. E. Turton 3rd Floor, 52 Donald St. Winnipeg, Manitoba	7,500 5,000 40,000	Escrow Pooled Pooled	\$0.10 \$0.10 \$0.25
The MacLachlan Investment Corp. c/o 1350 - 409 Granville St. Vancouver, B. C.	7,500 5,000 20,000	Escrow Pooled Pooled	\$0.10 \$0.10 \$0.25

In addition, Registered Representatives of Continental Carlisle Douglas have acquired the following shares in the capital stock of the Issuer:

<u>Name of Shareholder</u>	<u>Number of Shares</u>	<u>Type of Shares</u>	<u>Price Per Share</u>
H. Stanley Cornwell 930 - 789 West Pender St. Vancouver, B. C.	15,000 10,000 80,000 36,500	Escrow Pooled Pooled Pooled	\$0.10 \$0.10 \$0.25 \$1.25
Virgil Jacuzzi, Jr. 600 - 789 West Pender St. Vancouver, B. C.	2,000	Pooled	\$1.25

#### (11) DIRECTORS AND OFFICERS

The following are the names, home addresses, positions with the Issuer and the principal occupations within the last five years of all of the directors and officers of the Issuer:

<u>Name, Address and Position with Issuer</u>	<u>Principal Occupation During Past Five Years</u>
ROBERT ALLAN DICKINSON B.Sc., M.Sc. 1395 Ottawa Avenue West Vancouver, B. C. President and Director	Geologist and President, United Mineral Services Ltd. 1975 to present
MURRAY McCLAREN, B.Sc. 3935 Collins Road R. R. #3 Sardis, B. C. Executive Vice-President and Director	Geologist and Secretary, United Mineral Services Ltd. 1975 to present
BRIAN DOUGLAS EDGAR, LLB. 1701 - 1122 Gilford Street Vancouver, B. C. Director	Partner, Rand & Edgar, Barristers and Solicitors from 1977 to present; formerly Associate with Rand, McLaughlin & Gorham, Barristers and Solicitors
BRIAN MOUNTFORD, P. Eng. 10230 - 173 Street Surrey, B. C. Vice-President, Operations	Self-employed Brian Mountford & Associates Ltd. August 1977 to date; formerly, Mining Consultant, Wright Engineering Ltd. January 1976 to August 1977; Mining Engineer, Lacana Mining Corp. January 1974 to January 1976
SANDRA MARY KANSKY 703 - 1616 Pendrell Street Vancouver, B. C. Secretary	Legal Assistant, Rand & Edgar, November 1977 to present; formerly, Legal Secretary, Thomson, Rogers, Toronto, Ontario September 1976 to September 1977; Secretary, Lapointe & Associates August 1975 to August 1976

## (12) PROMOTERS

Pursuant to the definition in the Securities Act of British Columbia, Mr. Robert Allan Dickinson, the President and a director of the Issuer, and Mr. Murray McClaren, the Executive Vice-President and a director of the Issuer, are the promoters of the Issuer.

As the vendor of the Issuer's "GJ" property located in the Liard Mining Division of British Columbia, United Mineral Services Ltd. received 375,000 escrowed shares of the Issuer at a deemed price of \$0.01 per share. United Mineral Services Ltd. subsequently transferred 50,000 of these shares as set out in Item (8) herein.

**(13) REMUNERATION OF MANAGEMENT AND OFFICERS**

By a contract dated for reference March 15, 1980 the Issuer agreed to pay Brian Mountford & Associates Ltd. \$2,500 per month for services rendered to the Issuer.

By employment agreements made as of April 1, 1980 the Issuer agreed to pay to each of Robert A. Dickinson and Murray McClaren the sum of \$20,000 per annum for services rendered to the Issuer.

United Mineral Services Ltd., a company owned by Messrs. Robert A. Dickinson and Murray McClaren, purchased 750,000 shares at \$0.10 per share. Of these shares, 170,000 were subsequently transferred to Messrs. Dickinson and McClaren and 100,000 to other parties.

The directors and senior officers of the Issuer, as defined by the British Columbia Company Act, received \$15,183 in remuneration for the year ended August 31, 1980.

**(14) LEGAL PROCEEDINGS**

There are no legal proceedings to which the Issuer is a party or of which any of its properties are the subject.

**(15) MATERIAL CONTRACTS**

The Issuer has received the commitment of Arthur Holding of Chase, B. C. to provide up to \$1,000,000 to the Issuer by way of convertible debenture to assist in financing the development of the Silence Lake Property. The term of the debenture will be five years with funds to be made available to the Issuer after January 1, 1981. Interest shall be at bank prime rate calculated and payable annually. One-half of the principal amount of funds provided to the Issuer is convertible into common shares according to the following schedule:

- (a) \$2.00 per share if converted within 2 years;
- (b) \$3.00 per share if converted in the 3rd year;
- (c) \$4.00 per share if converted in the 4th year; and
- (d) \$5.00 per share if converted in the 5th year.

The Issuer may repay funds borrowed upon 30 days' notice. The debentureholder may elect to convert one-half of such funds into common shares as aforesaid within the said 30-day period.

The Issuer has agreed to pay a commission of 4% of the principal amounts advanced from time to time pursuant to the debenture to Continental Carlisle Douglas in consideration for its assistance in arranging the financing.

Counsel for the Issuer is in the process of preparing the debenture and supporting documentation, which are expected to be executed before year-end.

There are no further material contracts other than those disclosed in this Prospectus and these may be inspected at the registered office of the Issuer during normal business hours while primary distribution of the shares offered hereunder is in progress and for thirty days thereafter.

#### **(16) INTEREST OF MANAGEMENT IN MATERIAL TRANSACTIONS**

The directors and officers of the Issuer have no interest in any material transactions in which the Issuer has participated or intends to participate at this time, other than those disclosed in this Prospectus, in particular, the matters disclosed under Item (4), "Description of Business and Property of the Issuer".

#### **(17) OPTIONS TO PURCHASE SECURITIES**

By an agreement dated for reference March 15, 1980 the Issuer granted Brian Mountford, Vice-President, Operations of the Issuer, an option to purchase 50,000 shares in the capital stock of the Issuer at a price of \$0.40 per share as follows:

- (a) 25,000 shares after completion of the summer work program on the Silence Lake Property, and the submission of a report prepared for application for a mining permit containing, inter alia, an estimate of revised ore reserves; possible pit plans, a process flow sheet and other infrastructural items; and
- (b) 25,000 shares two months after the project attains commercial production as defined in the Employment Contract dated for reference March 15, 1980 made between Brian Mountford & Associates Ltd. and the Issuer.

If the above option is not exercised before March 15, 1983 it shall be null and void.

#### **(18) AUDITORS, TRANSFER AGENT AND REGISTRAR**

The auditors of the Issuer are Lohn & Co., Chartered Accountants, 650 West Georgia Street, Vancouver, British Columbia.

The Issuer's Registrar and Transfer Agent is The Canada Trust Company, 901 West Pender Street, Vancouver, British Columbia.

#### **(19) STATUTORY RIGHTS OF RESCISSION AND WITHDRAWAL**

Sections 60 and 61 of The Securities Act of British Columbia provide, in effect, that when a security is offered to the public in the course of primary

distribution:

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

Reference is made to the aforesaid Act for the complete texts of the provisions under which the foregoing rights are conferred and the foregoing summary is subject to the express provisions thereof.

**(20) OTHER MATERIAL FACTS**

There are no other material facts relating to the securities offered by this Prospectus which are not disclosed above.

DIMAC RESOURCE CORP.  
VANCOUVER, BRITISH COLUMBIA  
AUDITED FINANCIAL STATEMENTS  
AUGUST 31, 1980

LOHN & COMPANY  
Chartered Accountants

2220 Scotia Bank Tower  
Vancouver Centre  
650 West Georgia Street  
P.O. Box 11610  
Vancouver, B.C., Canada  
V6B 4N6

Telephone (604) 687-5444

AUDITOR'S REPORT

The Shareholders,  
Dimac Resource Corp.

We have examined the balance sheet of Dimac Resource Corp. as at August 31, 1980 and the statements of deferred costs and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at August 31, 1980 and the results of its operations, and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

*Lohn & Company*

Chartered Accountants

Vancouver, B.C.  
October 20, 1980



DIMAC RESOURCE CORP.

BALANCE SHEET  
AUGUST 31, 1980

ASSETS	<u>1980</u>
Current	
Cash	\$ 11,932
Term deposits	162,000
Interest receivable	1,097
Accounts receivable - Note 5	21,404
	<u>\$ 196,433</u>
Deferred costs - Note 1	164,475
Investment in joint venture - Note 5	15,702
Mineral claims - Note 2	116,298
Fixed assets - Note 4	517
Incorporation costs	472
	<u><u>\$ 493,897</u></u>
LIABILITIES	
Current	
Accounts payable	\$ 43,897
Due to United Mineral Services Ltd - Note 6	10,000
	<u>\$ 53,897</u>
SHAREHOLDERS' EQUITY	
Share Capital	
1,615,001 common shares - Note 3	440,000
	<u><u>\$ 493,897</u></u>

Approved by the Directors

*BA Dickson*.....Director

*M. McClean*.....Director

DIMAC RESOURCE CORP.  
STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE YEAR ENDED AUGUST 31, 1980

	<u>1980</u>
Source of Working Capital	
Proceeds from sale of share capital	\$ 440,000
Application of Working Capital	
Purchase of mineral claims	116,298
Acquisition of fixed assets	517
Deferred costs	164,475
Investment in joint venture	15,702
Incorporation costs	472
	<u>\$ 297,464</u>
Working Capital, end of the year	<u><u>\$ 142,536</u></u>

DIMAC RESOURCE CORP,  
STATEMENT OF GENERAL AND ADMINISTRATION COSTS  
FOR THE YEAR ENDED AUGUST 31, 1980

	Expenditures during the year
	<u>                    </u>
General and Administration	
Accommodation	\$ 3,000
Bank charges and interest	475
Depreciation	129
Legal and accounting	11,069
Licenses and permits	682
Office and miscellaneous	6,166
Salaries and wages	7,440
Telephone	819
Travel and auto	12,583
	<u>                    </u>
	\$ 42,363

DIMAC RESOURCE CORP,  
 STATEMENT OF DEFERRED COSTS  
 FOR THE YEAR ENDED AUGUST 31, 1980

	Expenditures during the year
Exploration and Development	
Silence Lake Property	
Assay	\$ 1,179
Diamond drilling	55,289
Engineering	21,423
Development	58,070
Geological	18,255
	154,216
Less MEIP grant	(15,000)
	\$139,216
G.J. Property	
Engineering	\$ 1,540
General and Administration (schedule attached)	42,363
Less	
Interest income	2,942
Increase in joint venture equity	15,702
	\$ 18,644
Deferred costs, end of the year	\$164,475

## DIMAC RESOURCE CORP.

NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 31, 1980NOTE 1 - Significant Accounting Policies

## Deferred Costs

The company follows the full-cost method of accounting for mineral properties, wherein all costs relative to their exploration, development and administration are capitalized. These costs will continue to be capitalized until mineral production commences at which time they will be amortized over the minimum estimated production life of the mine. Should the claims be abandoned, the costs will be written off at that time.

NOTE 2 - Mineral Claims

The mineral claims were all purchased from a company controlled by two of Dimac's directors.

<u>Property</u>	<u>Mining Division</u>	<u>Consideration</u>	<u>Value</u>
Silence Lake	Kamloops	Cash	\$ 102,548
G. J.	Liard	375,000 escrow shares	3,750
Nifty	Skeena	Cash	10,000
			<u>\$ 116,298</u>

NOTE 3 - Share Capital

## Authorized share capital:

10,000,000 common shares

## Issued and outstanding:

1,240,001 common shares for cash	\$ 436,250
<u>375,000 common shares in consideration for mineral claims (held in escrow)</u>	<u>3,750</u>
<u>1,615,001</u>	<u>\$ 440,000</u>

The company is preparing to issue 400,000 common shares of its treasury stock at a price of \$1.80 per share. Should all these shares be sold, the sale is expected to net the company \$600,000 after payment of commissions.

## DIMAC RESOURCE CORP.

NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 31, 1980

By an agreement dated March 15, 1980, the Vice-President of Operations of the company has been granted an option to purchase 50,000 shares of the capital stock of the company at 40¢ per share. Under the terms of the option, 25,000 shares are exercisable upon completion of a technical and economic evaluation report, and the balance is exercisable 2 months after commercial production is attained. This option expires on March 15, 1983.

NOTE 4 - Fixed Assets

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Furniture & Fixtures	\$ 646	\$ 129	\$ 517
	=====	=====	=====

Depreciation is calculated on a declining balance basis at 20% per annum.

NOTE 5 - Investment in Joint Venture

The company and Energex Minerals Ltd, have undertaken an exploration program known as the Diex Joint Venture. The company is the operator and Energex will pay the first \$100,000 of costs to earn a 50% participating interest. These costs will be reimbursed to Energex from mineral sales or disposition of the property prior to the distribution of funds under the joint venture agreement.

During the year \$31,404 was expended and 4 properties in the Vancouver, Kamloops and Lillooet Mining Divisions were staked. The monies owing to Dimac under this agreement were paid in full subsequent to the year end.

The company records its interest in the joint venture by the equity method.

NOTE 6 - Due to United Mineral Services Ltd.

Option payment received from Rio Tinto Canadian Explorations Ltd. ("Riocanex") and due to United Mineral Services Ltd. This payment is pursuant to the terms of the agreement under which the company purchased the Nifty property and gave Riocanex the option to earn a 65% interest in the same.

NOTE 7 - Contingent Liabilities

The company is liable to repay a grant of \$15,000 received from the Province of British Columbia under Mineral Exploration Incentive Program. This sum is repayable from sales of ore from the Silence Lake Property or from the sale of the property. Should these claims prove to be not commercially productive, then the company is not liable to repay this grant.

DIMAC RESOURCE CORP.

NOTES TO THE FINANCIAL STATEMENTS  
AUGUST 31, 1980

NOTE 8 - Directors and Senior Officers Remunertions

The company directors and senior officers, as defined under the British Columbia Companies Act, received \$15,183 in remuneration for the year ended.

NOTE 9 - Incorporation

The company was incorporated in British Columbia on August 30, 1979.

DIMAC RESOURCE CORP.  
VANCOUVER, B.C.

AN ORE RESERVE ESTIMATE AND  
PRELIMINARY ECONOMIC ANALYSIS OF  
THE SILENCE LAKE PROJECT

BY  
B. MOUNTFORD P.ENG.

OCTOBER 15<sup>TH</sup>, 1980  
BRIAN MOUNTFORD AND ASSOCIATES LTD.  
VANCOUVER, B.C.



# BRIAN MOUNTFORD AND ASSOCIATES LTD.

811 - 675 WEST HASTINGS STREET, VANCOUVER, B.C. V6B 1N2  
TELEPHONE 681-2377

October 15th 1980

Dimac Resource Corp.  
701 - 744 West Hastings Street  
Vancouver, B.C.  
V6C 1A5

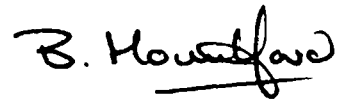
Attention Mr R. Dickinson and Mr M. McClaren

Gentlemen

We have pleasure in submitting our report entitled  
"An Ore Reserve Estimate and Preliminary Economic  
Analysis of the Silence Lake Project".

We trust you will find the study satisfactory and  
are at your disposal for any further assistance in  
this exciting project.

Yours truly

A handwritten signature in black ink that reads "B. Mountford". The signature is written in a cursive style with a horizontal line underneath the name.

B. Mountford

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## SUMMARY

The Silence Lake Project of Dimac Resource Corp. is a high grade near-surface tungsten deposit located in Central British Columbia.

Based upon the detailed reserve evaluation described in this report, and subject to the preliminary nature of the operational concepts postulated, the project is capable of viable commercial production.

The PROVEN and PROBABLE reserve in the only area explored to date is 50,000 tons of mineable ore containing 1.48% WO<sub>3</sub> (un-cut grade).

In the same area, primarily down dip of the existing reserve, there exists the potential for a further 13,000 tons at 1.62% WO<sub>3</sub>. This tonnage can be considered as "POSSIBLE".

It is reasonable to assume that a 50 ton per day operation, considering the PROVEN and PROBABLE tonnage only, would repay the Capital Cost and generate some \$6,000,000 of pre-tax revenue over a production period of approximately 3½ years. The POSSIBLE ore would increase this revenue, and the prospects of finding additional ore are considered excellent.

## PREAMBLE

The work outlined in this report was initiated by Messrs. R. Dickinson and M. McClaren of Dimac Resource Corp.

Mr McClaren and Mr Dickinson have been developing the Silence Lake tungsten project for several years. During 1979 they reached the stage where the results indicated that a detailed techno-economic assessment should be made to investigate production viability.

As a first phase in these assessments, we were asked to calculate the mineable reserves and confirm the production opportunities. The reserves were to be placed:-

- (a) In categories acceptable for financing, i.e. PROVEN and PROBABLE reserve, and
- (b) "Possible" ore indicated by the present exploratory drilling and sampling.

Additionally, the following factors were to be investigated and included in our report:-

- (1) A conclusion as to the production potential.
- (2) Concepts most logical for mining and processing.
- (3) An order of magnitude summary of the size and scope of the potential operation.
- (4) A description of the potential for further exploration possibilities other than the area presently delineated.
- (5) A suggested development programme.

In order to complete this work statement we have had access to, and utilised the following data.

1. A Geological Report on the Boulder Claim Group by D.L. Cook - specifically the logs of two drill holes (termed 72-2 & 3 in this report).
2. Percussion drilling results on the Gotcha Project by J.P. Elwell. These data were studied to verify the grades used in our evaluation. They in fact do this (see Table Number 1). Mr Elwell also wrote several preliminary reports on the Gotcha Prospect.
3. Progress Reports - Metallurgical Testing by Bacon Donaldson and Associates Ltd.
4. Detailed logs and assay results of a 20 hole drill programme completed by Dimac Resource Corp. during 1979. These data provide the main input to the reserve calculations.

Supplementary to the above, the author visited the property for a general familiarization and reconnaissance tour on June 21st and 22nd 1979 and again on December 11th and 12th 1979 at which time the drilling was seen, the core examined and the representativeness of the drill programme was discussed and confirmed.

LOCATION AND ACCESS  
(See Drawing Number 1.)

The claims comprising the Silence Lake Project are located some 20 miles north-east of Clearwater, B.C. and 80 miles north of Kamloops, B.C. All claims are on the west side of the upper Maxwell Creek, some 2 miles above its confluence with the Raft River within the Kamloops Mining Division.

Geographically they are located on N.T. S. sheet 82M/13E.

From Clearwater, access is relatively easy; a main arterial logging road leads directly to the site. This logging road joins the Yellowhead Highway (No. 5) approximately 4 miles east of Clearwater. The distance along the logging road is some 25 miles.

#### CLAIMS AND HISTORY

The Silence Lake property which is owned in good standing by Dimac Resource Corp. comprises the following claims:-

Claim Title	Record Number	Expiry Date
GOTCHA	881	June 24th 1985
GOTCHA 2	2834	July 24th 1989
GOTCHA 3	1927	July 29th 1985
GOTCHA 4	2835	July 24th 1981
GOTCHA 5	2836	July 24th 1981
GOTCHA 6	2837	July 24th 1981

The 1979/80 work programme is sufficient to cover assessment requirements for several years.

During 1972, Union Carbide Exploration Corp. staked the present claim area to cover what appeared to be the source of float containing scheelite. Through the summer of 1972 Union Carbide completed a programme of geological mapping and 8 diamond drill holes totalling 1,770 feet of drilling. Two of these holes intersected ore grade scheelite mineralization, these were 72-2 and 72-3.

A further 3 holes were drilled in 1973 for a total of 1,436 feet, all were exploratory in nature, all were unsuccessful. The report written at the conclusion of this work (by D.L. Cook - Union Carbide) postulated that there was 10,000 tons of ore at 1.5%  $WO_3$ . Union Carbide, eventually dropped the claims, and the area was re-staked by United Mineral Services Ltd.

In 1977 United Mineral Services carried out a trenching programme and confirmed the presence of scheelite mineralization within two skarn bands (ore zones); they also established that some of the near surface mineralization exceeded 3%  $WO_3$ .

At the start of 1978, N.C.A. Minerals Corporation under an option agreement with United Mineral Service Ltd., completed 18 percussive drill holes, grouped primarily around the centre of each band. The assay results confirmed the high tenor of the mineralization (see Table Number 1).

As a result of N.C.A. failing to comply with the terms of the option agreement, the claims subsequently returned to United Mineral Services Ltd.

In 1978 United Mineral Services removed some 1,500-2,000 tons of scheelite ore from the property. This is now stockpiled at Clearwater. No organised representative sampling of the ore was carried out at that time. Since then the stockpile has been grided and an ultra violet survey carried out under the direction of the author. The combined results of five samplers indicated a possible grade of approximately 2%  $WO_3$ . This compares favourably with the high grade near-surface values and the overall average (1.5%  $WO_3$ ) calculated for this study.

Also during 1978, three separate metallurgical tests were carried out by Bacon Donaldson and Associates Ltd., and 200 tons of ore were processed through a flotation mill at Lumby, B.C. These tests indicate that the scheelite is liberated at a relatively coarse grind and is amenable to both gravity and flotation recovery processes. Further testing is essential, and in fact, is being conducted at this time; however, because of the coarse nature of the ore and the apparent clean milling characteristics of the gangue, it seems reasonable to assume that a high grade concentrate will be possible with excellent recoveries.

The pilot-scale test at Lumby was inconclusive, the equipment was in poor shape and the results uncertain; there is no point in describing the work.

During 1979 Dimac Resource Corp. was formed and acquired full title to the Gotcha Claims. In the latter part of the year and beginning of 1980, Dimac drilled 20 holes all in the area of the two bands. The results of this work are described in detail in this report.

#### GEOLOGY

The Gotcha Claim Group lies within the Omineca Crystalline Belt which is the high grade metamorphic core zone of the Eastern Cordilleran Fold Belt. Rocks in the zone have generally been metamorphosed to upper amphibolite facies and have experienced multiple phases of intense penetrative deformation. The deformation and metamorphism were probably completed by late Jurassic to early Cretaceous times but the stratigraphic age of some of the metasediments is considerably older (1,500 MM years).

The property covers an area of contact between the metasediments and a post metamorphic intrusive stock. The stock may be late Cretaceous or early Tertiary in age based on a single muscovite potassium argon age of 64 MM years. Generally, the metasediments consist of a series of north to north-northeast trending pendants of west to northwest dip which lie within intrusive rocks. It is apparent that the metasediments have been folded into overturned isoclinal folds that have been intruded by granitic rocks along their hinge zones.

Contact metamorphism has occurred along the metasedimentary and intrusive rock boundary and a variety of contact metamorphic mineral assemblages have been produced. The calcareous rocks show stages of development from original marble to skarn. Three major types of skarn have been recognized:-

1. Quartz - garnet - idocrase skarn
2. Diopside - quartz skarn
3. Wollastonite - garnet - calcite skarn

Skarn types (1) and (2) are host to scheelite mineralization.

#### Structural and Lithological Controls

Skarn mineralization occurs in replaced calcareous beds. These beds have been traced by surface mapping and diamond drilling. They are known to extend laterally some 500 feet and have a stratigraphic thickness of approximately 45 feet. Within this thickness, scheelite bearing skarn is interspersed with thin beds of biotite schist and quartzite. Contacts between and layering of the various rock types (skarn, biotite schist and quartzite) trend northeast and dip northwest. There does not appear to be any drastic change in orientation. The rock bands vary greatly in thickness and erratically converge and diverge.

In the area of scheelite mineralization presently delineated, the metasediments have been highly folded. The resultant structure is an overturned nearly isoclinal synform. Manifestations of this structure can be seen in the form of minor folds found in drill core and surface exposures. Further evidence is observed in the core area of the fold where composition gneiss has been indentified. Also there are similar lithologies to the northeast.



### Geologically possible ore tonnages

1. The geometry of the structure can be seen on the plan and sections that accompany this report. In the detailed reserve calculation that follows, it should be noted that the reserve estimates do not extend below an elevation of 3,660 feet. Further exploration down dip will possibly expand ore reserves.

2. The limit of the 1979/80 drilling along strike to the south-east was dictated by topographic constraints. Further drilling along strike will possibly extend the known ore zone.

3. Scheelite mineralization is found to be located within replaced calcareous beds in an area proximal to and along the hingeline of the synform structure. The surface expression of this mineralization is only seen where the synform trace emerges at the north-eastern portion of the property. The two limbs of the structure have been traced for approximately 350 feet southwest from the limit of the 1979/80 drilling. It is possible that additional ore may be found along this structurally favourable hinge zone.

4. The primary controls for the localisation of the scheelite mineralization is an intrusive alaskite contact with peripheral calcareous metasediments. The intrusive was emplaced along favourable structural channels such as the core zone of the synform. Air photographs of the claim area display evidence of structural features concentrated in a south-westerly trending zone. It is possible for additional areas of scheelite mineralization to be found within this structural zone where the repetition of favourable structural features may occur.

### ORE RESERVES

The drilling and exploration to date have been concentrated in the area shown on drawing number 3. Here two zones or bands of ore have been outlined, these are termed the Upper and Lower Bands. The ore reserves within these two bands have been estimated as follows:-

### Cut-off Parameters

In order to cover both open pit and underground mining possibilities and to allow some "built-in" profit margin and contingency, the economic cut-off criteria was established as:-

Required value of ore in place	\$50.00 per ton
Minimum width for effective mining	5 ft
Cut-off combining width and value	= 5 x 50
	= 250 \$ft.

Therefore every mineable zone must have an overall value of \$50.00 per ton, be at least 5 ft wide and have at least a \$ft. value of 250.00.

Additional criteria to convert assay grade to the above values were:-

Tungsten price	\$160.00 per stu*
Discount for mining dilution	10%
Discount for process recovery	15%
Discount for possible price drop	10%

These factors were applied to the selected metal price to give a "discounted" metal price.

$$\begin{aligned} \text{i.e. } \$160 \times 0.9 \times 0.85 \times 0.9 &= \$110.16 \\ \text{Say} &\$110.00 \end{aligned}$$

The resultant conversion of assay to discounted value is shown in the reserve tables that follow.

### Calculation Procedure

Due to the topographical difficulties, it was necessary to drill from a limited number of locations. As a consequence, the drill holes cross the ore zone at varying dips and azimuths. Non-the-less, care was taken to ensure each hole increased the lateral and vertical extent of the exploration. The holes and intersection points are shown on drawing number 3.

The strike of the two bands of ore was calculated and true sections drawn at 20 ft intervals. Each hole was adjusted for a true width on the plane of the drill hole, then this was further adjusted for azimuth so that the intersection could be projected accurately onto true sections.

\* 1 stu - short ton unit = 20 lb.

There was a considerable amount of checking and comparing when projecting the holes to ensure that they were representative of the drill information. This was achieved by plotting all the holes on every appropriate section and then comparing them by overlay methods on a light table. It will be noted that some holes appear on more than one section, this is due to the real location of the hole and its relevance to that particular section.

Tables 1 through 6 show the evolution of the reserves, a brief description of each table follows:-

Table 1 Basic Borehole Data

This table presents the primary data relating to the scheelite mineralization, which has been extracted from the borehole logs. Correction angles, used for conversion of intersection to a true width (described above) were used for projections. The angles were calculated from the difference between the hole dip and the bedding dip, measured on the borehole plane: the azimuth correction being the difference between the azimuth of the hole and the azimuth of the true section. The final columns show the derivation of the individual assay metal price using the criteria previously described.

Table 2 Mineable Zones

This table shows how the individual assays are combined to form overall mineable widths. The method used was to select the "main width", either this was obvious or the highest \$ft. value was taken. Adjacent widths were incorporated into the main one providing they contained sufficient value to "carry" any intervening material.

It should be noted that some holes, particularly holes 10 and 17 have a significant band of intervening waste. It may be that further engineering will show that this waste can either be left in-place or removed separately. However, for the purposes of this report we have assumed that it will be mined since it is readily "carried" by the subsidiary width of ore.

Table 3

This is an overall summary of reserves that are individually developed in Tables 4, 5 and 6.

Tables 4 and 5

These show the reserve estimations. The individual area column is graphically shown on drawing numbers 4-13, they represent equal weight polygons around each borehole intersection. In the case of Section 240 Area K, more emphasis is placed on hole number 2, since number 20 appears to be in and out of the footwall zone.

The selected strike length is:- the halfway distance to the next data point; or, in the case of extremity information, to the estimated intrusive contact in the north. The southern extremity is extended 20 feet beyond the borehole. The lowest hole on each section is extended 30 feet or to the estimated location of the intrusive.

The assignment of proven and probable categories was done on a section by section, hole by hole basis. In any case a conservative approach was made by not exceeding 30 feet from a data point. Principally the percentage of each category was made by applying a judgement assessment based upon experience whilst considering such factors as the following:-

- The information on adjacent sections.
- The estimated position of the intrusive that cuts off the ore.
- The regularity of both the ore zone and the grade.
- The verification of grade by the percussion holes, the exact location of these is uncertain, but they are in the approximate centre of each band.
- The 1,500-2,000 tons of ore removed from the surface, verifies the surface width and the grade is estimated at 1.5 - 2.0% (by ultra violet light grid survey).

Table 6

This table indicates the possible ore that may be found within the same area as the proven and probable tonnage. The bulk of this possible ore occurs in down dip extensions beyond the 30 feet selected to indicate proven and probable ore. These extensions are projected to the estimated elevation of the intrusive. This ore should not be confused with the possible ore that is presently geologically inferred and is described in the geological section of this report.

SILENCE LAKE PROJECT  
ORE RESERVE ESTIMATES

TABLE NO. 1  
BASIC BOREHOLE DATA

PAGE 1

HOLE NUMBER	NEAREST SECTION	BOREHOLE LOCATION			CORRECTION ANGLES			TRUE WIDTH (Ft)	ASSAY % WO <sub>3</sub>	DISCOUNTED VALUE	VALUE	REMARKS
		FROM	TO	INTERVAL	ON SECTION	ON PLAN	FACTOR				X WIDTH	
D-79-1	180 & 200	9.5	10.5	1.0	30°	25°	0.78	0.78	0.90	99.0	77.22	
		10.5	14.4	3.9				3.04	-	-		WASTE
		14.4	17.3	2.9				2.26	1.88	206.80	467.37	
		17.3	19.0	1.7				1.33	-	-		WASTE
		19.0	28.5	9.5				7.41	2.44	268.40	1988.84	
		28.5	40.0	11.5				8.97	-	-		WASTE
		40.0	42.0	2.0				1.56	3.00	330.0	514.80	
		42.0	46.0	4.0				3.12	0.73	80.30	250.54	
		46.0	49.0	3.0				2.34	3.63	399.30	934.36	
		49.0	54.0	5.0				3.90	1.06	116.60	454.74	
		54.0	63.7	9.7				7.57	2.41	265.10	2006.81	
63.7	65.5	1.8	1.40	-	-		WASTE					
65.5	70.3	4.8	3.74	1.74	191.40	715.84						
D-79-2	240 & 260	8.0	13.0	5.0	19°	29°	0.83	4.15	3.08	338.80	1406.02	
		13.0	19.8	6.8				5.64	2.12	233.20	1315.25	
		19.8	64.5	44.7				37.10	-	-		WASTE
		64.5	71.0	6.5				5.40	2.62	288.20	1556.28	
		71.0	75.0	4.0				3.32	-	-		WASTE
		75.0	79.6	4.6				3.82	2.44	268.40	1025.29	
		79.6	87.5	7.9				6.56	-	-		WASTE
87.5	94.5	7.0	5.81	1.84	202.40	1175.94						
D-79-3	220	13.0	18.0	5.0	34°	30°	0.72	3.60	0.59	64.90	233.64	
		18.0	28.0	10.0				7.20	1.03	113.30	815.76	
		28.0	33.0	5.0				3.60	0.41	45.10	162.36	
		33.0	90.0	57.0				41.04	-	-		WASTE
		90.0	96.5	6.5				4.68	0.96	105.60	494.21	
		96.5	101.3	4.8				3.46	-	-		WASTE
		101.3	108.0	6.7				4.82	0.36	39.60	190.87	
108.0	113.0	5.0	3.60	3.10	341.0	1227.60						

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SILENCE LAKE PROJECT  
ORE RESERVE ESTIMATES

TABLE NO. 1  
BASIC BOREHOLE DATA

PAGE 2

HOLE NUMBER	NEAREST SECTION	BOREHOLE LOCATION			CORRECTION ANGLES			TRUE WIDTH	ASSAY % WO <sub>3</sub>	DISCOUNTED VALUE	VALUE	REMARKS
		FROM	TO	INTERVAL	ON SECTION	ON PLAN	FACTOR				X WIDTH	
D-79-4	220	0	12.0	12.0	66°	30°	0.35	(Ft) 4.2	0.51	56.10	235.62	
		12.0	18.0	6.0				2.1	1.94	213.40	448.14	
		18.0	28.0	10.0				3.5	2.49	273.90	958.65	
		28.0	38.0	10.0				3.5	2.98	327.80	1147.30	
		38.0	46.0	8.0				2.8	2.20	242.00	677.60	
D-79-5	240 & 260	32.7	38.5	5.8	36°	36°	0.65	3.77	0.03	3.30	12.44	
		38.5	46.0	7.5				4.89	2.10	231.00	1129.59	
		46.0	51.5	5.5				3.58	0.98	107.80	385.92	
		51.5	98.7	47.2				30.68	-	-	WASTE	
		98.7	99.7	1.0				0.65	0.81	89.10	57.92	
		99.7	101.9	2.2				1.43	-	-	WASTE	
		101.9	102.5	0.6				0.39	0.93	102.30	39.90	
		102.5	103.5	1.0				0.65	0.13	14.30	9.30	
		103.5	105.0	1.5				0.98	1.08	118.80	116.42	
		105.0	106.0	1.0				0.65	0.11	12.10	7.87	
106.0	106.9	0.9	0.59	3.19	350.90	207.03						
D-79-6	320	8.4	18.7	10.3	42°	44°	0.53	5.46	5.10	561.0	3063.06	
		18.7	23.9	5.2				2.76	-	-	WASTE	
		23.9	27.2	3.3				1.75	4.30	473.0	827.75	
		27.2	27.9	0.7				0.37	0.54	59.40	21.98	
D-79-7	320	4.0	6.0	2.0	15°	44°	0.69	1.38	0.48	52.80	72.86	
		6.0	13.0	7.0				4.83	3.20	352.0	1700.16	
D-79-8	320	6.0	15.0	9.0	40°	70°	0.26	2.34	2.90	319.0	746.46	
		15.0	17.2	2.2				0.57	-	-	WASTE	
		17.2	18.4	1.2				0.31	1.19	130.90	40.58	

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SILENCE LAKE PROJECT  
ORE RESERVE ESTIMATES

TABLE NO. 1  
BASIC BOREHOLE DATA

PAGE 3

HOLE NUMBER	NEAREST SECTION	BOREHOLE LOCATION			CORRECTION ANGLES			TRUE WIDTH (Fe)	ASSAY % WO <sub>3</sub>	DISCOUNTED VALUE	VALUE	REMARKS
		FROM	TO	INTERVAL	ON SECTION	ON PLAN	FACTOR				X WIDTH	
D-79-9	220	16.3	24.0	7.7	41°	36°	0.61	4.70	4.08	448.80	2109.36	
		24.0	31.7	7.7				4.70	-	-		WASTE
		31.7	32.5	0.8				0.49	1.40	154.0	75.46	
		32.5	40.0	7.5				4.58	-	-		WASTE
		40.0	43.7	3.7				2.26	5.25	577.50	1305.15	
		43.7	47.2	3.5				2.14	-	-		WASTE
		47.2	49.2	2.0				1.22	0.66	72.60	88.57	
		49.2	50.2	1.0				0.61	-	-		WASTE
		50.2	51.6	1.4				0.85	0.35	38.50	32.73	
		51.6	55.2	3.6				2.20	-	-		WASTE
		55.2	56.3	1.1	0.67	0.63	69.30	46.43				
D-79-10	240	33.7	35.7	2.0	39°	31°	0.67	1.34	0.75	82.50	110.55	
		35.7	37.3	1.6				1.07	-	-		WASTE
		37.3	41.3	4.0				2.68	2.55	280.50	751.74	
		41.3	53.7	12.4				8.31	-	-		WASTE
		53.7	55.8	2.1				1.41	1.69	185.90	262.12	
		55.8	57.0	1.2				0.80	1.38	151.80	121.44	
		57.0	64.7	7.7				5.16	2.29	251.90	1299.80	
D-79-11	220 & 240	13.0	15.7	2.7	46°	62°	0.33	0.89	4.25	467.50	416.08	
		15.7	29.6	13.9				4.59	-	-		WASTE
		29.6	32.5	2.9				0.96	3.63	399.30	383.33	
		32.5	35.2	2.7				0.89	0.53	58.30	51.89	
		35.2	36.0	0.8				0.26	0.31	34.10	8.87	
		36.0	40.1	4.1				1.35	0.50	55.0	74.25	
		40.1	42.4	2.3				0.76	-	-		WASTE
		42.4	43.0	0.6				0.20	1.58	173.80	34.76	
		43.0	54.0	11.0				3.63	-	-		WASTE
		54.0	58.3	4.3				1.42	2.09	229.90	326.46	
		58.3	59.6	1.3				0.43	-	-		WASTE
		59.6	74.0	14.4	4.75	2.25	247.50	1175.63				

SILENCE LAKE PROJECT  
ORE RESERVE ESTIMATES

TABLE NO. 1  
BASIC BOREHOLE DATA

PAGE 4

HOLE NUMBER	NEAREST SECTION	BOREHOLE LOCATION			CORRECTION ANGLES			TRUE WIDTH (Ft)	ASSAY % WO <sub>3</sub>	DISCOUNTED VALUE	VALUE	REMARKS
		FROM	TO	INTERVAL	ON SECTION	ON PLAN	FACTOR				X WIDTH	
D-79-12	220	56.0	57.7	1.7	59°	31°	0.44	0.75	1.56	171.60	128.70	
		57.7	60.1	2.4				1.06	3.18	349.80	370.79	
		60.1	62.0	1.9				0.84	0.28	30.80	25.87	
		62.0	63.6	1.6				0.70	3.60	396.0	277.20	
		63.6	66.2	2.6				1.14	0.08	8.80	10.03	
		66.2	70.8	4.6				2.02	2.30	253.0	511.06	
		70.8	75.8	5.0				2.20	1.93	212.30	467.06	
		75.8	78.8	3.0				1.32	0.03	3.30	4.36	
		78.8	80.5	1.7			0.75	0.01	1.10	0.83		
D-79-13	220	12.6	17.0	4.4	44°	7°	0.71	3.12	3.55	390.50	1218.36	
		17.0	19.0	2.0				1.42	-	-	-	
		19.0	21.0	2.0				1.42	1.51	166.10	235.86	
		21.0	31.0	10.0				7.10	-	-	-	WASTE
		31.0	36.0	5.0				3.55	2.98	327.80	1163.69	
		36.0	40.0	4.0				2.84	-	-	-	WASTE
		40.0	40.7	0.7				0.50	1.53	168.30	84.15	
		40.7	43.7	3.0				2.13	-	-	-	WASTE
		43.7	53.0	9.3				6.60	2.98	327.80	2163.48	
		53.0	55.3	2.3				1.63	-	-	-	WASTE
		55.3	62.2	6.9				4.90	1.25	137.50	673.75	
		62.2	65.2	3.0				2.13	-	-	-	WASTE
		65.2	67.2	2.0			1.42	0.48	52.80	74.98		
D-79-14		THIS HOLE DID NOT PASS THROUGH OVERBURDEN DUE TO SHALLOW ANGLE										
D-79-15	200	15.4	24.7	9.3	60°	15°	0.48	4.46	2.44	268.40	1197.06	
		24.7	26.5	1.8				0.86	-	-	-	WASTE
		26.5	31.5	5.0				2.40	1.79	196.90	472.56	
		31.5	41.1	9.6				4.61	-	-	-	WASTE
		41.1	46.6	5.5				2.64	1.34	147.40	389.14	
		46.6	48.0	1.4				0.67	-	-	-	WASTE
		48.0	61.2	13.2				6.34	3.35	368.50	2336.29	



SILENCE LAKE PROJECT  
ORE RESERVE ESTIMATES

TABLE NO. 1  
BASIC BOREHOLE DATA

PAGE 5

HOLE NUMBER	NEAREST SECTION	BOREHOLE LOCATION			CORRECTION ANGLES			TRUE WIDTH (Ft)	ASSAY % WO <sub>3</sub>	DISCOUNTED VALUE	VALUE X WIDTH	REMARKS
		FROM	TO	INTERVAL	ON SECTION	ON PLAN	FACTOR					
D-79-15 Cont.	200	61.2	62.2	1.0	60°	15°	0.48	0.48	-	-		WASTE
		62.2	64.9	2.7				1.30	0.28	30.80	40.04	
		64.9	65.2	0.3				0.14	-	-		WASTE
		65.2	67.1	1.9				0.91	2.43	267.30	243.24	
		67.1	68.0	0.9				0.43	-	-		WASTE
		68.0	69.7	1.7				0.82	0.65	71.50	58.63	
		69.7	71.7	2.0				0.96	1.70	187.0	179.52	
		71.7	80.0	8.3	3.98	1.35	148.50	591.03				
D-79-16	220	54.0	58.2	4.2	40°	19°	0.72	3.02	2.28	250.80	757.42	
		58.2	59.1	0.9				0.65	-	-		WASTE
		59.1	61.2	2.1				1.51	3.74	411.40	621.21	
		61.2	64.2	3.0				2.16	0.99	108.90	235.22	
		64.2	66.7	2.5				1.80	-	-		WASTE
		66.7	67.3	0.6				0.43	2.40	264.0	113.52	
		67.3	71.7	4.3				3.10	0.10	11.0	34.10	
		71.7	74.8	3.1	2.23	0.83	91.30	203.60				
D-79-17	240 & 260	21.3	28.9	7.6	29°	39°	0.88	6.69	3.16	347.60	2325.44	
		28.9	31.8	2.9				2.55	3.59	394.90	1007.00	
		31.8	38.5	6.7				5.90	-	-		WASTE
		38.5	45.0	6.5				5.72	2.16	237.60	1359.07	
		45.0	47.0	2.0				1.76	1.08	118.80	209.09	
		47.0	51.5	4.5				3.96	4.31	474.10	1877.44	
D-79-18	180 & 200	12.0	13.0	1.0	69°	57°	0.19	0.19	2.43	267.30	50.79	
		13.0	40.5	27.5				5.23	-	-		WASTE
		40.5	41.2	0.7				0.13	0.21	23.10	3.00	
		41.2	57.5	16.3				3.10	-	-		WASTE
		57.5	59.1	1.6				0.30	0.70	77.0	23.10	
		59.1	60.2	1.1				0.21	-	-		WASTE

SILENCE LAKE PROJECT  
ORE RESERVE ESTIMATES

TABLE NO. 1  
BASIC BOREHOLE DATA

PAGE 6

HOLE NUMBER	NEAREST SECTION	BOREHOLE LOCATION			CORRECTION ANGLES			TRUE WIDTH (Ft)	ASSAY % WO <sub>3</sub>	DISCOUNTED VALUE	VALUE	REMARKS
		FROM	TO	INTERVAL	ON SECTION	ON PLAN	FACTOR				X WIDTH	
D-79-18 Cont.	180 & 200	60.2	65.0	4.8	69°	57°	0.19	0.91	0.79	86.90	79.08	
		65.0	66.2	1.2				0.23	-	-		WASTE
		66.2	66.8	0.6				0.11	0.91	100.10	11.01	
		66.8	67.8	1.0				0.19	-	-		WASTE
		67.8	73.6	5.8				1.10	1.14	125.40	137.94	
		73.6	84.5	10.9				2.07	-	-		WASTE
		84.5	92.0	7.5				1.43	2.54	279.40	399.54	
	92.0	98.7	6.7	1.27	1.76	193.60	245.87					
D-79-19	260 & 280	8.7	9.7	1.0	7°	52°	0.61	0.61	1.75	192.50	117.43	
		9.7	21.0	11.3				6.89	-	-		WASTE
		21.0	23.2	2.2				1.34	0.20	22.0	29.48	
		23.2	48.8	25.6				15.62	-	-		WASTE
		48.8	53.5	4.7				2.87	1.14	125.40	359.90	
		53.5	57.2	3.7				2.26	1.51	166.10	375.39	
		57.2	60.2	3.0				1.83	1.33	146.30	267.73	
		60.2	64.4	4.2				2.56	-	-		WASTE
		64.4	68.7	4.3				2.62	2.14	235.40	616.75	
		68.7	77.0	8.3				5.06	-	-		WASTE
	77.0	80.4	3.4	2.07	2.18	239.80	496.39					
D-79-20	240	8.0	10.0	2.0	66°	50°	0.26	0.52	0.81	89.10	46.33	
		10.0	13.0	3.0				0.78	-	-		WASTE
		13.0	15.2	2.2				0.57	0.95	104.50	59.57	
		15.2	16.5	1.3				0.34	0.10	11.0	3.74	
		16.5	24.2	7.7				2.00	-	-		WASTE
		24.2	25.0	0.8				0.21	2.91	320.10	67.22	
		25.0	28.0	3.0				0.78	-	-		WASTE
		28.0	30.7	2.7				0.70	1.85	203.50	142.45	
		30.7	59.2	28.5				7.41	-	-		WASTE
		59.2	60.7	1.5				0.39	1.15	126.50	49.34	
		60.7	75.0	14.3				3.72	-	-		WASTE
	75.0	81.0	6.0	1.56	0.89	97.90	152.72					

SILENCE LAKE PROJECT  
ORE RESERVE ESTIMATES

TABLE NO. 1  
BASIC BOREHOLE DATA

HOLE NUMBER	NEAREST SECTION	BOREHOLE LOCATION			CORRECTION ANGLES			TRUE WIDTH (Ft)	ASSAY % WO <sub>3</sub>	DISCOUNTED VALUE	VALUE	REMARKS
		FROM	TO	INTERVAL	ON SECTION	ON PLAN	FACTOR				X WIDTH	
SURFACE TRENCH		0	2.0	2.0				2.0	4.44	488.40	976.80	Width
		2.0	6.8	4.8				4.8	2.83	311.30	1494.24	measurements
		6.8	11.3	4.5				4.5	1.03	113.30	509.85	on surface
		11.3	15.2	3.9				3.9	1.60	176.00	686.40	
		15.2	21.1	5.9				5.9	2.53	278.30	1641.97	
		21.1	25.1	4.0				4.0	0.30	33.00	132.00	
		25.1	29.7	4.6				4.6	0.50	55.00	253.00	
		29.7	34.6	4.9				4.9	0.48	52.80	258.72	
	34.6	40.0	4.6				4.6	0.21	23.10	106.26		

SILENCE LAKE PROJECT  
ORE RESERVE ESTIMATES

TABLE NO. 1  
BASIC BOREHOLE DATA

PAGE 8

HOLE NUMBER	NEAREST SECTION	BOREHOLE LOCATION			CORRECTION ANGLES			TRUE WIDTH (Ft)	ASSAY % WO <sub>3</sub>	DISCOUNTED VALUE	VALUE	REMARKS
		FROM	TO	INTERVAL	ON SECTION	ON PLAN	FACTOR				X WIDTH	
P.1		20.0	30.0	10.0					0.03	3.30		70 ft. hole
		30.0	50.0	20.0					1.58	173.80		
		50.0	60.0	10.0					0.85	93.50		
P.2		15.0	20.0	5.0					0.03	3.30		80 ft. hole
		20.0	25.0	5.0					0.03	3.30		
		25.0	75.0	50.0					0.04	4.40		
P.4		45.0	60.0	15.0					0.06	6.60		65 ft. hole
P.5		10.0	30.0	20.0					0.57	62.70		80 ft. hole
		30.0	45.0	15.0					0.14	15.40		
		45.0	75.0	30.0					0.03	3.30		
P.7		25.0	35.0	10.0					0.03	3.30		50 ft. hole
		35.0	50.0	15.0					1.07	117.70		
P.9		25.0	50.0	25.0					4.30	473.0		95 ft. hole
		50.0	75.0	25.0					5.07	557.70		
		75.0	95.0	20.0					1.47	161.70		
P.10		40.0	50.0	10.0					0.89	97.90		55 ft. hole
P.11		10.0	30.0	20.0					2.84	312.40		80 ft. hole
		30.0	60.0	30.0					0.12	13.20		
		60.0	75.0	15.0					0.10	11.0		
P.12		0	10.0	10.0					1.12	123.20		25 ft. hole
		10.0	20.0	10.0					1.25	137.50		

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SILENCE LAKE PROJECT  
ORE RESERVE ESTIMATES

TABLE NO. 1  
BASIC BOREHOLE DATA

PAGE 9

HOLE NUMBER	NEAREST SECTION	BOREHOLE LOCATION			CORRECTION ANGLES			TRUE WIDTH (Ft)	ASSAY % WO <sub>3</sub>	DISCOUNTED VALUE	VALUE	REMARKS
		FROM	TO	INTERVAL	ON SECTION	ON PLAN	FACTOR				X WIDTH	
P.13		0	15.0	15.0					3.23	355.30		30 ft. hole
P.14		0	10.0	10.0					3.05	335.50		20 ft. hole
P.17		0	15.0	15.0					0.06	6.60		35 ft. hole
		15.0	30.0	15.0					0.35	38.50		
P.18		5.0	20.0	15.0					0.14	15.40		25 ft. hole
D-72-2		124.5	126.5	2.0			15°		1.07	117.70		
D-72-3		15.0	19.0	4.0	0°	15°	0.97	3.88	2.06	226.60	879.21	
		19.0	27.3	8.3				8.05	2.86	314.60	2532.53	

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SILENCE LAKE PROJECT  
ORE RESERVE ESTIMATES

TABLE NO. 2  
MINEABLE ZONES

PAGE 1

SECTION	DIAMOND DRILL HOLE NUMBER	FROM	TO	HOLE INTERVAL	TRUE WIDTH (FT)	DISCOUNTED VALUE	DISCOUNTED		REMARKS
							VALUE X	% AGE WO <sub>3</sub>	
140	SURFACE TRENCH	0	34.6	34.6	34.6	172.05	5952.98	1.56	Width measurements on surface
180	D-79-1	14.4	70.3	55.9	43.60	168.19	7333.30	1.53	
	D-79-18	60.2	98.7	38.5	7.32	119.32	873.44	1.08	
	D-79-3	90.0	113.0	23.0	16.56	115.5	1912.68	1.05	
200	D-79-15	15.4	80.0	64.6	31.00	177.66	5507.51	1.62	
	D-79-18	60.2	98.7	38.5	7.32	119.32	873.44	1.08	
220	D-79-3	13.0	33.0	20.0	14.40	84.15	1211.76	0.77	
	D-79-4	0	46.0	46.0	16.10	215.36	3467.31	1.96	
	D-79-9	16.3	43.7	27.4	16.71	208.86	3489.97	1.90	
	D-79-11	13.0	74.0	61.0	20.13	122.77	2471.27	1.12	
	D-79-12	56.0	75.8	19.8	8.71	205.59	1790.71	1.87	
	D-79-13	12.6	62.2	49.6	35.22	157.28	5539.29	1.43	
	D-79-16	54.0	74.8	20.8	14.98	131.18	1965.07	1.19	
240	D-79-2	8.0	19.8	11.8	9.79	277.96	2721.27	2.53	
	D-79-2	64.5	94.5	30.0	24.90	150.90	3757.51	1.37	
	D-79-5	38.5	51.5	13.0	8.45	179.35	1515.51	1.63	
	D-79-10	33.7	64.7	31.0	20.77	122.56	2545.65	1.11	
	D-79-20	8.0	30.7	22.7	5.90	54.12	319.31	0.49	
260	D-79-2	64.5	94.5	30.0	24.90	150.90	3757.51	1.37	
	D-79-5	98.7	106.9	8.2	5.33	83.80	437.44	0.76	
	D-79-17	21.3	51.5	30.2	26.57	255.10	6778.04	2.32	
	D-79-19	48.8	80.4	31.6	19.28	109.76	2116.16	1.00	

SILENCE LAKE PROJECT  
 ORE RESERVE ESTIMATES

TABLE NO. 2  
 MINEABLE ZONES

PAGE 2

SECTION	DIAMOND DRILL HOLE NUMBER	FROM	TO	HOLE INTERVAL	TRUE WIDTH (FT)	DISCOUNTED VALUE	DISCOUNTED		REMARKS
							VALUE X WIDTH	% AGE WO <sub>3</sub>	
280	D-79-19	48.8	80.4	31.6	19.28	109.76	2116.16	1.00	
300	D-72-3	15.0	27.3	12.3	11.93	285.98	3411.74	2.60	
320	D-72-2	124.5	130.0	5.5	5.0	40.00	200.00	0.36	Marginal ore
	D-79-6	8.4	27.2	18.8	9.96	390.64	3890.81	3.55	
	D-79-7	4.0	13.0	9.0	6.21	285.51	1773.02	2.60	
340	D-79-8	6.0	25.2	19.2	5.0	157.41	787.04	1.43	

SILENCE LAKE PROJECT  
 ORE RESERVE SUMMARY

TABLE NO. 3

	PROVEN	GRADE	PROBABLE	GRADE	TOTAL	GRADE
UPPER BAND	17,521	1.51	6,529	1.46	24,050	1.49
LOWER BAND	16,210	1.43	9,342	1.51	25,552	1.46
TOTAL	33,731	1.47	15,871	1.49	49,602	1.48
Include ore at Clearwater assured proven at same grade say:					1,438	1.48
				TOTAL	51,000	1.48
ADDITIONAL "POSSIBLE" ORE					13,200	1.62
SPECULATIVE TOTAL PRESENTLY INDICATED					64,200 TONS	



SILENCE LAKE PROJECT  
 ORE RESERVE ESTIMATES

TABLE NO. 4  
 PROVEN AND PROBABLE ORE  
 UPPER BAND

SECTION	AREA	DRILL HOLE	DIMENSION ON SECTION (FT)	STRIKE LENGTH (FT)	PROVEN TONS	GRADE % WO <sub>3</sub>	PROBABLE TONS	GRADE % WO <sub>3</sub>	TOTAL TONS	GRADE % WO <sub>3</sub>	REMARKS
140	A	Trench	35.0 x 16.0	38.0	669	1.56	1358	1.56	2027	1.56	
180	B	18	57.0 x 8.2	30.0	868	1.08	467	1.08	1335	1.08	
	C	1	51.2 x 43.0	30.0	4718	1.53	1573	1.53	6291	1.53	
200	D	18	72.0 x 16.5	20.0	905	1.08	1358	1.08	2263	1.08	
	E	15	55.0 x 34.3	20.0	2515	1.62	1078	1.62	3593	1.62	
220	F	3	18.0 x 28.5	20.0	977	0.77	-	-	977	0.77	
	G	4	15.0 x 44.2	20.0	1263	1.96	-	-	1263	1.96	
	H	13	12.2 x 62.0	20.0	1441	1.43	-	-	1441	1.43	
	I	11	9.0 x 69.0	20.0	1183	1.12	-	-	1183	1.12	
	J	9	10.0 x 58.0	20.0	1105	1.90	-	-	1105	1.90	
240	K	20 & 2 1 : 4	10.0 x 27.5	40.0	734	2.12	314	2.12	1048	2.12	
	L	5	10.0 x 40.0	40.0	1143	1.63	381	1.63	1524	1.63	
TOTALS					17,521	1.51	6529	1.46	24,050	1.49	

SILENCE LAKE PROJECT  
ORE RESERVE ESTIMATES

TABLE NO. 5  
PROVEN AND PROBABLE ORE  
LOWER BAND

SECTION	AREA	DRILL HOLE	DIMENSION ON SECTION (FT)	STRIKE LENGTH (FT)	PROVEN TONS	GRADE % WO <sub>3</sub>	PROBABLE TONS	GRADE % WO <sub>3</sub>	TOTAL TONS	GRADE % WO <sub>3</sub>	REMARKS
180	N	3	17.0 x 50.5	54	2208	1.05	2208	1.05	4416	1.05	
220	O	12 & 16 1:1	14.0 x 76.5	30	1530	1.53	1530	1.53	3060	1.53	
240	P	10	30.0 x 72.0	20	2674	1.11	1440	1.11	4114	1.11	
	Q	2	27.0 x 42.0	20	1620	1.37	540	1.37	2160	1.37	
260	R	17	64.5 x 27.0	20	1990	2.32	1327	2.32	3317	2.32	
	S	19	24.0 x 27.0	20	1234	1.00	-	-	1234	1.00	
	T	2	25.0 x 25.5	20	1214	1.37	-	-	1214	1.37	
	U	5	24.0 x 13.0	20	594	0.76	-	-	594	0.76	
280	V	19	19.5 x 77.5	20	1727	1.00	1151	1.00	2878	1.00	
300	W	72-3	47.5 x 12	20	543	2.60	543	2.60	1086	2.60	
320	X	7	11.0 x 6.5	20	136	2.60	-	-	136	2.60	
	Y	6	40.0 x 9.0	20	411	3.55	274	3.55	685	3.55	
240	Z	8	69.0 x 5.0	20	329	1.43	329	1.43	658	1.43	
TOTAL					16,210	1.43	9,342	1.51	25,552	1.46	

SILENCE LAKE PROJECT  
 ORE RESERVE SPECULATION

TABLE NO. 6  
 POSSIBLE ORE

SECTION	EXTENSION OF AREA	HOLE NUMBER	AREA ON SECTION	POSSIBLE STRIKE LENGTH	TONS	GRADE	REMARKS
240	K	20 & 2 1:4	10.0 x 27.5	10.0	262	2.12	Not to be used definitively until placed in proven or probable categories
	L	5	10.0 x 40.0	10.0	381	1.63	
280	V	19	90.0 x 19.5	20.0	3343	1.00	
300	W	72.3	150.0 x 12.0	20.0	3429	2.60	
320	M	72-2	5 x 110.0	60.0	3143	0.36	
	Y	6	75.0 x 10.0	20.0	1429	3.55	
340	Z	8	85.0 x 5.0	30.0	1214	1.43	
TOTAL					13,201	1.62	

### MINING

A production rate of 50 tons per day has been provisionally selected. This figure anticipates mining the 60,000 tons (TOTAL) presently delineated at 15,000 tons per year. Therefore the production period will be at least 4 years which should result in reasonable economies of scale and allow further reserves to be discovered and developed.

It is anticipated that the detailed mining plan will embody both open-pit and underground extraction. The proportions and locations of each will be decided by economic considerations.

Using order of magnitude estimates it is reasonable to assume that at least 80% of the existing ore will be mineable via open-pit at an approximated 1.5 - 2, :1 stripping ratio. The remainder (plus the POSSIBLE tonnage) will be mineable by cut and fill methods with high efficiencies and low costs. Alternatives for the actual mining of the ore are to purchase equipment and carry out the mining, or to negotiate a Contractor mining agreement. The next stage of the project should include economic and practical evaluations to determine the best mining arrangement. Meanwhile, the costs below reflect to what is estimated as a reasonable "all-in" cost.

Expected cost for open pit: \$20.00 per ton  
(This figure should be the total cost including any capital equipment purchased for Company mining)

Underground mining including development, equipment and ancillaries is estimated at: \$35.00 per ton

$$\begin{aligned} \text{OVERALL MINING COST} &= \frac{20 \times 0.8 + 35 \times 0.2}{1} \\ &= \underline{\underline{\$23.00}} \text{ per ton} \end{aligned}$$

Overall cost to mine the current 50,000 tons (proven and probable reserve) = \$1,150,000.00

### PROCESSING

Previous metallurgical tests indicate that the potential flowsheet will be conventional and simple, using gravity as the main concentrating process with the remainder of the scheelite being recovered by flotation. It may also be economically desirable to incorporate leaching. Tests are underway to finalize the design criteria and optimise the process technology.

With the qualification that they are indicative only, the following figures should bracket the cost of providing the concentrator and operating it in an effective manner.

Based upon 50 tons per day operation

Concentrator Capital Cost including tailing disposal, power plant and water supply	\$450,000 - \$1,500,000
Operating Cost	\$12.50 per ton

ANCILLARIES

Capital Cost of Warehouse, Office, Maintenance and misc. Labour Facilities	\$150,000
Engineering, Design, Testing, Surveys, Studies, Procurement and Project Management	\$250,000
Capital Contingency	\$100,000

TOTAL ANCILLARIES	<u>\$500,000</u>
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Operating Costs for Head Office, Mine Office, Administration etc.	\$5.00 per ton
-------------------------------------------------------------------	----------------

ECONOMICS

Order of magnitude economics are as follows:-

Ore reserves	50,000 tons @ 1.5% WO <sub>3</sub>
Contained scheelite	75,000 stu*
Estimated recovery 85%	= 63,750 stu*
"Net smelter return"	= \$160.00 per stu*
Total recoverable value	= \$10,200,000
Estimated Capital Cost **	\$950,000 - \$2,000,000
Use high figure	= \$2,000,000
Assume 20% interest for 6months	200,000
TOTAL CAPITAL COST***	<u>\$2,200,000</u>
TOTAL OPERATING COST	= <u>\$40.50 per ton</u>
or with 50,000 tons: TOTAL	= <u>\$2,025,000</u>

\* Short ton unit

\*\* Assumes Contract Mining or conversely, if the mining is carried out by Dimac, the Operating Cost will decrease and the Capital Cost increase.

\*\*\* Proposed exploration programme (see recommendations) of \$215,000 is not included in this statement.

Summary

Recovered value	\$10,200,000
Total Costs	\$ 4,225,000
Net pre-tax revenue	<u>\$ 5,975,000</u>
Life of project $\frac{50,000}{15,000}$	= 3.3 years
Net pre-tax revenue per year	= \$1,810,000
R.O.I. per year (simple interest)	= <u>82%</u>
Alternatively this project would repay the Capital Cost in approximately <u>8 months</u> mining at a rate of 15,000 tons per year.	

CONCLUSIONS AND RECOMMENDATIONS

The Gotcha Project is an exceptional production opportunity with considerable potential beyond the presently delineated reserves. The further POSSIBLE reserve of some 13,200 tons will dramatically increase the profitability. Also the "geologically possible" reserve outlined in this report should provide additional plant feed.

We recommend that future work be aimed at developing the project through to production as speedily as practical.

The following programme has the objective of providing a detailed technical design document which can be used to make a final production decision and to obtain any financial requirements. It should be noted that the suggested work statement goes beyond what would normally be acceptable for a conventional "Feasibility Study". This work is justified by the tonnage and grade of the ore and the favourable technical features of the deposit. By detailing design specifications, considerable savings should be made especially in time and probably money. Obviously, should any of the developing design criteria necessitate re-thinking of production concepts, this should be carried out.

PRODUCTION ORIENTED PROGRAMME

Metallurgy and Process Plant

1. Complete the current metallurgical tests, which should develop and optimize a flow sheet and provide design criteria for equipment selection and sizing. In view of the "high-grade" ore gravity, flotation and leaching processes should be evaluated.

2. Carry out optimization studies and select sites for the integration of the mill location, tailing area, power plant location, water supply and waste disposal areas, and plan interconnecting roads and services.
3. Design the process flow sheet, select and size equipment write specifications, obtain and evaluate firm prices. This programme should also include investigations of the benefits of used and/or reconditioned equipment.
4. Design and develop general arrangement drawings, also specific drawing for Site Preparation and programme Construction and Installation (mechanical, electrical, civil, piping and instrumentation sectors).
5. Write specifications, obtain and evaluate firm price bids for all Construction and Installation. This should include procedures, costs and guarantees for plant run-in and "tuning".

#### Mining

1. Derive mining parameters to determine cut-off points for underground and open pit mining.
2. Carry out mine planning to technically and economically develop an open pit and underground mine layout.
3. Develop a mine production schedule to maximize equipment and capital utilisation, this should include "smoothing" of waste removal and specify pre-production stripping, roads etc.
4. Carry out studies to investigate and determine the benefits of mining by Contract, compared to Company mining. Obtain accurate costs for both situations.
5. Design the mining operation in sufficient detail so as to determine costs for the potential surface and underground operations. This should include a detailed timetable.
6. Design and specify service requirements, e.g. labour, staff, fuel, vehicles, power and water. Develop costs for each.

### Ancillaries

1. Specify requirements, design and cost the power supply, water supply, waste disposal, tailing area, offices, warehouse and maintenance building.
2. Specify ancillary equipment and obtain firm price bids for its supply.
3. Design Construction and Installation plans and draft layout requirements. Obtain firm price bids for all ancillary facilities and evaluate Contractors technically and economically.
4. Detail all the "Approval" requirements and Permits needed and lay out a programme to comply with, or obtain them in time for Construction to proceed according to plan.
5. Design and develop infrastructure requirements and costs for manpower, supplies, concentrate shipping, housing, commuting etc.

### Project Management and Control

1. Develop a complete integrated budget (time and money) with constraints and critical areas highlighted.
2. Detail a project control and management programme showing clearly personnel, responsibilities and procedures. Lines of Authority should be clearly identified and progress co-ordination should include Corporate decision making requirements.

### Detailed Report

It would be both logical and expedient to compile all the above features into a single document (plans will be indexed and referenced). This document would be a detailed "Technical Design and Construction Programme for the Silence Lake Project". When presented in report form it would be based upon firm price quotes.

The report could be used to make a final production decision and to obtain the finances necessary to place the project into production.



Costs

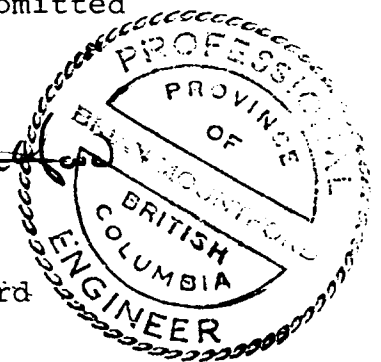
Estimated cost for the work outlined above is:

METALLURGY AND PROCESS PLANT	\$85,000
MINING	35,000
ANCILLARIES (Including maps and surveys)	50,000
PROJECT MANAGEMENT AND CONTROL	10,000
DETAILED REPORT	20,000
MISCELLANEOUS EXPENSES, TRAVEL, TEST, ETC	25,000
	<hr/>
TOTAL PROGRAMME COST	\$225,000
	<hr/> <hr/>

Respectfully submitted

*B. Mountford*

B. Mountford



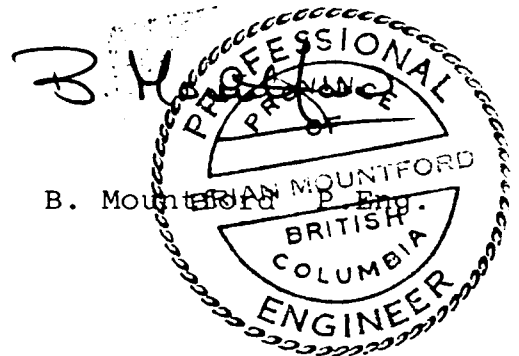
# BRIAN MOUNTFORD AND ASSOCIATES LTD.

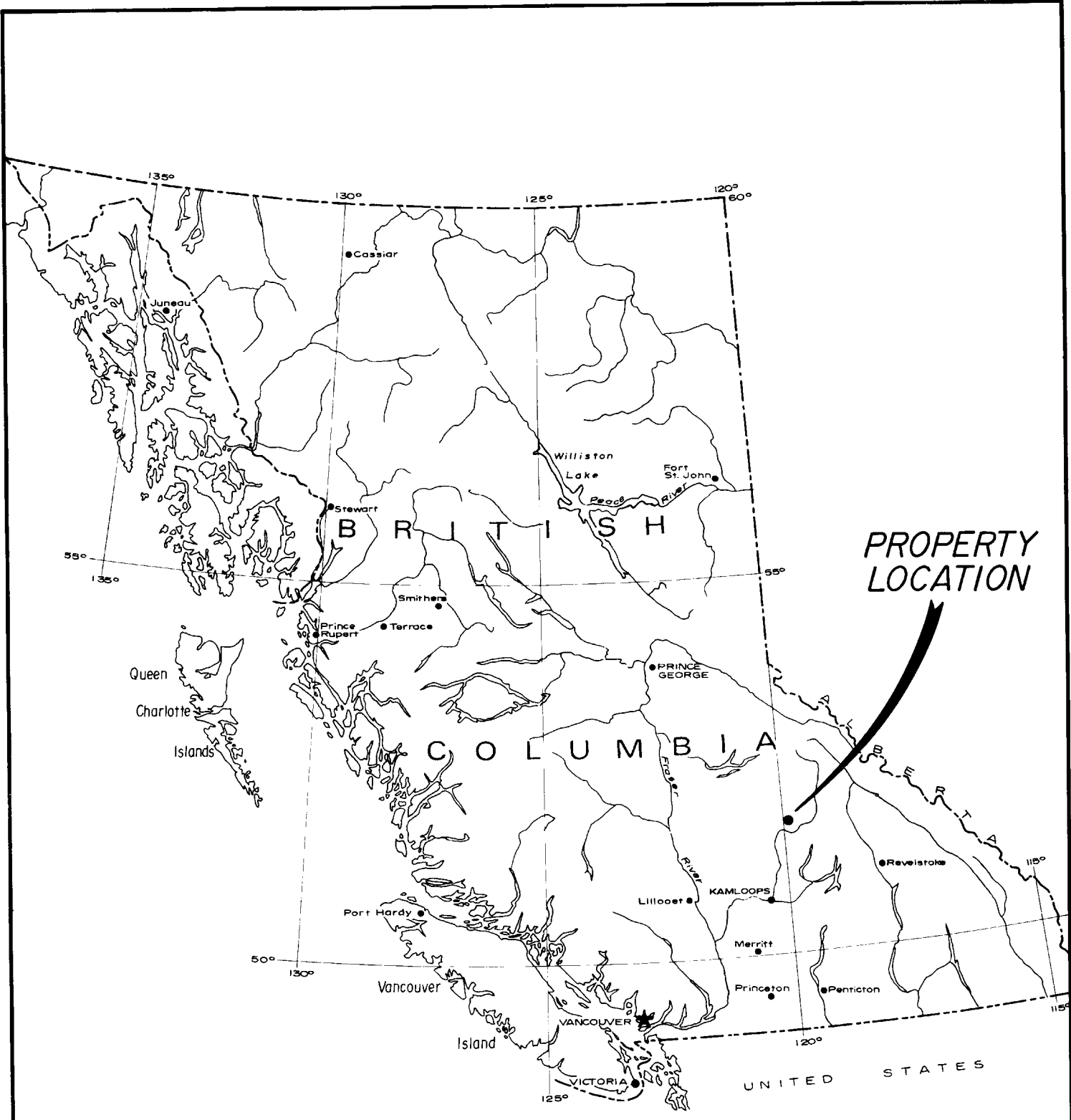
811 - 675 WEST HASTINGS STREET. VANCOUVER, B.C. V6B 1N2  
TELEPHONE 681-2377

## WRITERS CERTIFICATE

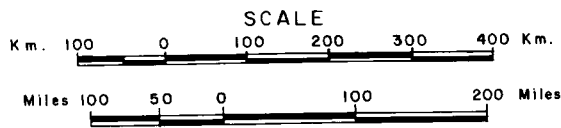
I, Brian Mountford of Vancouver, B.C., hereby certify that:

1. I am a Mining Engineer, residing at 10230 - 173rd Street, Surrey, with an office at #811 - 675 West Hastings Street, Vancouver, B.C.
2. I am an honours graduate from the North Staffs Polytechnic U.K. (1963) and received chartered status in the Engineering Institute of the U.K. in 1964.
3. I am a certified member of the Association of Professional Engineers in the Provinces of British Columbia and Ontario.
4. I am the author of this report.
5. I have practiced my profession continuously since graduation, primarily in the fields of Consulting, Mine Development and Mine Operation.





**PROPERTY  
LOCATION**



DIMAC RESOURCE CORP. VANCOUVER, B.C. SILENCE LAKE PROJECT	
<b>LOCATION MAP</b>	
BRIAN MOUNTFORD & ASSOCIATES LTD. VANCOUVER, B.C.	
DATE : OCT., 1980	DWG. NUMBER : 1

SCALE 1:50,000



MAX 7	MAX 8 1956 (7)
1955 (7)	

MAX (5) 1779 (3)
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MAX 1778 (3)
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MAX (6) 1780 (3)
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MAX (3) 1777 (3)
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MAX 1593 (11)
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MOSQUITO 4 1731 (3)
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MOSQUITO 139 (10)
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MAX (2) 1776 (3)
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MOSQUITO 5 1732 (3)
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MOSQUITO 68 (7)
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MOSQUITO 3 1717 (2)
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BUG 69 (7)
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BUG 2 1718 (2)
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GOTCHA 2 2834 (6)
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GOTCHA 3 88 (6)
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MAX 1145 (2)
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1146 (2)
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1927 (6)
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2835 (7)
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GOTCHA 6 2837 (7)
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2836 (7)
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GOTCHA 4

GOTCHA 5

RICHIE CREEK

RIVER

RAFT

WEST R

SILENCE LAKE

THIS DRAWING IS A PART COPY OF THE OFFICIAL MINERAL TITLES MAP 82 M / 13 EAST HALF ISSUED BY THE PROVINCE OF BRITISH COLUMBIA.

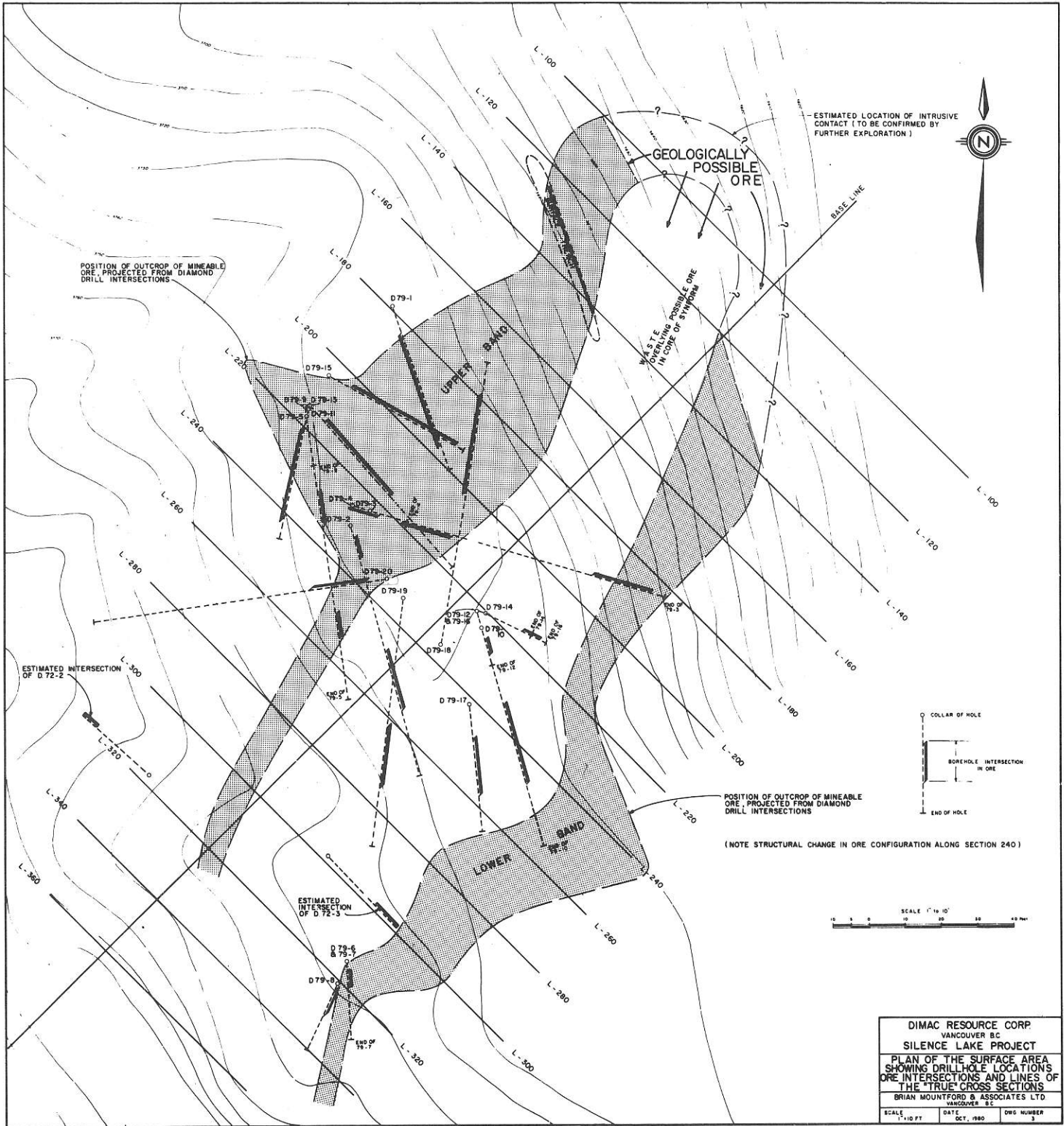
DIMAC RESOURCE CORP.  
VANCOUVER, B.C.  
SILENCE LAKE PROJECT

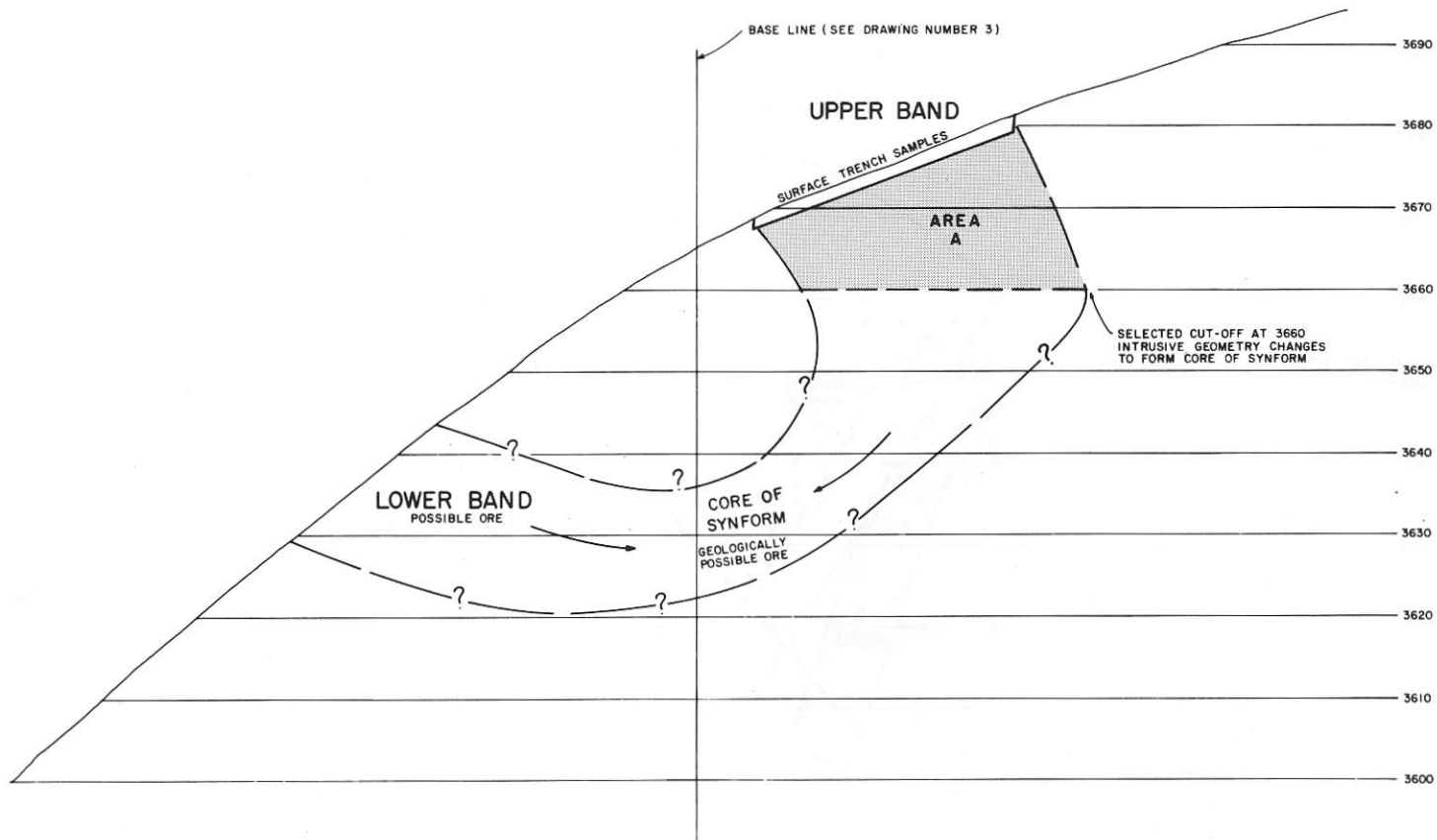
**MINERAL CLAIMS**

BRIAN MOUNTFORD & ASSOCIATES LTD.  
VANCOUVER, B.C.

DATE: OCT., 1980

DWG. NUMBER: 2

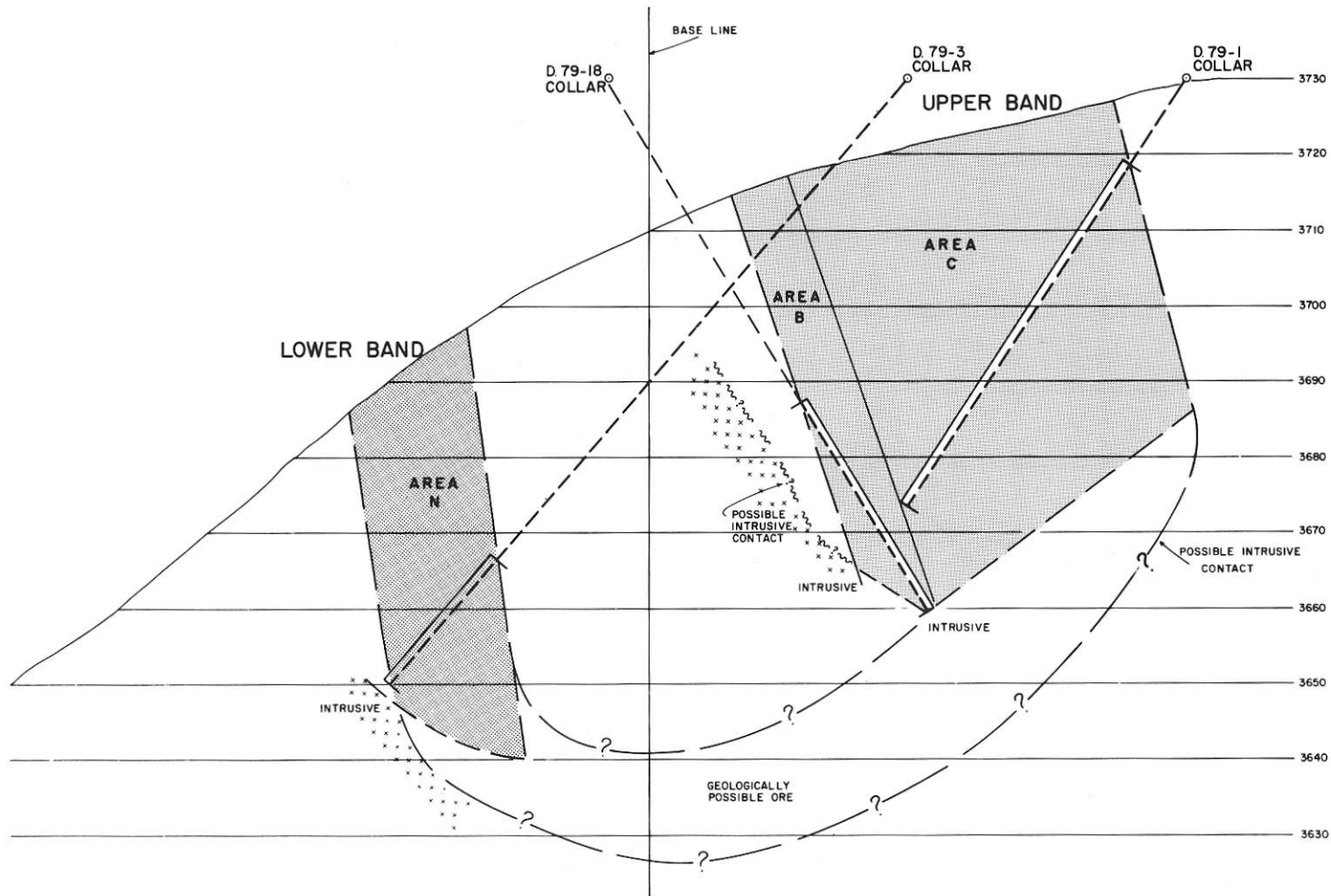




 ... PROVEN AND PROBABLE ORE

**NOTE:**  
 1 FOR CROSS SECTION LOCATIONS SEE DRAWING NUMBER 3.  
 2 SECTION VIEWED LOOKING SOUTH WEST

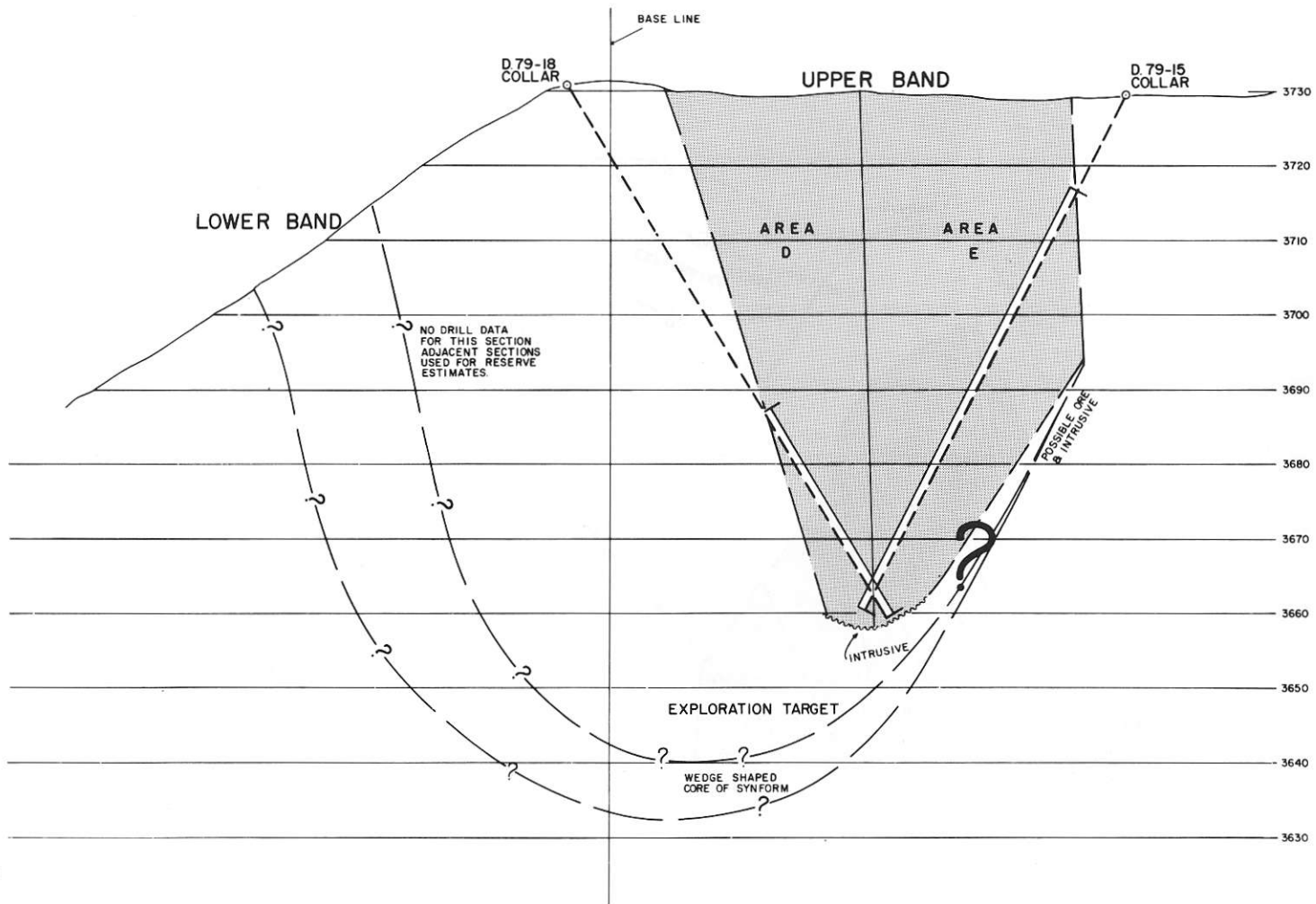
DIMAC RESOURCE CORP. VANCOUVER B.C. <b>SILENCE LAKE PROJECT</b>		
<b>CROSS SECTION 140</b> SHOWING MINEABLE ORE ZONES		
BRIAN MOUNTFORD & ASSOCIATES LTD. VANCOUVER B.C.		
SCALE 1"=10 FT	DATE OCT., 1980	DWG NUMBER 4



 ... PROVEN AND PROBABLE ORE

NOTE:  
 1 FOR CROSS SECTION LOCATIONS SEE DRAWING NUMBER 3.  
 2 SECTION VIEWED LOOKING SOUTH WEST.

DIMAC RESOURCE CORP. VANCOUVER B.C. <b>SILENCE LAKE PROJECT</b>		
<b>CROSS SECTION 180</b> SHOWING MINEABLE ORE ZONES		
BRIAN MOUNTFORD & ASSOCIATES LTD. VANCOUVER B.C.		
SCALE 1" = 10 FT	DATE OCT., 1980	DWG NUMBER 5



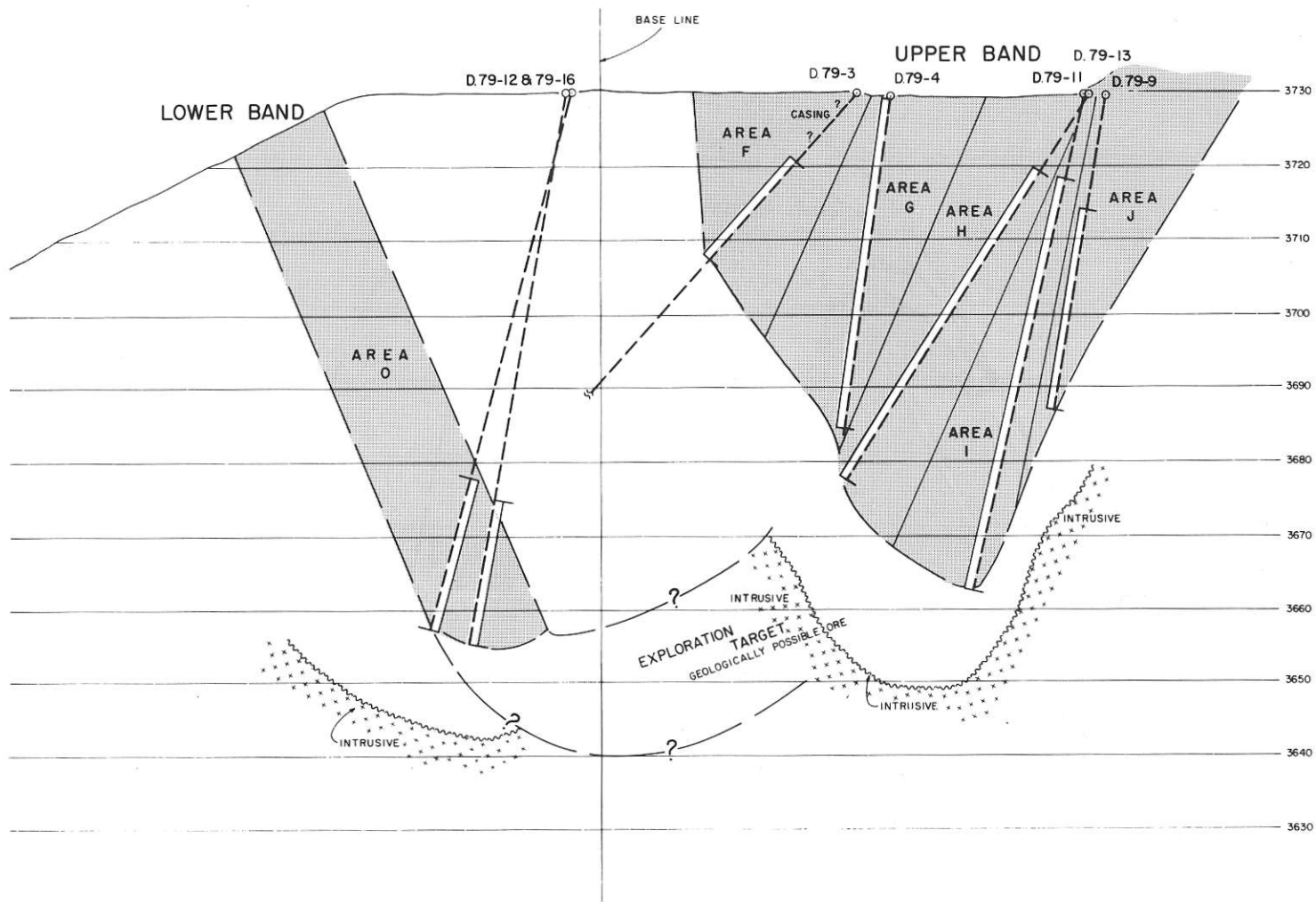
 ... PROVEN AND PROBABLE ORE.

NOTE:

1. FOR CROSS SECTION LOCATIONS SEE DRAWING NUMBER 3
2. SECTION VIEWED LOOKING SOUTH WEST

DIMAC RESOURCE CORP. VANCOUVER B.C. SILENCE LAKE PROJECT		
<b>CROSS SECTION 200</b> SHOWING MINEABLE ORE ZONES		
BRIAN MOUNTFORD & ASSOCIATES LTD. VANCOUVER B.C.		
SCALE: 1"=10 FT	DATE OCT., 1980	DWG NUMBER 6



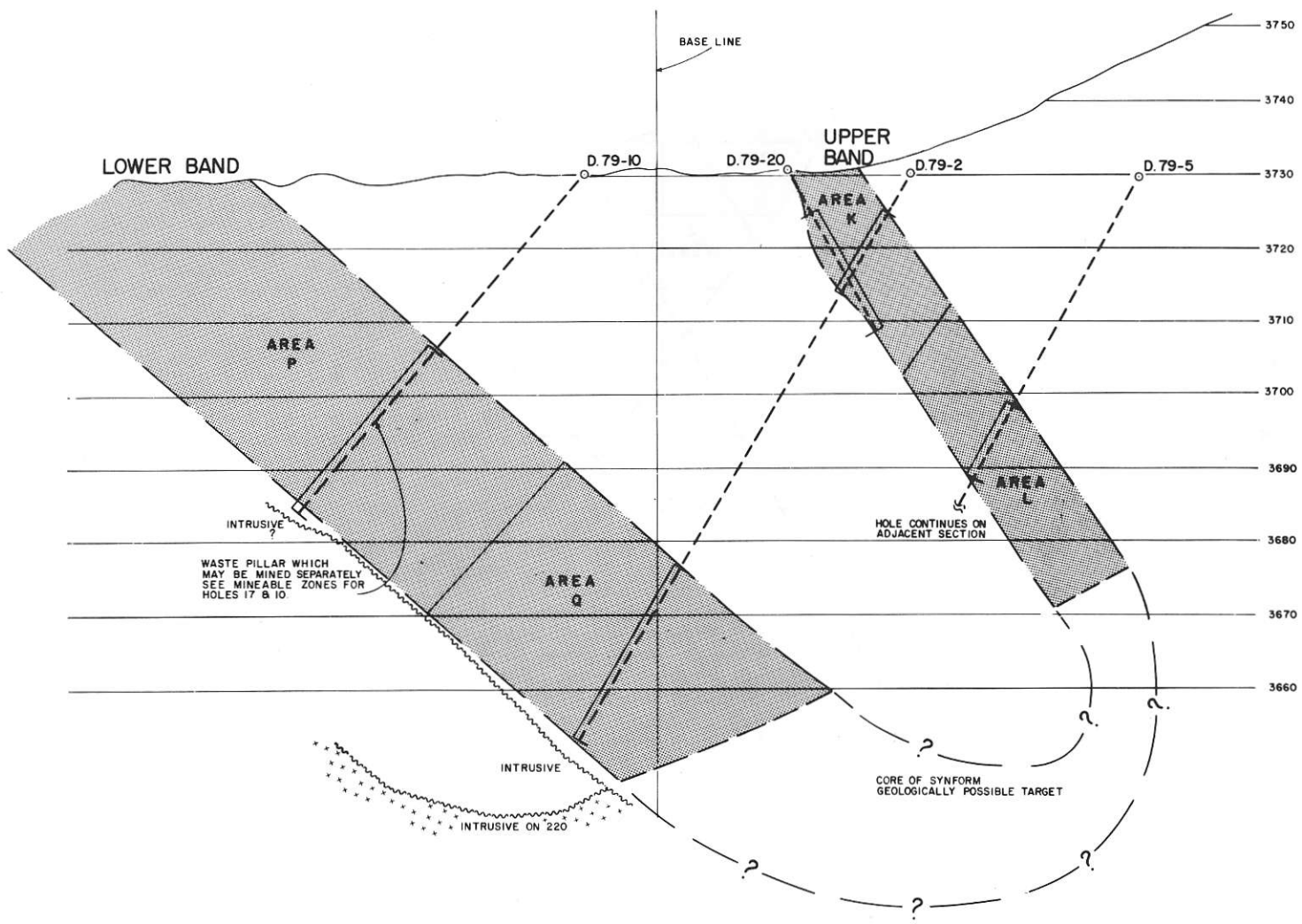



 ... PROVEN AND PROBABLE ORE

**NOTE**

1. FOR CROSS SECTION LOCATIONS SEE DRAWING NUMBER 3
2. SECTION VIEWED LOOKING SOUTH WEST

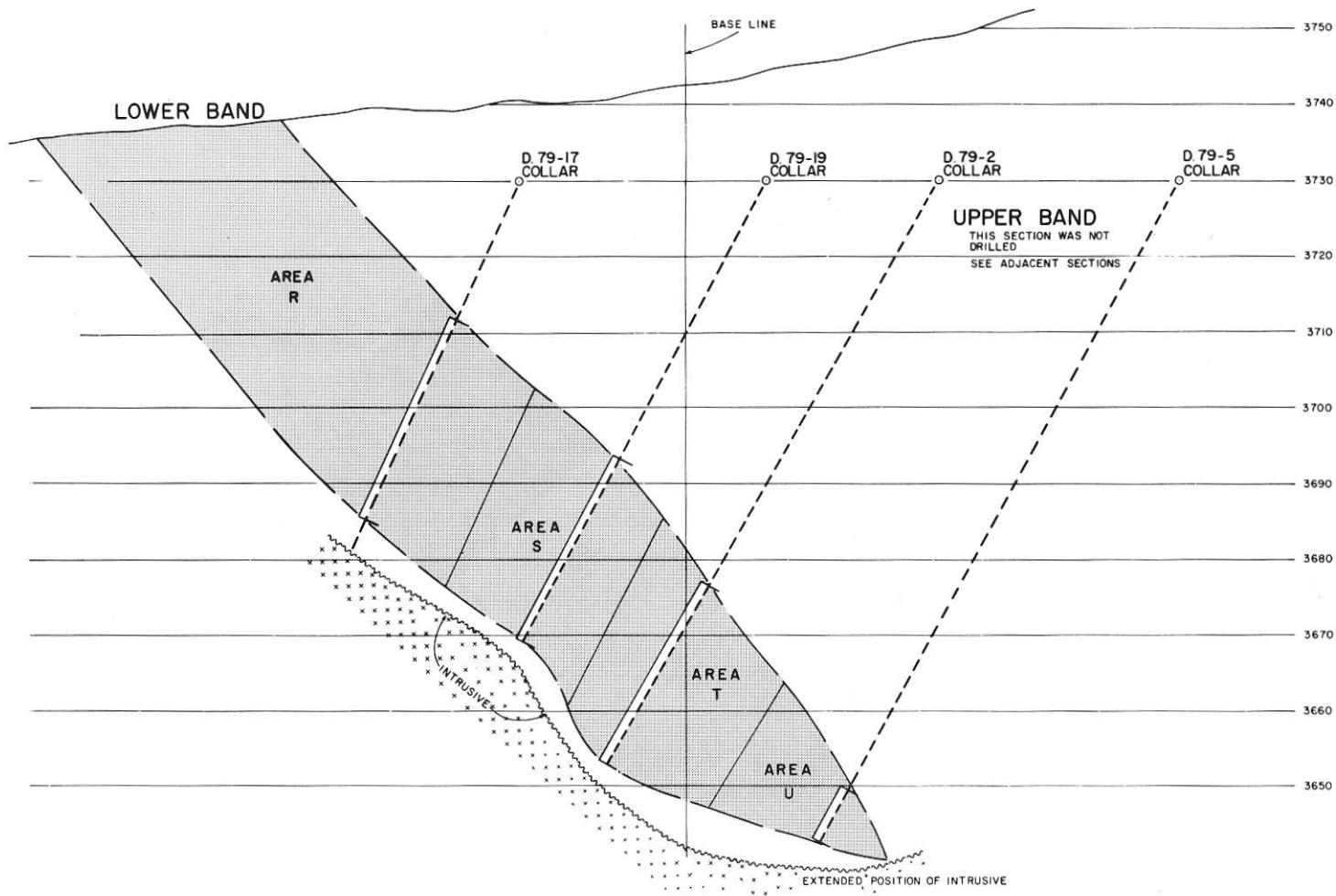
DIMAC RESOURCE CORP. VANCOUVER B.C. SILENCE LAKE PROJECT		
<b>CROSS SECTION 220</b> SHOWING MINEABLE ORE ZONES		
BRIAN MOUNTFORD & ASSOCIATES LTD. VANCOUVER B.C.		
SCALE 1" = 10 FT	DATE OCT, 1980	DWG NUMBER 7



 ... PROVEN AND PROBABLE ORE

**NOTE:**  
 1. FOR CROSS SECTION LOCATIONS SEE DRAWING NUMBER 3  
 2. SECTION VIEWED LOOKING SOUTH WEST.

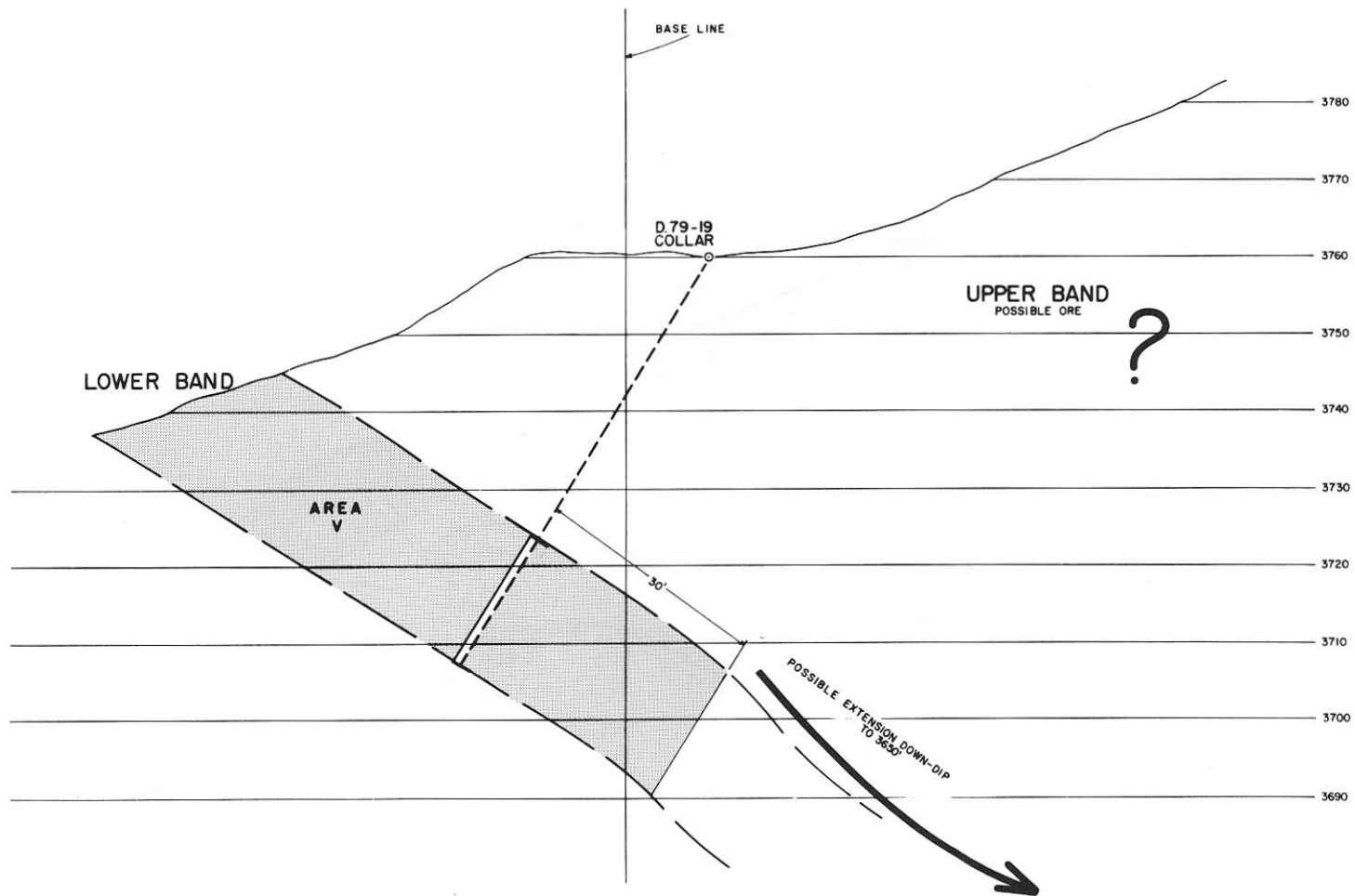
DIMAC RESOURCE CORP. VANCOUVER B.C. <b>SILENCE LAKE PROJECT</b>		
<b>CROSS SECTION 240</b> <b>SHOWING MINEABLE ORE ZONES</b>		
BRIAN MOUNTFORD & ASSOCIATES LTD. VANCOUVER B.C.		
SCALE: 1" = 10 FT	DATE: OCT, 1980	DWG NUMBER 8



 ... PROVEN AND PROBABLE ORE

**NOTE**  
 1 FOR CROSS SECTION LOCATIONS SEE DRAWING NUMBER 3  
 2 SECTION VIEWED LOOKING SOUTH WEST

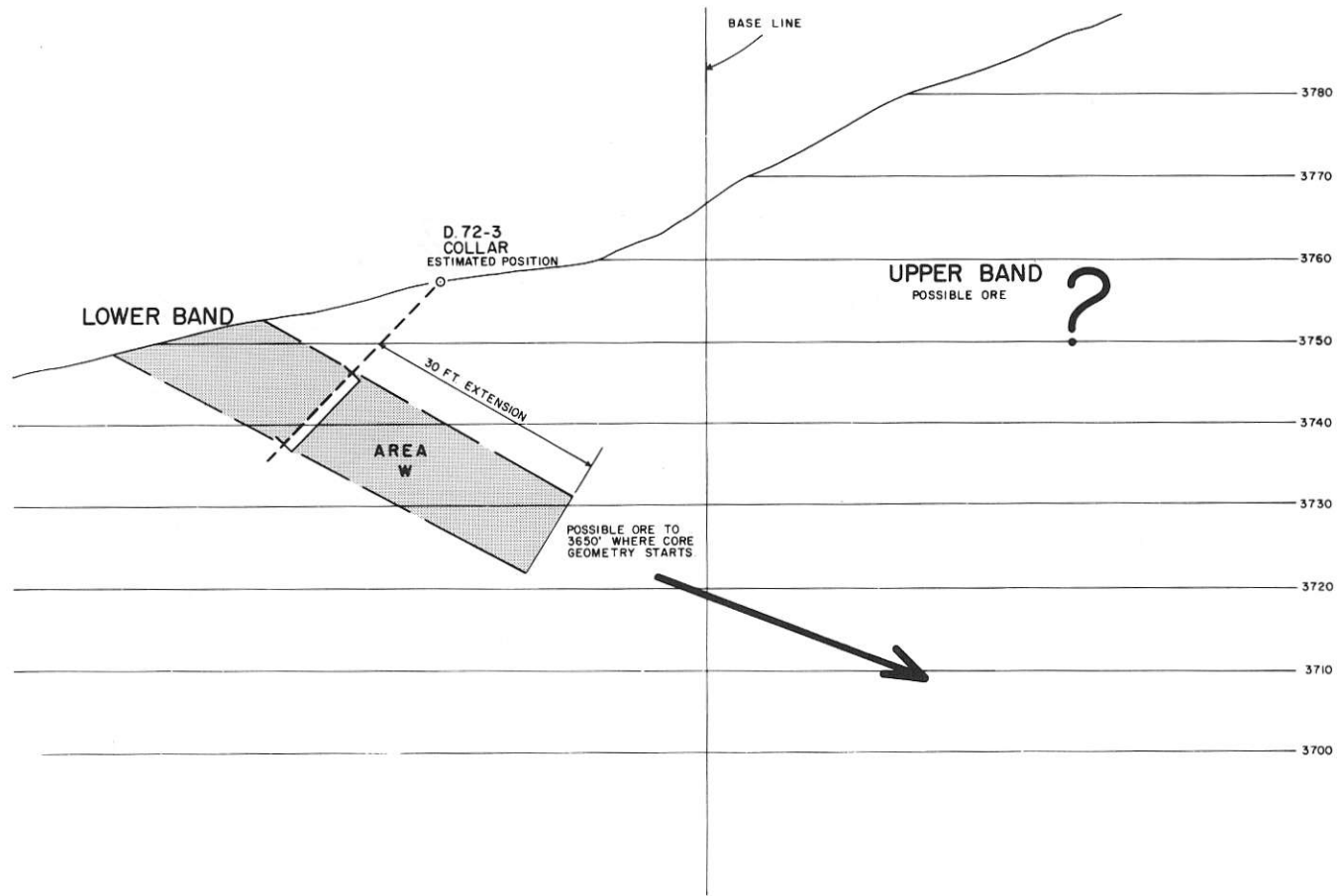
DIMAC RESOURCE CORP. VANCOUVER B.C. <b>SILENCE LAKE PROJECT</b>		
<b>CROSS SECTION 260</b> SHOWING MINEABLE ORE ZONES		
BRIAN MOUNTFORD & ASSOCIATES LTD. VANCOUVER B.C.		
SCALE 1" = 10 FT	DATE OCT, 1980	DWG NUMBER 9



 ... PROVEN AND PROBABLE ORE

NOTE:  
 1. FOR CROSS SECTION LOCATIONS SEE DRAWING NUMBER 3.  
 2. SECTION VIEWED LOOKING SOUTH WEST

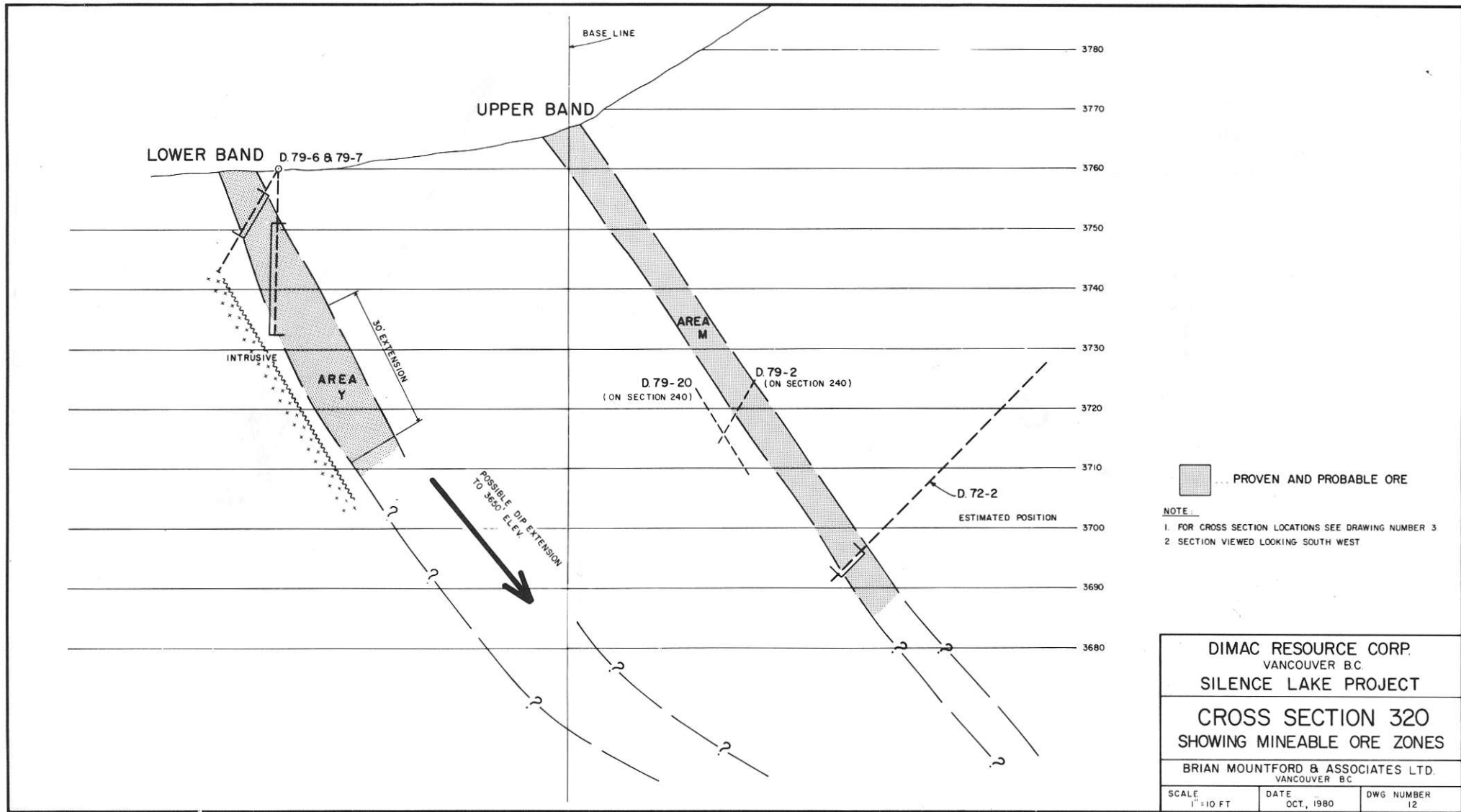
DIMAC RESOURCE CORP. VANCOUVER B.C. SILENCE LAKE PROJECT		
CROSS SECTION 280 SHOWING MINEABLE ORE ZONES		
BRIAN MOUNTFORD & ASSOCIATES LTD. VANCOUVER B.C.		
SCALE 1" = 10 FT	DATE OCT., 1980	DWG NUMBER 10



 ... PROVEN AND PROBABLE ORE

NOTE:  
 1. FOR CROSS SECTION LOCATIONS SEE DRAWING NUMBER 3  
 2. SECTION VIEWED LOOKING SOUTH WEST

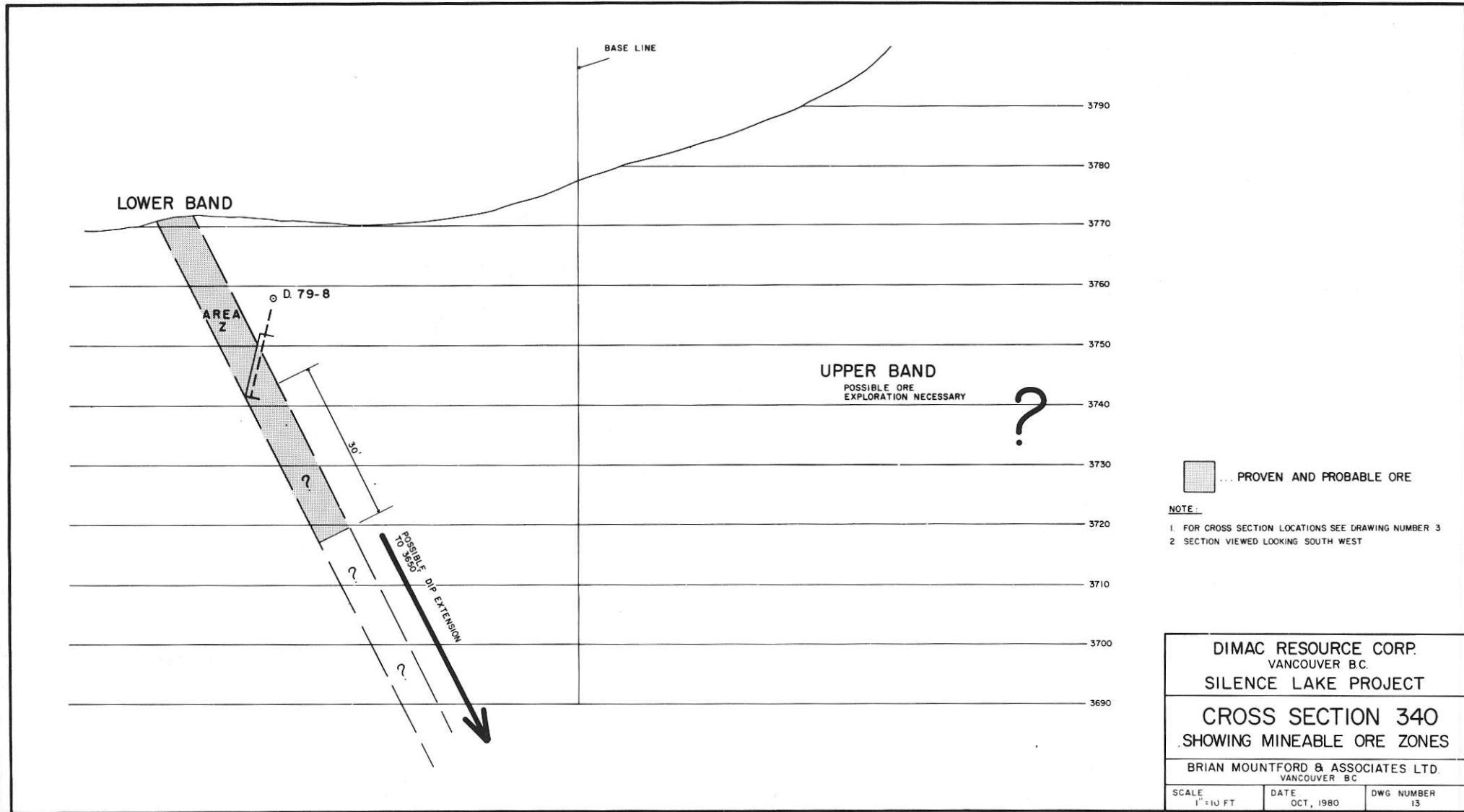
DIMAC RESOURCE CORP. VANCOUVER B.C. SILENCE LAKE PROJECT		
<b>CROSS SECTION 300</b> SHOWING MINEABLE ORE ZONES		
BRIAN MOUNTFORD & ASSOCIATES LTD. VANCOUVER B.C.		
SCALE: 1" = 10 FT	DATE:	DWG NUMBER 11



... PROVEN AND PROBABLE ORE

**NOTE**  
 1. FOR CROSS SECTION LOCATIONS SEE DRAWING NUMBER 3  
 2. SECTION VIEWED LOOKING SOUTH WEST

DIMAC RESOURCE CORP. VANCOUVER B.C. SILENCE LAKE PROJECT		
<b>CROSS SECTION 320</b> SHOWING MINEABLE ORE ZONES		
BRIAN MOUNTFORD & ASSOCIATES LTD. VANCOUVER B.C.		
SCALE	DATE	DWG NUMBER
1"=10 FT	OCT., 1980	12



... PROVEN AND PROBABLE ORE

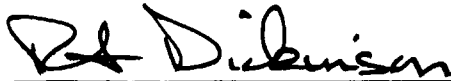
NOTE:  
 1. FOR CROSS SECTION LOCATIONS SEE DRAWING NUMBER 3  
 2. SECTION VIEWED LOOKING SOUTH WEST

DIMAC RESOURCE CORP. VANCOUVER B.C. SILENCE LAKE PROJECT		
<b>CROSS SECTION 340</b> SHOWING MINEABLE ORE ZONES		
BRIAN MOUNTFORD & ASSOCIATES LTD. VANCOUVER B.C.		
SCALE 1" = 10 FT	DATE OCT, 1980	DWG NUMBER 13

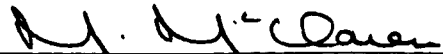
**CERTIFICATE OF THE DIRECTORS AND PROMOTERS OF THE ISSUER**

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by Part VII of the Securities Act of the Province of British Columbia and the regulations thereunder.

**DATED: November 5, 1980**



ROBERT A. DICKINSON, President,  
Director and Promoter



MURRAY McCLAREN, Executive  
Vice-President, Director and  
Promoter



BRIAN D. EDGAR  
Director

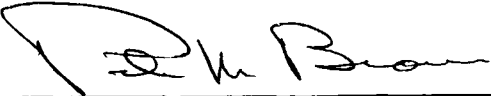


## CERTIFICATE OF THE UNDERWRITERS

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 Prospectus as required by Part VII of the Securities Act of the Province of British Columbia and the regulations thereunder.

**DATED: November 5, 1980**

CANARIM INVESTMENT CORPORATION LTD.

Per:   
\_\_\_\_\_

CONTINENTAL CARLISLE DOUGLAS

Per:   
\_\_\_\_\_

The persons having an interest, directly or indirectly, to the extent of 5% or more, in the capital of Canarim Investment Corporation Ltd. are Mr. Alfred E. Turton, 1130 - 444 St. Mary Avenue, Winnipeg, Manitoba, and Messrs. Peter Brown, Brian Harwood and C. Channing Buckland, all of 1350 - 409 Granville Street, Vancouver, B. C.

The persons having an interest, directly or indirectly, to the extent of 5% or more in Continental Carlisle Douglas are MacPhail Securities Ltd. (controlled by by Angus I. MacPhail), Fay Securities Ltd. (controlled by G. Robert Fay), Scammell Securities Ltd. (controlled by Douglas A. Scammell), Carlisle Securities Ltd. (controlled by John N. Carlisle), Markwell Securities Ltd. (controlled by David J. Douglas), Gahala Securities Ltd. (controlled by Thomas L. Taylor), Duggan Securities Ltd. (controlled by Dean Duggan), Charpentier Securities Ltd. (controlled by J. Arthur Charpentier), and Broad Securities Ltd. (controlled by Richard J. Broad), all in care of 600 - 789 West Pender Street, Vancouver, B. C.