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**Developments Ltd.**

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CANDOL DEVELOPMENTS LTD.

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EFFECTIVE DATE JULY 6, 1984  
PROSPECTUS DATED JUNE 1, 1984

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.

THE SECURITIES OFFERED HEREUNDER MAY BE OFFERED FOR SALE ONLY IN THE PROVINCE OF BRITISH COLUMBIA AND THEREIN ONLY BY PERSONS AUTHORIZED TO SELL SUCH SECURITIES.

NEW ISSUE

PROSPECTUS



Incorporated under the laws of the Province of British Columbia

**\$1,800,000**

**Issue of 1,200,000 Units  
at a price of \$1.50 per Unit**

**EACH UNIT CONSISTS OF ONE DEPOSIT RECEIPT,  
ONE COMMON SHARE ENTITLING THE REGISTERED HOLDER TO CLAIM A  
SCIENTIFIC RESEARCH TAX CREDIT AND ONE SERIES "A" SHARE  
PURCHASE WARRANT**

THIS OFFERING IS OFFERED IN UNITS. EACH UNIT CONSISTS OF:

- (a) ONE DEPOSIT RECEIPT, EACH DEPOSIT RECEIPT REPRESENTING THE RIGHT TO EARN ONE FULLY PAID AND NON-ASSESSABLE COMMON SHARE (THE "FLOW-THROUGH SHARES") OF CANDOL DEVELOPMENTS LTD. (THE "COMPANY") FOR CANADIAN EXPLORATION EXPENSES ("CEE") INCURRED BY THE COMPANY ON BEHALF OF THE HOLDERS OF SUCH DEPOSIT RECEIPTS;
- (b) ONE FULLY PAID AND NON-ASSESSABLE COMMON SHARE (THE "COMMON SHARES"), THE INITIAL REGISTERED HOLDER THAT IS AN INDIVIDUAL OR A CORPORATION WILL BE ENTITLED TO CLAIM A SCIENTIFIC RESEARCH TAX CREDIT ("SRTC") AGAINST TAX OTHERWISE PAYABLE FOR THE HOLDER'S 1984 TAXATION YEAR, AND
- (c) ONE SHARE PURCHASE WARRANT (THE "WARRANTS"), EACH TWO WARRANTS REPRESENTING THE RIGHT TO PURCHASE ONE COMMON SHARE OF THE COMPANY.

THE UNIT SHALL CONSIST OF \$0.67 TO BE ALLOCATED TO THE DEPOSIT RECEIPT FOR THE RIGHT TO EARN A FLOW-THROUGH SHARE, \$0.20 ALLOCATED TO THE COST OF THE DEPOSIT RECEIPT, AND \$0.63 TO BE ALLOCATED TO THE COMMON SHARE AND THE SHARE PURCHASE WARRANT.

TWO WARRANTS WILL ENTITLE THE HOLDER TO PURCHASE ONE COMMON SHARE OF THE COMPANY AT \$0.80 IF EXERCISED ON OR BEFORE 90 DAYS FROM THE DATE OF THE COMPANY OBTAINING A LISTING OF ITS COMMON SHARES ON THE VANCOUVER STOCK EXCHANGE, BUT IN ANY EVENT NOT LATER THAN ONE (1) YEAR FROM THE DATE OF THIS PROSPECTUS. THE WARRANTS WILL BE ISSUED IN BEARER FORM.

THE NET PROCEEDS DERIVED FROM THE SALE OF THE DEPOSIT RECEIPTS (THE "ELIGIBLE PROCEEDS") WILL BE USED BY THE COMPANY ON BEHALF OF THE SUBSCRIBERS TO INCUR COSTS AS CEE IN THE MINING EXPLORATION PROGRAMME AS OUTLINED UNDER "DESCRIPTION OF BUSINESS AND PROPERTY OF THE COMPANY" IN ORDER TO CONFER ON SUBSCRIBERS A DEDUCTION IN COMPUTING TAXABLE INCOME. EACH \$0.67 OF CEE SHALL ENTITLE THE SUBSCRIBER TO EARN ONE FLOW-THROUGH SHARE.

FROM THE NET PROCEEDS OF THE OFFERING, \$804,000 IF THE MAXIMUM SUBSCRIPTION IS REACHED AND \$402,000 IF ONLY THE MINIMUM SUBSCRIPTION IS REACHED, WILL BE APPLIED TO INCUR CANADIAN EXPLORATION EXPENSES AS DEFINED UNDER "TAX ASPECTS" ON PAGE 24 ON THE COMPANY'S EXPLORATION PROJECT, IN THE PROVINCE OF BRITISH COLUMBIA

AN INITIAL REGISTERED HOLDER THAT IS AN INDIVIDUAL OR A CORPORATION (OTHER THAN A BROKER OR DEALER) OF EACH \$0.63 COMMON SHARE OF WHICH \$0.33 HAS BEEN DESIGNATED FOR RESEARCH AND DEVELOPMENT (THE "DESIGNATED AMOUNT") WILL BE ENTITLED TO CLAIM A SCIENTIFIC RESEARCH TAX CREDIT AGAINST TAX OTHERWISE PAYABLE FOR THE HOLDER'S 1984 TAXATION YEAR. FOR CORPORATIONS, THE SRTC WILL BE \$0.165 PER SHARE, BEING 50% OF THE DESIGNATED AMOUNT. FOR INDIVIDUALS, THE REDUCTION OF TAX OTHERWISE PAYABLE WILL VARY DEPENDING UPON THE PROVINCE OF RESIDENCE. ASSUMING FULL UTILIZATION OF THE DEDUCTION, FOR AN INDIVIDUAL RESIDENT IN BRITISH COLUMBIA SUCH SRTC WILL BE \$0.1687 PER SHARE, BEING 51.11% OF THE DESIGNATED AMOUNT. REFERENCE IS MADE TO "TAX ASPECTS" ON PAGE 24.

THE SECURITIES OFFERED HEREBY ARE CONSIDERED SPECULATIVE DUE TO THE NATURE OF THE COMPANY'S ACTIVITIES. NOTWITHSTANDING THAT NO INTEREST IS ACQUIRED BY SUBSCRIBERS IN THE COMPANY'S PROPERTY, THE SUBSCRIBERS OF THE UNIT MAY BECOME LIABLE BY REASON OF THE NATURE OF THE ACTIVITIES CARRIED OUT BY THE COMPANY ON THEIR BEHALF. REFERENCE IS MADE TO "RISK FACTORS" AND "TAX ASPECTS" ON PAGES (iv) and 32, AND 24 RESPECTIVELY.

THERE IS NO MARKET THROUGH WHICH THE DEPOSIT RECEIPT (THE "RECEIPTS") EVIDENCING THE RIGHT OF THE SUBSCRIBERS TO EARN FLOW-THROUGH SHARES MAY BE SOLD. THERE IS ALSO CURRENTLY NO MARKET FOR THE FLOW-THROUGH SHARES OR THE COMMON SHARES. THE RIGHT TO EARN FLOW-THROUGH SHARES BY INCURRING CEE IS NON-TRANSFERABLE. CERTIFICATES FOR FLOW-THROUGH SHARES EARNED BY SUBSCRIBERS INCURRING CEE WILL BE ISSUED TO SUBSCRIBERS AS EARNED. REFERENCE IS MADE TO "DETAILS OF THE OFFERING" ON PAGE 1.

	<b>Price to Public</b>	<b>Commission</b>	<b>Net Proceeds If all Units Sold</b>
Per Unit	\$1.50	\$0.20	\$1.30
Total	\$1,800,000	\$240,000	\$1,560,000*

\*BEFORE DEDUCTING LEGAL, AUDIT AND PRINTING EXPENSES OF THE ISSUE ESTIMATED AT \$50,000.



UPON COMPLETION OF THE OFFERING HEREUNDER, THE COMPANY WILL ISSUE RECEIPTS FOR THE RIGHT TO EARN FLOW- THROUGH SHARES, CERTIFICATES FOR THE COMMON SHARES AND WARRANTS IN BEARER FORM. THE RECEIPTS, CERTIFICATES AND WARRANTS ARE SEVERABLE.

THE SHARES TO BE ISSUED AFTER COMPLETION OF THIS OFFERING AND AFTER CONVERSION OF THE DEPOSIT RECEIPTS TO COMMON SHARES, WILL REPRESENT 55.91% OF THE TOTAL NUMBER OF SHARES TO BE ISSUED AND OUTSTANDING AT THAT TIME. THE SHARES ISSUED TO PROMOTERS, DIRECTORS, OFFICERS AND OTHER INSIDERS FOR CASH, ASSETS OR PROPERTIES REPRESENT 29.16% OF THE TOTAL NUMBER OF SHARES TO BE ISSUED AND OUTSTANDING AFTER COMPLETION OF THIS OFFERING AND AFTER CONVERSION OF THE DEPOSIT RECEIPTS TO COMMON SHARES.

PARTNERS OF THE FIRM OF HOLMES, CAMPBELL & GREENSLADE HAVE ACQUIRED, DURING THE NON-REPORTING STAGE 33,333 AND 80,000 SHARES IN THE CAPITAL OF THE COMPANY AT \$0.15 AND \$0.25 PER SHARE RESPECTIVELY. THE PARTNERS, EMPLOYEES AND/OR ASSOCIATES OF CONTINENTAL CARLISLE DOUGLAS AND YORKTON SECURITIES INC. OWN RESPECTIVELY DIRECTLY OR INDIRECTLY 20,000 AND 30,000 SHARES IN THE CAPITAL OF THE COMPANY, WHICH SHARES WERE PURCHASED IN THE COMPANY'S NON-REPORTING STAGE AT \$0.35 PER SHARE.

A PURCHASE OF THE UNITS OFFERED HEREBY MUST BE CONSIDERED A SPECULATION AS THE COMPANY'S PROPERTY IS IN THE EXPLORATION AND DEVELOPMENT STAGE ONLY. PART OF THE ISSUER'S EXPLORATION PROGRAM INVOLVES THE SEARCH FOR PROVEN RESERVES OF INDUSTRIAL MINERALS, THE MARKET AND USES FOR WHICH MAY BE UNCERTAIN.

THIS OFFERING IS SUBJECT TO A MINIMUM SUBSCRIPTION BEING RECEIVED BY THE ISSUER WITHIN 180 DAYS OF THE EFFECTIVE DATE OF JULY 6th, 1984. FURTHER PARTICULARS OF THE MINIMUM SUBSCRIPTION ARE DISCLOSED ON PAGE 9 UNDER THE HEADING "MINIMUM SUBSCRIPTION".

WE, AS AGENTS, CONDITIONALLY OFFER THESE SECURITIES SUBJECT TO PRIOR SALE, IF, AS AND WHEN ISSUED BY THE ISSUER AND ACCEPTED BY US IN ACCORDANCE WITH THE CONDITIONS CONTAINED IN THE AGENCY AGREEMENT REFERRED TO UNDER "PLAN OF DISTRIBUTION" ON PAGE 3 OF THIS PROSPECTUS, SUBJECT TO APPROVAL OF ALL LEGAL MATTERS ON BEHALF OF THE COMPANY BY MESSRS. HOLMES, CAMPBELL & GREENSLADE AND BY COUNSEL ON BEHALF OF THE AGENTS.

Agents

**Continental Carlisle Douglas  
Yorkton Securities Inc.**

(i)

PROSPECTUS SUMMARY

The following is a summary of the principal features of the Offering. Reference is made to the more detailed information obtained elsewhere in this prospectus.

**THE OFFERING**

This offering is offered in \$1.50 Units consisting of one Deposit Receipt, one Common Share and one Warrant.

Each \$0.67 Deposit Receipt confers on the Subscriber the right to earn one fully-paid and non-assessable Flow-Through Share of the Company by incurring CEE on a flow-through basis.

An initial registered holder of each \$0.63 Common Share of which \$0.33 is designated for Scientific Research Expenditure (the "Designated Amount") of Candol Developments Ltd. offered hereunder will be entitled to claim a credit against tax otherwise payable for the holder's 1984 taxation year. For corporations, the tax credit will be \$0.165 per share, being 50% of the Designated Amount. For individuals, the reduction of tax otherwise payable will vary depending upon the province of residence. Assuming full utilization of the reduction, for an individual resident in British Columbia such tax reduction will be approximately \$0.1687 per share, being 51.11% of the Designated Amount. Reference is made to "Tax Aspects" on Page 24.

Two Warrants entitle the holder to purchase one Common Share of the Company at \$0.80 for a period of 90 days from the date of the Company obtaining a listing of its Common Shares on the exchange, but in any event not later than one (1) year from the date of this Prospectus. The Warrants will be in bearer form.

(ii)

The total subscription will be \$1,800,000 if all the Units are sold and \$900,000 if only the minimum subscription is reached. The Company shall use its best efforts to ensure that all of the Eligible Proceeds (as defined on Page 1) and the Designated Amount from the sale of the Common Shares have been expended on or before December 31, 1984. Any Eligible Proceeds or Designated Amount not expended by December 31, 1984 will be expended in 1985. Any Eligible Proceeds so expended will be deductible from the investors' 1985 taxes payable.

#### **USE OF PROCEEDS**

The Eligible Proceeds will be applied against those costs to be incurred on behalf of the Receipt Holders by the Company in its exploration program which constitutes CEE. The proceeds attributable to the sale of the Common Shares and Warrants will be used by the Company to finance investigation of industrial fillers, soda ash, magnesium and calcining processes constituting SRE, to finance the balance of the exploration program, to pay a portion of the expenses of the issue and the general expenses incurred by the Company.

#### **TAX ASPECTS**

The tax aspects of the Flow-Through Shares and the Common Shares differ. An advance income tax ruling has been received from Revenue Canada, Taxation with respect to certain aspects of the federal tax legislation relating to the Company and the present Offering. Reference is made to "Details of the Offering" and "Tax Aspects" for more complete details on the deductibility of CEE and on the tax consequences of the Flow-Through Shares and their disposition, as well as the tax consequences and the deductibility of the scientific research tax credit available to the initial holders of the Common Shares.

(iii)

The following table sets forth the anticipated amount deductible for every 1000 Units purchased (\$1500):

	<u>B. C. Taxpayers</u>
INVESTMENT in Flow-Through Shares	\$ <u>870.00</u>
DEDUCTION FOR CEE	\$ 670.00
DEDUCTION FOR COST OF ISSUE	200.00
MINING EXPLORATION DEPLETION (i)	<u>223.33</u>
ESTIMATED DEDUCTIONS FOR TAX PURPOSES in 1984	\$ 1,093.33 =====
1984 TAX SAVINGS FOR INDIVIDUAL IN HIGHEST MARGINAL TAX RATE	\$558.80 =====
INVESTMENT IN COMMON SHARES	<u>\$630.00</u>
DESIGNATED AMOUNT OF SCIENTIFIC RESEARCH EXPENDITURE ("SRE")	\$330.33
1984 TAX SAVINGS FROM SCIENTIFIC RESEARCH TAX CREDIT ("SRTC") EQUAL TO 51.11% of DESIGNATED AMOUNT (ii)	\$168.66 =====
TOTAL 1984 TAX SAVINGS	
\$168.66 + \$558.80 = \$727.46	=====

(i) It is assumed that the investor, resident in B.C. on December 31, 1984 will have sufficient income to absorb the maximum deductions. It is further assumed that all of the Eligible Proceeds will be spent on eligible mineral exploration expense before 1985, entitling the Receipt Holder to a deduction for mining exploration depletion.

(iv)

(ii) Taxpayers purchasing Units prior to 1985 will be entitled to deduct the SRTC from their 1984 taxes payable.

The exact amount of the deductions in a given taxation year will vary according to the portion of a taxpayer's share of Eligible Proceeds which is expended in that taxation year on expenses qualifying as CEE.

SUBSCRIBERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING BOTH FEDERAL AND PROVINCIAL INCOME TAX CONSEQUENCES OF THEIR INVESTMENTS IN UNITS.

**RISK FACTORS:**

The Securities offered hereby are speculative in nature given the nature of the Company's present activities. There is no market for the Deposit Receipts and there is currently no market for the Common Shares and Warrants.

Mineral exploration is highly speculative and involves significant risk. There is no guarantee that, even when an ore body has been discovered, it will ultimately be put into commercial production. Subscribers of Units may be directly liable for the operations carried out on their behalf by the Company. Such liability is unlimited. The Company is indemnifying subscribers. For more information see "Risk Factors". Moreover, the possibility exists that amendments unfavourable to Subscribers may be made to Federal and Provincial tax legislation.

## NAME AND INCORPORATION OF COMPANY

Candol Developments Ltd. (the "Company") was incorporated by Memorandum under the British Columbia Company Act on February 2, 1983. The head office of the Company is situated at Suite 2000, 609 Granville Street, Vancouver, British Columbia, and its registered and records offices are situated at Stock Exchange Tower, 5th Floor, 609 Granville Street, Vancouver, British Columbia. The authorized capital of the Company consists of 10,000,000 common shares without par value.

## DETAILS OF THE OFFERING

There are 1,200,000 Units offered by this prospectus, each Unit consisting of one deposit receipt (the "receipt"), each receipt representing the right to earn one fully paid and non-assessable common share without nominal or par value on a flow-through basis, (the "flow-through share"), one fully paid and non-assessable common share without nominal or par value, the initial registered holder of which that is an individual or a corporation will be entitled to claim a credit against tax otherwise payable for the holder's 1984 taxation year (the "common share"), and one Share Purchase Warrant each two warrants representing the right to purchase one fully paid and non-assessable common share without nominal or par value at a price of \$0.80 (the "warrant").

The right to earn flow-through shares confers the rights under the Income Tax Act to deductions in consideration for Canadian Exploration Expenses ("CEE") undertaken by the Company on behalf of subscribers. The sum of \$0.67 from the proceeds of the issue of a Unit (herein the "eligible proceeds"), shall be allocated to the deposit receipt and the right to earn flow-through shares at the rate of one flow-through share for each \$0.67 of CEE incurred. The Company shall issue deposit receipts acknowledging the right to earn flow-through shares and eventually shall issue common share certificates representing the flow-through shares earned.

Under the Income Tax Act, each subscriber to the Units may also deduct from his 1984 taxable income the portion of the commissions paid by the subscriber plus other costs incurred and attributable to the sale of the Receipts. Units purchased from registered securities dealers and registered salesmen entitle the purchaser to deduct an aggregate of \$0.20 for each Unit purchased under this provision. See "Summary of Tax Consequences" for an Individual on page 30.

Each subscriber to the Units offered by this Prospectus agrees with the Company to incur CEE for the benefit of the Company in carrying out the mineral exploration program set out herein. Each subscriber hereby appoints the Company the agent of the subscriber to carry out, on behalf of the subscriber, the mineral exploration program, described herein so that the subscriber may incur CEE. The Company is also appointed the agent of the subscriber to make payments on behalf

of the subscriber, of amounts due in respect of CEE incurred by the subscriber in consideration of the issuance by the Company of the appropriate number of flow-through shares. Reference is made to the heading "Tax Aspects" on Page 24. The Company shall use its best efforts to ensure that all of the eligible proceeds and interest thereon have been expended on or before December 31, 1984.

To aid in preparing their tax returns, subscribers shall be informed by the Company of the amount of eligible proceeds expended on their behalf no later than the last day of February, 1985 with respect to the amount of eligible proceeds expended up to December 31, 1984.

Common share certificates representing flow-through shares earned shall be mailed to subscribers after the flow-through shares have been earned.

The Company will, upon receipt of funds for the Units, deposit the eligible proceeds in a segregated interest bearing account with a chartered bank. The eligible proceeds shall be kept separate from all other Company funds, shall be expended on CEE, and until expended, shall remain deposited in such account. The interest on these funds shall be earned on behalf of each subscriber and shall be added to, and constitute part of the eligible proceeds, which under no circumstances will be mixed with the Company funds.

An initial registered holder that is an individual or a corporation (other than a broker or dealer) of each \$0.63 Common Share (the "Common Share") of Candol Developments Ltd. will be entitled to claim a credit against tax otherwise payable for the holder's 1984 taxation year provided that the Common Shares are acquired before 1985. For corporations, the tax credit will be \$0.165 per share, equivalent to 50% of the Designated Amount of \$0.33. For individuals, the reduction of tax otherwise payable will vary depending upon the province of residence. Assuming full utilization of the reduction, for an individual resident in British Columbia such tax reduction will be \$0.1687 per share, being 51.11% of the Designated Amount. Reference is made to "Tax Aspects" on page 24.

To aid in preparing their tax returns subscribers will receive a certificate from the Company setting out the amount of Scientific Research Expenditure ("SRE") and the Scientific Research Tax Credit ("SRTC") they may claim for their 1984 taxation year.

The total subscription price will be \$1,800,000 if all the Units are sold and \$900,000 if only the minimum subscription is reached. The Company shall use its best efforts to ensure that all of the Eligible Proceeds (as defined on Page 1) and the Designated Amount from the sale of the Common Shares have been expended on or before December 31, 1984. Any Eligible Proceeds not expended by December 31, 1984 will be



expended in 1985. Funds so expended will be deductible by the investor in arriving at the taxable income for 1985.

In addition to the Flow-Through Shares and Common Shares, each Unit consists of one Share Purchase Warrant. Two Warrants entitle the holder to purchase one Common Share of the Company at \$0.80 for a period of 90 days from the date of the Company obtaining a listing of its common shares on the Exchange but in any event not later than one (1) year from the date of this Prospectus. The Warrants will be issued in bearer form.

The deposit receipts evidencing the right to earn Flow-Through Shares, the certificates representing the Common Shares and the Warrants, all of which constitute the Unit, are severable. The deposit receipts once subscribed for are not transferable. The certificates for Common Shares and Warrants shall be issued on or about the completion of the offering as referred to in "Plan of Distribution" and application shall be made to list the Common Shares and Warrants so issued on the Vancouver Stock Exchange (the "Exchange"). Listing is subject to the Company fulfilling all of the requirements of the Exchange. The requirements of the Exchange shall include distribution of these securities to a minimum number of public shareholders.

#### PLAN OF DISTRIBUTION

The Company, by its Agents hereby offers (the "Offering") to the public 1,200,000 Units (the "Units"). Each unit consists of (a) one deposit receipt, each deposit receipt representing the right to earn one fully paid and non-assessable common share of the Company for CEE incurred by the Company on behalf of the subscribers (b) one fully paid and non-assessable common share, the initial registered holder of which that is an individual or a corporation will be entitled to claim a credit against tax otherwise payable for the holder's 1984 taxation year, and (c) one share purchase warrant (the "warrant"), each two warrants representing the right to purchase one common share of the Company. The Offering will be made within the Offering Period, being a period of ninety (90) days after the issuance of a receipt for this Prospectus (the "Effective Date") by the Superintendent of Brokers of British Columbia ("Superintendent"). The offering price of the Units shall be \$1.50 per Unit.

The Company, by an agreement dated June 1st, 1984, appointed Continental Carlisle Douglas, of 10th Floor, 1055 Dunsmuir Street, Vancouver, British Columbia, as to 900,000 Units and Yorkton Securities Inc., of 8th Floor, 609 Granville Street, Vancouver, British Columbia, as to 300,000 Units, as its agents ("Agents") to offer the Units to the public.

The Agents will receive a commission of \$0.20 per Unit.

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

The obligations of the Agents under the Agency Agreement may be terminated prior to the sale of any of the Units at the Agents' discretion on the basis of their assessment of the state of the financial markets and may also be terminated at any time upon the occurrence of certain stated events.

Those persons holding not less than 5% interest in Continental Carlisle Douglas are Angus I. MacPhail, G. Robert Fay, D. Grant Macdonald, Douglas A. Scammell, Thomas A. Taylor and J. Arthur Charpentier.

Those persons holding not less than 5% interest in Yorkton Securities Inc. are Arthur J. Thomas, Marvin Z. Mandell, Allen Barry Van Stone, Stewart David Vorberg, Donald Risling, Frank Guistra and Lorne J. Levy.

The Company has granted the Agents a right of first refusal to provide future equity financing to the Company for a period of twelve (12) months from the Effective Date.

There are no payments in cash, securities or other consideration being made, or to be made, to a promoter, finder or any other person or company in connection with the Offering.

The Directors, Officers and other Insiders of the Company may purchase Units from this Offering.

Two warrants shall entitle the holder thereof to purchase one (1) common share of the Company at a price of \$0.80 if exercised on or before 90 days from the date of the Company obtaining a listing of its common shares on the Exchange, but in any event not later than one (1) year from the date of this Prospectus.

### ISSUANCE OF SECURITIES

The Company has only one kind and class of share and each share ranks equally as to dividends, voting rights, participation in assets and in all other respects. The shares presently issued are not subject to any calls or assessments and the shares offered under this Prospectus will not be subject to any calls or assessments.

### USE OF PROCEEDS

The eligible proceeds, including the interest thereon, will be deposited in a segregated account on behalf of the subscribers and will be applied against those costs which constitute CEE incurred by the

Company on behalf of the receipt holders in the exploration program set out below.

The proceeds from the sale of the common shares and warrants will be used by the Company to finance the investigation of industrial fillers, soda ash, magnesium and calcining processes constituting SRE, to finance the balance of the exploration program, to pay a portion of the expenses of the issue and the general expenses incurred by the Company.

The gross proceeds to be derived by the Company from the sale of the Units will be as follows:

	<u>Maximum Subscription 1,200,000 Units</u>	<u>Minimum Subscription 600,000 Units</u>
(a) Eligible proceeds from sale of Deposit Receipts	\$ 804,000	\$ 402,000
(b) Designated Amount from sale of common shares	396,000	198,000
(c) Tax-Deductible proceeds from sale of Deposit Receipts	240,000	120,000
(d) Non-Designated Amount from sale of common shares and warrants	<u>360,000</u>	<u>180,000</u>
GROSS PROCEEDS OF OFFERING	\$1,800,000 =====	\$ 900,000 =====

These proceeds will be reduced by the 13.3% commission payable to the Agent.

The net proceeds will be spent as set out below, and in order of priority as follows:

- (a) Provision for Vancouver Stock Exchange Development Board listing fee \$ 2,200
- (b) To pay expenses of this issue constituting a deductible expense to the investor, including legal, audit, printing, etc. \$ 50,000
- (c) Industrial Mineral Exploration and Development Program constituting CEE, as recommended in the Wright Engineers Limited report dated September 26, 1983 and the Amendment dated February 10, 1984, consisting of:

	<u>Maximum Subscription</u>	<u>Minimum Subscription</u>
(i) Diamond Drilling and Assaying	\$ 92,700	\$ 50,000
(ii) Camp Facilities	50,000	25,000
(iii) Trenching and Bulk Sampling	15,000	10,000
(iv) Geological Field Supervision	10,000	5,000
(v) Product Acceptability Determination	65,000	25,000
(vi) Materials Testing	25,000	10,000
(vii) Metallurgical Tests	50,000	25,000
(viii) Preliminary Feasibility Studies	75,000	35,000
(ix) Contingencies	<u>41,800</u>	<u>\$ 18,500</u>
	\$424,500	\$203,500

(d) 1984 Scientific Research Expenditure ("SRE") Estimate  
 The SRE constitutes a deductible expense. The program has been developed by John S. Burns, Chairman of the Board, who has several years related experience in this area.

	<u>Maximum Subscription</u>	<u>Minimum Subscription</u>
(i) Examination of possible industrial filler production	\$ 71,000	\$ 68,000
(ii) Examination of calcining potential from material available	50,000	40,000
(iii) Examination of environmental impact with relationship to products produced	10,000	10,000
(iv) Study of possible new technology related to Solvay process for soda ash production	10,000	10,000

(v)	Examination of potential new technology for production of magnesia and periclase from sea water	10,000	10,000
(vi)	Examination of usage of alternate energy sources for production of calcined products	20,000	10,000
(vii)	Investigate new technology with respect to magnesium metal production	10,000	--
(viii)	Study possible CO2 production for enhanced oil recovery and other industrial applications	15,000	--
(ix)	Initiate program to study use of dolomite for SO2 reduction from industrial emissions	20,000	--
(x)	Test equipment for analysis and pilot plant samples	<u>180,000</u>	<u>50,000</u>
		\$396,000	\$198,000
(e)	Phase I. of Metallic Mineral Exploration Program constituting CEE as recommended in the Weymark Engineering Ltd. report dated April 6, 1983, and the amendments dated February 14, 1984 and April 9, 1984, consisting of:		
(i)	BQ-NQ Sized Diamond Drilling	\$150,000	\$ 75,000
(ii)	Bulldozer Trenching	10,000	7,000
(iii)	Rock Trenching	10,000	7,000
(iv)	Geological Mapping	15,000	10,500
(v)	Geophysical Surveys, Magnetometre	5,000	5,000
(vi)	Assays and Tests	10,000	5,000
(vii)	Ground Linear Surveys	3,000	3,000

(viii)	Engineering and Tests	17,000	12,000
(ix)	Contingencies and Camp Establishment	<u>10,000</u>	<u>7,000</u>
		\$230,000	\$131,500

(f) Reserve for Phase 2 of Metallic Mineral Exploration Program constituting CEE, if warranted, as recommended in the Weymark Engineering Ltd. report dated April 6, 1983, and the amendments dated February 14, 1984 and April 9, 1984, consisting of:

(i)	Diamond Drilling	\$110,000	*
(ii)	Geological Studies	15,000	*
(iii)	Bulk Sampling	15,000	*
(iv)	Engineering and Tests	20,000	*
(v)	Contingencies and Camp Establishment	<u>5,000</u>	*
		\$165,000	

\*If only the minimum subscription of 600,000 Units is sold the Company will not proceed with Phase 2 of the Metallic Mineral Exploration Program until further funds are raised.

(g)	Estimated Project Management, Office and Administrative Expenses constituting CEE for One Year	\$ 70,000	\$ 55,000
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(h)	Fuel, Miscellaneous Supplies, Equipment, Travel and Accommodation, Consultant Fees constituting CEE	35,000	30,000
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(i)	Provision for Working Capital and General Corporate Purposes	<u>187,300</u>	<u>109,800</u>
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NET PROCEEDS	\$1,560,000	\$780,000
	=====	=====

In the opinion of Chambers, Phillips & Co., Chartered Accountants, items represented as constituting a deductible expense or constituting

CEE meet the criteria stipulated in the Income Tax Act (Canada). See "TAX ASPECTS" on page 24.

Additional work and expenditures will be required if the program recommended above is successful in delineating mineral bodies of economic interest. It is anticipated that should the warrants be exercised, the funds would be used for these purposes.

The Company may, pursuant to the recommendations of a qualified engineer, abandon, in whole or in part, any of its properties or may alter, as work progresses, the work program recommended or may make arrangements for the performance of all or any portion of such work by other persons or companies and may use any money so diverted for the purpose of conducting work or examining other properties acquired by the Company after the date of this Prospectus, although the Company 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 the completion of the primary distribution, shareholders will be notified.

#### MINIMUM SUBSCRIPTION

Until 600,000 Units of the 1,200,000 Units offered by this Prospectus are sold, all subscription money will be deposited with and held in trust by The Canada Trust Company, the Company's Registrar and Transfer Agent. If 600,000 Units are not sold within one hundred eighty (180) business days from the date of acceptance by the Superintendent of Brokers of this Prospectus, then all subscriptions for Units held by The Canada Trust Company shall be returned to the subscribers in full. The subscription proceeds received from the sale of Units sold pursuant to this Prospectus in British Columbia, or in any other jurisdiction in which the shares have been qualified for sale, will be held by The Canada Trust Company, the Trustee, until the minimum subscription of 600,000 Units has been received.

No part of the proceeds will be used to invest, underwrite or trade in securities other than those that qualify as investments in which trust funds may be invested under the laws of the jurisdiction in which securities offered by this Prospectus may be lawfully sold. Should the Company propose to use the proceeds to acquire non-trustee type securities after initial distribution of the securities offered by this Prospectus, approval of the shareholders must first be obtained, and prior disclosure must be made to the securities regulatory bodies having jurisdiction over the sale of the securities.



**SHARE AND LOAN CAPITAL STRUCTURE**

Designation Security	Amount Author- ized	Amount Out- standing as of Feb. 29, 1984	Amount Out- standing as of May 13, 1984	Amount Out- standing on completion of full Offering
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**Share Capital**

Common Shares	10,000,000	1,892,394	1,892,394	3,092,394*
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\*After conversion of the deposit receipts a further 1,200,000 shares will be issued and outstanding. This will raise the total outstanding shares to 4,292,394.

**PARTICULARS OF SHARES SOLD FOR CASH AND FOR EQUIPMENT (Prior Sales)**

No. of Shares	Date Sold	Price	Commission	Consideration Received
2	Feb. 2, 1984	\$1.00	nil	\$ 2
306,830	April to June 1983	\$0.15	nil	\$ 46,025
120,000	Jan. 1984	\$0.25	nil	30,000
327,212	May to Oct. 1983	\$0.35	nil	114,525
<u>388,350</u>	Mar. 1983	\$1.00*	nil	<u>Equipment &amp; Assets *</u>
1,142,394				\$ 190,552

\*388,350 shares at an agreed price of \$1.00 were issued in exchange for equipment and assets independently appraised at \$388,350. See "Interest of Management and Others in Material Transactions" on page 21.

**DESCRIPTION OF BUSINESS AND PROPERTY OF THE COMPANY**

The principal business of the Company is the acquisition, exploration and development of mineral properties of merit and in particular the mineral property described below.

**Sechelt Claim Group  
Vancouver Mining Division  
British Columbia**

**A. Location and Access**

The mineral claims and land leases (herein "Property") of the Company are located in southwestern British Columbia on the Sechelt Peninsula about 67 kilometres (42 miles) northwest of Vancouver. The Property consists of 63 mineral claim units as follows:

<u>Mineral Claim</u>	<u>Units</u>	<u>Record Number</u>	<u>Expiry Date</u>
Plain	18	92	May 31, 1989
Till	20	1140	January 12, 1988
Zinc	9	1226	August 3, 1984
Base	12	1225	August 3, 1984
Adit 1	1	1177	April 15, 1985
Adit 2	1	1178	April 15, 1985
Adit 3	1	1179	April 15, 1985
Adit 4	1	1180	April 15, 1985

In addition to the mineral claims comprising the Property, the Company has applied for leases in the Land Recording District of New Westminster with the Ministry of Lands, Parks and Housing of British Columbia for the express purpose of dolomite and limestone quarrying and for the establishment of dock facilities for barge shipments of dolomite and limestone.

The Property is currently in good standing. Present access to the Property is 10 kilometres from Halfmoon Bay on paved road and on gravel logging road. Halfmoon Bay can be reached by 35 kilometre paved highway from Langdale which is served by ferry from Horseshoe Bay near West Vancouver. An access road connecting the Property with the barge loading facility on the Sechelt Inlet is 70% completed. Both the road and barge loading facility were 70% completed when the Company acquired the Property. Work on the access road and barge loading facility is not proceeding at this time. The Company will complete the road and barge loading facility when and if their use is required.

The Property is about 750 to 1000 metres above sea level on a gently rolling plateau of the Caren Range hills which, despite the moderate climate of the coastal region, remain covered with snow in the short winter season. The year round mean temperature is about 10 degrees Centigrade. Precipitation is also moderate, ranging from 750 mm to 1000 mm. Exploration work may be carried out throughout the year except in fire peril and heavy snowfall periods.

The relief of the claims is moderately rugged with northern trending ridges and draws. There are several small swampy mountain lakes in the

area draining into each other and into the Sechelt Inlet by creeks. The most voluminous waterflow is in the Carlson Creek, crossing nearly the entire Property and providing more than sufficient water for potential diamond drilling operations. Most of the area has been cleared by logging and some areas are covered by young coniferous trees of second and third growth.

There is an abundance of resources available in the area for the carrying out of mining exploration and development. The infrastructure is well developed to assist any future quarry operation. A high voltage transmission line crosses the Property. Timber and water are available for construction on the site. Labour, materials, equipment, transport, communications are all available at Halfmoon Bay or in Vancouver. Adequate accommodation is available in the area which may obviate the need for establishment of camp facilities on site.

## B. Geology

The basic formations on the Property are coast intrusions of grano-diorite, quartz-diorite and some remnants of metal-sediments and metavolcanics, locally designated as the Jervis Group of the Triassic Period. The strike of the bedding is to the northwest and dips are Easterly. The dominant structural feature is the apparent fault zone to which the Carlson Creek-Lake water system relates.

### (i) Industrial Mineral Geology

On the surface of the Property, widths of limestone and dolomite of 150 metres or more are exposed, with the member strata extending for several miles towards the North. Outcrops are pronounced along ledges, and on steep slopes, as the dolomite strata is more erosion resistant. Generally, the overburden is shallow, excepting the low elevations where peat and clay deposits are imbedded.

As no systematic diamond drilling has been carried out to date, there are no "measured" geological reserves from the purely technical point of view. The "indicated" and "inferred" reserves, as set out in the Wright Engineers Limited Report, projecting the outcrops to a minimum depth of 50 metres and to a more likely or probable depth of 300 metres respectively on the basis of strata sequence and dip angles observed on the surface, are as follows:

### Geological Reserves (tonnes)

<u>Mineral</u>	<u>Indicated</u>	<u>Inferred</u>	<u>Total</u>
Dolomite	17,500,000	100,000,000	117,500,000
Limestone	7,500,000	20,000,000	27,500,000
Peat	5,000	15,000	20,000

The assays of composite chip samples taken from outcrops indicated better than "high purity" dolomite quality. Wright Engineers Limited collected a group of five new composite chip samples in the field recently at various locations. The assay results are as follows:

Mineral	S A M P L E S					Average	"High Purity" Limit	Theoretical Max. Purity
	A	B	C	D	E			
MgO	21.40	19.90	17.10	18.20	21.80	19.68	20.70	21.80
CaO	31.60	31.00	30.20	34.20	31.80	31.76	29.80	32.60
SiO <sub>2</sub>	0.40	1.03	0.70	0.89	0.98	0.80	1.30	--
Fe <sub>2</sub> O <sub>3</sub>	0.42	0.43	0.36	0.42	0.37	0.40	0.70	--
Al <sub>2</sub> O <sub>3</sub>	0.57	0.59	0.89	0.76	0.78	0.72	2.00	--
Na <sub>2</sub> O	0.02	0.02	0.02	0.02	0.02	0.02	0.05	--
K <sub>2</sub> O	0.01	0.01	0.05	0.02	0.01	0.02	0.05	--
Others	0.64	0.83	0.66	0.84	0.84	0.76	0.90	--
L.O.I.	44.94	46.12	50.02	44.65	43.40	45.84	44.50	45.60

100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
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Purity of  
CaMg(CO<sub>3</sub>)<sub>2</sub>

97.94	97.09	97.32	97.05	97.00	97.28	95.00	100.00
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Wright Engineers Limited have stated that based on these samples, to the best of their knowledge, there are no known dolomite deposits of equal quality in the Western United States or Western Canada and that the absence of Boron as well as the low combined Silica and Iron content make this dolomite particularly suitable for caustic calcined magnesia (periclase) and magnesium metal production. They feel that there is no need for a concentration process due to the purity of the raw dolomite.

If the dolomite was recovered from a prospective quarry, limestone would also have to be removed. The limestone necessarily removed with the dolomite as raw by-product could be used to produce quicklime, hydrated lime, calcium carbide, white Portland cement or other special products.

Depending on market demands and on the availability of capital, the dolomite and limestone resources of the Property could be developed to produce various products and by-products.

- (a) The initial development would start with a single stage crushing and screening of the dolomite to produce construction aggregates for the local market. With the

addition of grinding and packaging facilities, the dolomite could yield fillers and fertilizers for the regional markets.

- (b) Further potential uses include products for national and international markets, such as deadburned dolomite for refractory brick manufacturing. Also available will be calcined dolomite and caustic calcined magnesia (periclase) for the refractory industry, yielding quicklime, hydrated lime and magnesia. Also by-products of value can be collected for use by the pulp, paper and other industries.
- (c) At the final stage magnesium metal could be produced, using either one of the ferrosilicon processes (Pidgeon process, Magnetherm process, etc.) or one of the magnesium chloride processes (Kaiser, Dow, etc.). Wright Engineers have stated that considering the availability of sea water and the relatively low cost of electrical energy in British Columbia, it is likely that a modified magnesium chloride process would enable the production of magnesium metal at a cost near to that of aluminum.

It is envisaged that primary crushing and screening would be carried out at the future quarry site. The crushed material would then be trucked to the barge loading facility for shipment to customers or distributors, or to a plant site for secondary crushing and further treatment.

There is no assurance that proven reserves of dolomite will be found in sufficient quantities to establish a viable operation. Also, the preceding discussion on the markets and uses of dolomite is hypothetical, since the issuer has not yet undertaken any independent market feasibility studies for the product. Also, there is no assurance that markets will be found such that the potential recovery of any dolomite from the Company's property will result in profitable operations.

No systematic drilling program has ever been conducted. A network of roads were built upon the Property by the previous owners. A barge loading facility and connecting access road were also 70% completed by the previous owner. A permanent storage shelter and some additional roads have been built on the Property by the Company, at a cost of approximately \$45,000 and \$55,000 respectively. The Company has also purchased a portable sawmill for \$15,500. The Company has also expended approximately \$75,000 on clearing, site preparation, drainage, line cutting, survey lines, slashing, consulting, equipment mobilization and supplies. There is currently approximately \$388,350 worth of equipment and assets on the Property including a tractor, loader, crane and mobile drill. See "Interest of Management and Others in Material Transactions" on page 21. There has been no underground

exploration and development and there is no underground plant and equipment on the Property.

(ii) Metallic Mineral Geology

Several silver-copper-lead-zinc and other metallic bearing mineral zones have been located on the Property. In one area of the Property, the magnetic survey indicated a high anomaly. Outcrops in that area show sulfide mineralizations which may reach commercial grade in a potential exploration program.

The most significant belt of mineral zones is located in the central area of the Property. Possible extensions to the north and south will be determined by geophysical-geochemical testing and drilling. The overall length is some 2000 feet and 1000 feet in width. Mineralization appears to be related to metasomatic processes, resulting in alteration zones near the contact between meta-sediments - volcanics and the intrusives.

Because of the favourable assays indicated for silver, lead, copper and other metallics, extension of the existing zonal dimensions by surface and subsurface methods is necessary to determine values.

C. Contracts

By Agreement dated March 1st, 1983 and amended May 11th, 1984 the Company purchased the Property (with the exception of the Zinc and Base claims) from Rudolph Riepe and Constance Riepe of RR#1, Heather Road, Sechelt, B. C. who have owned the Property for more than three years. See "Interest of Management and Others in Material Transactions" on page 21. Rudolph Riepe is an Officer and Director of the Company. The Agreement provides that the Company shall pay to Stoney Plain Industries Ltd., a company controlled by Rudolph Riepe, a royalty of \$0.40 for each cubic yard of peat sold and for each ton of mineral and material mined and sold. The \$0.40 royalty is to be adjusted based upon variations in the consumer price index. The Company has also agreed to issue to Rudolph Riepe 750,000 escrow shares in the capital of the Company, to be allocated as follows:

- (a) Rudolph Riepe - 400,000;
- (b) Alexander Gordon May - 150,000;
- (c) Kenneth MacLeod - 40,000;
- (d) John Stuart Burns - 40,000;
- (e) Murray Zimmerman - 40,000;
- (f) Eric Thomas Cardey - 40,000;
- (g) Ian Robertson - 40,000.

All of the above are Officers and/or Directors of the Company. The Company is also required in addition to the above-mentioned terms to

assume all future obligations in regard to the development of the Property. The Company acquired the Zinc and Base claims by staking.

D. Conclusion

(i) Industrial Minerals

Wright Engineers Limited in their report dated September 26, 1983 have stated that with regard to the large number of outcroppings examined on the site of the Company's Property, their clearly visible lateral extent and their probable projection in depth, with further regard to the assay results indicating a uniformly "high purity" of dolomite reserves, it is their opinion that a systematic geological exploration is warranted to assess the technical and economic possibilities of bringing the Property into commercial operation.

It is Wright Engineers Limited's opinion that a diamond drilling program should be carried out to bring some of the probable and possible geological reserves into the proven category, and to test depth of weathering, the stratigraphy, grade consistency and various rock characteristics. Concurrently with the exploration program, bulk sampling and testing should be carried out to determine crushing and grinding parameters, drilling and blasting requirements and suitability for various end uses in accordance with U.S. and Canadian standards of testing of materials. They feel a product acceptability study should be carried out at the same time, extending to local, regional, national and international markets to establish current actual and projected chemical and physical demands for the potential products and byproducts discussed in the foregoing.

Part of the proceeds of this issue of securities will be expended to pay the estimated costs of the recommendations of Wright Engineers Limited in their report dated September 26, 1983, and Addendum of February 10, 1984. The total costs of this program are estimated to be a maximum of \$424,500 and a minimum of \$203,500.

(ii) Metallic Minerals

In the opinion of Weymark Engineering Ltd. in their report dated April 6th, 1983, on the basis of available lithological-structural and mineralogical features relating to the underlying rock formations of the Property, they are of the opinion that further testing is warranted in order to assess the commercial significance of the metallic mineral zones of this Property. It is recommended by them that a work program be carried out in two phases to further test the silver-copper-lead-zinc and other related mineral potentialities of the Property.

Part of the proceeds of this issue of securities will be expended to pay the estimated costs of the Phase I recommendations of Weymark Engineering Ltd. in their report dated April 6th, 1983, and amendments



dated February 14, 1984 and April 9, 1984. The total costs of this program are estimated to be a maximum of \$230,000 and a minimum of \$131,500 and will consist of diamond drilling, trenching, geological mapping, geophysical magnetometre, and ground linear surveys.

Should the proceeds of the issue be sufficient a portion will be utilized for further diamond drilling and geological studies of the property to fill in any gaps to pre-feasibility studies. However, decisions respecting this program will be dictated by the results obtained from Phase I of the program. Weymark Engineering Ltd. in their report dated April 6th, 1983, and amendments dated February 14, 1984 and April 9, 1984, estimate the Phase 2 costs to the Company of further diamond drilling, geological studies, bulk sampling and engineering tests will be \$165,000.

Reference should be made to Wright Engineers Limited's report dated September 26th, 1983 and Addendum dated February 10, 1984 and to Weymark Engineering Ltd.'s report dated April 6th, 1983, and amendments dated February 14, 1984 and April 9, 1984, attached hereto for further particulars.

#### MANAGEMENT OF THE COMPANY

The names, municipalities of residence, offices and principal occupations of the directors and officers of the Company are as follows:

#### DIRECTORS AND OFFICERS

<u>Name and Address</u>	<u>Position with Company</u>	<u>Principal Occupation for the Past Five Years</u>
John Stuart Burns, BSc 200 Lions Bay Avenue Lions Bay, B.C.	Chairman of the Board of Directors & Director	From 1970-1982 Manager of the Research & Development Conservation Division of the Genstar Corporation; 1982 to date President Associated R&D Marketing Inc.
Eric Thomas Cardey, P.Eng, Chem.E. 6480 Whiteoak Drive Richmond, B.C.	President and Director	From 1976-1983 Vice President Technical Services Genstar Cement

Ian Bruce Robertson M.B.A. (Harv.) 1665 Ottawa Avenue West Vancouver, B.C.	Director	From 1968-1978 Administrator, Canadian International Development Agency (CIDA) 1978-1981 Marketing Manager Crippen Consultants; 1981 - to date, Director, Magee Robertson Inc.
Alexander Gordon May, B.Comm., C.A. 210-20454 53rd Ave. Langley, B. C.	Sec/Treasurer & Director	From 1978 to date Chartered Accountant and Licensed Trustee, Deloitte, Haskins & Sells; Trustee of Gemstones & Precious Metals Mutual Fund; Director of Amberquest Resources Ltd.
Steven Sanders, J.D. 681 Fifth Avenue New York, New York	Director	1972 to date Solicitor and Partner Sanders, Sierchio & Schiff
Rudolph Cornelius Riepe RR #1, Heather Road Sechelt, B. C.	Vice President Operations & Director	Mining Contractor; 1970-date President Squamish Steel Fabricators Ltd.; 1966-date President Stoney Plain Industries Ltd.
Kenneth MacLeod, 306 - 1450 Pennyfarthing Vancouver, B. C.	Director	Engineering Consultant; 1982-1984 Director Waybo Resources Inc.; 1983-1984 Vice President Monte Christo Resources Ltd.; 1984-date President, British Pacific Resources Inc.
Murray Zimmerman B.A. 8871 Sierpina Drive Richmond, B.C.	Vice President Administration	1980 to date President Somerset Financial Services Services Ltd.; Trustee Gemstones & Precious Metals Mutual Fund

### PROMOTERS

Rudolph Riepe of RR #1, Sechelt, B. C. is the promoter as defined in the Securities Act of British Columbia in that he took the initiative in the organization of the Company.

Rudolph Riepe of RR #1, Sechelt, B.C. received 400,000 escrow shares in

the capital of the Company in consideration of assigning his interest in and to the Sechelt Property to the Company and, accordingly, is the promoter of the Company. Such shares represent a greater than 10% interest in the issued capital of the Company. These shares are held in escrow by The Canada Trust Company, see "Escrowed Shares" on pages 19 & 20. Rudolph Riepe also received 388,350 shares in the capital of the Company in consideration of assigning \$388,350 worth of equipment and assets to the Company by agreements dated March 1 1983 and May 11, 1984.

The Agreements dated March 1, 1983 and May 11, 1984, between Riepe, Stoney Plain Industries Ltd. and the Company provide that Stoney Plain Industries Ltd., a Company wholly owned by Riepe shall act as general contractor and have the right to conduct and co-ordinate all operations on the Property. To date Stoney Plain Industries Ltd. has received \$151,266 for services rendered. See "Interest of Management and Others in Material Transactions" on page 21.

#### PENDING LEGAL PROCEEDINGS

The Company is not a party to any legal proceedings nor are any proceedings contemplated.

#### REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

No remuneration is paid to the Directors and senior officers of the Company as Directors and senior officers, with the exception of \$1,500 per month paid to Murray Zimmerman, the Vice President Administration of the Company, for management services. This sum is paid pursuant to a Management Contract dated March 1, 1983. To May 13th, 1984 the sum of \$10,000 has been paid.

#### ESCROWED SHARES

As at the date of this Prospectus 750,000 shares are held in escrow by The Canada Trust Company, 1055 Dunsmuir Street, Vancouver, B. C., subject to the direction or determination of the Superintendent of Brokers or the Vancouver Stock Exchange (hereinafter referred to as the "Regulatory Authorities"). The escrow restrictions provide that the shares may not be traded in, dealt with in any manner whatsoever or released, nor may the Company, its transfer agent or escrowholder make any transfer or record any trading of shares without the consent of the Regulatory Authorities.

In the event the Company loses, abandons, or fails to obtain title to all or part of the property or assets for which it allotted all or part of the escrowed shares, the Company 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 Company have agreed

that such number of such shares as the Regulatory Authorities determine shall have become subject to cancellation, shall be transferred to the Company by way of gift for cancellation. Further, the Escrow Agreement acknowledges that a portion of the consideration for the issuance of the escrow shares is to encourage the escrow shareholders to act in the best interest of the Company and, if the Company becomes successful due in part to the efforts of the shareholders, or any one of them, and in such case, and notwithstanding that the property has been lost or alienated, the shareholders shall be entitled to maintain their ownership of the escrow shares and to a release of the shares from the terms of this Agreement, from time to time, in accordance with the general policies of the Regulatory Authorities.

The complete text of the escrow agreement is available for inspection at the registered office of the Company, 5th Floor, Stock Exchange Tower, 609 Granville Street, Vancouver, B. C.

<u>Designation of Class</u>	<u>No. of Shares Held in Escrow</u>	<u>Percentage of Class</u>
Common Shares	750,000	39.63%

#### POOLED SHARES

There are 754,042 pooled shares held by the Canada Trust Company. The terms of the pooling agreements provide that 25% of the shares held will be released from pool on the first day the shares of the Company commence trading on the Vancouver Stock Exchange (the "Approval Date"), and thereafter, 25% of the pooled shares will be released every three months from the Approval Date, the balance to be released nine months from the Approval Date.

#### PRINCIPAL HOLDERS OF SECURITIES

A. As at May 13, 1984 the following are particulars of the holder of 10% or more of the shares of the Company.

<u>Name and Address</u>	<u>Designation of Class</u>	<u>Type of Ownership</u>	<u>No. Of Shares</u>	<u>Percentage Of Shares</u>
Rudolph Riepe RR#1, Heather Road Sechelt, B. C.	Common	Direct	788,350	41.66%

B. The Promoters, Directors, Officers and Controlling Persons as a group own directly or indirectly 1,211,683 shares of the Company

representing 64.03% of the issued shares. On completion of the sale of Units offered by this Prospectus, the Promoters, Directors, Officers and Controlling Persons will hold 28.23%\* of the issued shares of the Company. Securities being offered by this Prospectus, therefore, represent 38.80% of the shares to be issued on completion of this offering.

\*This percentage assumes that such persons will not purchase any of the Units offered hereby, although they are entitled to do so, and does not make provision for the exercise of the Warrants, but includes the conversion of the deposit receipts.

### INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The Directors of the Company have received the shares and remuneration described under the heading "Description of Business and Property of the Company".

Some of the Officers and Directors of the Company are in the mining business, either individually or through corporations in which they have a majority interest, hold an office, or serve on Board of Directors. See heading "Description of Business and Property of the Company".

Officers and Directors of the Company may be presented, from time to time with situations or opportunities which give rise to apparent conflicts of interest which cannot be resolved by arms length negotiations but only through exercise by the Officers and Directors of such judgment as is consistent with their fiduciary duties to the Company which arise under British Columbia statutory laws and general corporate law. All Officers and Directors are aware of their fiduciary responsibilities acquired in their capacities as Officers and Directors of the Company. Any transactions with Officers or Directors will only be on terms consistent with industry standards, and sound business practice in accordance with the fiduciary duties of those persons to the Company. Depending upon the magnitude of the transactions and the absence of any disinterested board members, the transactions may be submitted to the shareholders for their approval.

The Company's Articles include a provision that no contract or other transaction of the Company with any other persons, firms, corporations, or in which the Company is interested, shall be affected or invalidated by the fact that any one or more of the Directors or Officers of the Company is interested in or is a Director or Officer of such other firm or corporation; or by the fact that any other Director or Officer of the Company, individually or jointly with others, may be a party to or may be interested in any such contract or transactions. The provision

relieves every person who may become a Director or Officer of the Company from any liability that might otherwise arise by reason of his contracting with the Company for the benefit of himself or any firm or corporation in which he may in any way be interested. The provision prevents automatic invalidation of such contracts, but it does not prevent such contracts from being invalidated if entered into or preceded by a breach of their fiduciary duties to the Company by Officers and Directors, nor does it relieve an Officer or Director from liability for breach of his fiduciary duty. Such liability may be enforced by the Company or by a shareholder on behalf of the Company in accordance with British Columbia law.

Pursuant to an Agreement between Rudy Riepe, Stoney Plain Industries Ltd. and the Company dated March 1, 1983, the Company purchased numerous items of equipment to be utilized in the operations on the property. The agreement provided that the Company obtained title to the equipment free of all liens, charges or encumbrances. The equipment was purchased in exchange for 388,350 shares at an agreed price of \$1.00 per share. The items include:

<u>No.</u>	<u>Year</u>	<u>Make</u>	<u>Description</u>	<u>Appraised Market Value</u>
1	1966	CATERPILLAR	D6B Crawler Tractor	\$35,000
1	1971	CATERPILLAR	D4D Crawler Tractor	35,000
1	1975	TIMBERTOTER	300W Log Skidder	22,000
1	1972	CHAPMAN	1600 Self-propelled Drillmobile	36,000
1	1967	WAGNER	ST-2A Front Loader Scoopmobile	25,000
1	1969	MICHIGAN	175-13AHG Front Loader Wheeled	13,000
1	1967	TEREX	8230 Crawler Tractor	20,000
1	1952	LIMA	608 100 ton Crane	35,000
1	1966	MACK	DM-600 Dumptruck	8,000
1	1975	DODGE	3/4 ton Clubcab Pickup	1,500
1	1973	FORD	F-100 1/2 ton Pickup	1,200
1		TRAVELER	7'x15' Camper Trailer	2,500
1		NORMANDEE	7'x15' Camper Trailer	2,000
1		ATCO	8'x10' Shop Trailer (on wheels)	2,000
1			6'x10'x6'6" Powder House (1/4" steelplate construction)	7,000
1			Type 6, 14 Cap Magazine Storage Bin (1/4" steelplate construction)	1,000
1			Fabricated Steel entrance gate (new)	2,000
1	1974	SANGSTAR	18' Fiberglass boat with MERC engine	6,000

1	HAZEMAG	FAP 4-16620/67 Rotary Impact Rock Breaker	40,000
1		Lot of Spare Equipment:	22,500
	(a)	1 - D6 CAT, 6 cylinder, diesel engine	
	(b)	1 - 453 diesel block for Timbertoter	
	(c)	1 - 600 SCFM Atlas Copco air compressor (without drive)	
	(d)	1 - lot of spare parts and inventory	
1	KATO	12.5 kw, 15.6 kva AC Generator (with diesel engine)	5,000
1	MILLER	D-4, 400 Amp DC Arc Welder	6,500
1	MOBILE DIMENSION	127 Saw (with engine and toothgrinder)	14,000
2		18'x6' diameter 1/4" steel plate culvert pipes	1,500
1		15'x15' fabricated steel Rocksreen grizzly	12,000
1		Lot of Miscellaneous Equipment:	8,400
	(a)	3 ECO 500 chainsaws	
	(b)	2 HUSKY 285 chainsaws	
	(c)	1 HUSKY 2100 chainsaws	
	(d)	1 HONDA WA15 fire pump and hoses	
	(e)	1 BROOMSTICK auger	
	(f)	1 lot of tools	
1	LEROY	Self-Propelled Drillmobile	15,000
1	MILLER	CP350 Amp Aluminum Welder	6,000
1		Lot of Miscellenous Equipment:	3,250
	(a)	1 WILLIAMS 14'x16' Hammermill pulverizer	
	(b)	1 LINCOLN 250 Idealarc Welder	
	(c)	1 KELCO Sandblasting pot with hose	
Total			<u>\$388,350</u> =====

The values are the appraised market value (on a going concern basis) of the assets as of July 13 and 18, 1983, the dates of inspection. The appraisal was prepared by R.C.M. Mutsaerts, in conformity with the Rules of Professional Ethics of the American Society of Appraisers and its Canadian Charter. R.C.M. Mutsaerts is a Mechanical Engineer (B.S.Sc.) and a Professional Appraiser, a senior appraiser of the American Society of Appraisers and an Accredited Appraiser of the Canadian Institute. R.C.M. Mutsaerts has been active in the appraisal field for 15 years.



Pursuant to an Agreement dated March 1, 1983, between the Company and Stoney Plain Industries Ltd. (the "Consultant"), the Company contracted with the Consultant as general contractor to conduct and co-ordinate all operations on the Property.

### PRELIMINARY EXPENSES

As set out in the financial statements attached hereto, the following preliminary expenses were incurred by the Company:

Development Expenses:	
- Clearing & Site Preparation	
- Consulting & Engineering	
- Drainage	
- Equipment Mobilization	
- Line Cutting	
- Operating Supplies	
- Survey Lines and Slashing	\$ 49,448
Administrative Expenses	
- Legal, Audit, Management, Rent & Miscellaneous	<u>37,174</u>
Total	\$ 86,622 =====

### DIVIDENDS

No dividends have been paid or declared by the Company. Only the Board of Directors of the Company may declare dividends and any such decision shall be based on an evaluation of the Company's financial situation.

### TAX ASPECTS

Units offered hereby are generally more suitable for persons who have a high taxable income. Regardless of any tax benefits, a decision to subscribe for these Units should be based primarily on an appraisal of the merits of the investment and on the investor's ability to bear a possible loss.

The income tax consequences of an investment in the Units vary according to the circumstances of each investor, including the province in which he carries on business or has a permanent establishment and the manner in which the eligible proceeds and designated amount are expended. Provisions of the income tax legislation of certain provinces may differ from those contained in the Income Tax Act (Canada), (the "Act"). It is impractical to comment on all aspects of the federal and provincial income tax consequences of an investment in

the flow-through shares, common shares and scientific research tax credit ("SRTC").

Except as otherwise noted, the following summary is limited to the tax consequences under federal law and is based upon the provisions of the Act, as amended by Bill C-2, the regulations and draft regulations thereunder and the prevailing views as to the current administrative practices of the tax authorities as they relate to the taxation of the flow-through shares, common shares and SRTC.

The description in this prospectus of the tax credits relating to the Common Shares is based upon the Act as amended by Bill C-2, upon existing provincial income tax legislation (other than legislation of the Province of Quebec) and upon the present regulations to the Act. There is no assurance that the present regulations or provincial income tax legislation will not be amended. Reference is made to "Risk Factors".

Accordingly, each prospective investor should satisfy himself as to the tax consequences of this investment in the flow-through shares and common shares by seeking independent advice from his own professional advisors knowledgeable about the federal and provincial income tax implications of this investment.

An advance income tax ruling has been received from Revenue Canada, Taxation with respect to certain of the federal income tax consequences to Canadian residents investing in the Units offered by this Prospectus.

In the opinion of Chambers, Phillips & Co., Chartered Accountants, the following summary is a fair and adequate explanation of the relevant aspects of the Act, the Regulations thereunder, (the "Regulations"), the advance income tax ruling received, and the prevailing views as to the administrative practices of Revenue Canada, Taxation as they relate to an investment in the Units.

## TAXATION OF RECEIPT HOLDERS

### (i) Highlights

The following comments must be read in conjunction with the detailed summary of tax aspects which follows. In brief, a person who subscribes for a Unit or Units (a "Receipt Holder" for the purposes of the "Tax Aspects" only) may deduct in computing his income for a taxation year:

1. 100% of CEE incurred by him;
2. a mining exploration depletion of 33 1/3% of eligible mineral exploration expenses limited to 25% of his income from all sources after a reduction for other categories of depletion

deductions. This mining exploration depletion is available to individual and corporate investors.

3. deductions for expenses incurred with regard to the issue of the deposit receipts.

(ii) Canadian Exploration Expense

The portion of a Receipt Holder's share of eligible proceeds which is expended in a taxation year of the Receipt Holder on expenses which qualify as CEE will be considered as CEE incurred by him in that taxation year and will be added, in that taxation year, to his cumulative CEE account. CEE includes, under subparagraph 66.1 (6)(a)(iii) of the Act:

"any expense incurred for the purpose of determining, by various means, the existence, location, extent or quality of a mineral resource in Canada (other than any Canadian development expense or any expense related to a mine which has come into production in reasonable commercial quantities or to an actual or potential extension of such a mine)".

A Receipt Holder must reduce his cumulative CEE account by the amount of any assistance or benefit that he receives or is entitled to receive from a government, municipality or other authority in respect of any CEE incurred after 1980. The reduction in respect of such assistance or benefit occurs when the Receipt Holder receives or is entitled to receive such assistance or benefit notwithstanding that such assistance or benefit may relate to CEE incurred in a prior year.

A Receipt Holder may deduct, in computing his income from all sources for a taxation year, such amount as he may claim, not exceeding 100% of the balance of his cumulative CEE account at the end of that taxation year, to the extent such balance relates to CEE incurred after May 25, 1976. Deductions claimed by a Receipt Holder in respect of CEE reduce his cumulative CEE account. To the extent that a Receipt Holder does not deduct the balance of his cumulative CEE account at the end of a taxation year, the amount remaining will be carried forward and the Receipt Holder will be entitled to claim deductions in respect thereof in subsequent taxation years in accordance with the provisions of the Act. Should a Receipt Holder's cumulative CEE account be a negative amount at the end of a taxation year, which may occur should he receive or become entitled to receive any assistance or benefit from a government, municipality or other public authority in that taxation year which related to CEE incurred in a prior year and which is not offset by CEE relating to the expenditure of such assistance or benefit or through adjustments to the account which are unrelated to the offering of 1984 Receipts, the negative amount will be included in

income for that taxation year and the cumulative CEE account thereupon will have a nil balance.

(iii) Interest on Eligible Proceeds

Each Receipt Holder will be required to include in his income his share of any interest received by him on the eligible proceeds according to the provisions of the relevant legislation for reporting interest income, even though it is not passed on to him.

(iv) Flow Through Shares

Under the Act, a common share acquired by a Receipt Holder solely in consideration for CEE incurred by the Receipt Holder ("Flow Through Share") shall be deemed to have been acquired by that Receipt Holder at a cost to him of nil. The characterization of such Flow Through Shares as capital property or as inventory will be determined according to the normal rules applicable to the characterization of shares owned by a taxpayer. Where an investor acquires Flow Through Shares of the Company or common shares pursuant to this offering or common shares through exercise of the Warrants or otherwise than pursuant to this offering, the cost of each Common Share held by him as capital property will be the average cost to him of all common shares so acquired. Generally, the disposition of a share held as a capital property will result in a taxable capital gain (or an allowable capital loss) equal to one-half of the difference between the proceeds of disposition and the average adjusted cost base of the share. On the disposition by a Receipt Holder of a common share which is considered inventory, the full proceeds of disposition minus the cost of the shares sold will be included in the Receipt Holder's income.

Any balance in the cumulative CEE account or mining exploration depletion of a Receipt Holder at the time of a disposition by him of any Flow Through Share will remain with that Receipt Holder and will not be transferred to the person acquiring the Flow Through Share.

(v) Interest on Funds Borrowed to Acquire Units

Interest paid or payable, as the case may be, by an investor on funds borrowed to acquire one or more Units will generally be deductible in computing the investor's income.

TAXATION OF COMMON SHARES WITH SCIENTIFIC RESEARCH TAX CREDIT

In the opinion of Chambers, Phillips & Co., Chartered Accountants, the summary below describes the principal income tax considerations, arising under the Income Tax Act (Canada) (the "Act") as amended by Bill C-2 which received Royal Assent January 19, 1984, for an initial registered holder of the Common Shares offered hereunder who is a resident of Canada (in a province other than Quebec) and the material

tax consequences to the Company of this issue. Except as otherwise indicated, this summary does not consider the effects of any actual or proposed income tax legislation of any province. It should not be interpreted as legal or tax advice. **Prospective purchasers are advised to consult their own tax advisers as to the tax consequences which will result from their own particular situations.**

### **Scientific Research Tax Credit**

Where shares are issued after September 1983, the issuing corporation may designate an amount (the "Designated Amount") up to the full issue price for such shares. Such designation entitles the initial registered holder of such shares (other than a broker or dealer in securities) (the "initial registered holder") to a scientific research tax credit ("SRTC") which in the case of individuals is 34% of the Designated Amount and, in the case of corporations, is 50% of the Designated Amount. The federal government in establishing an SRTC rate of 34% for individuals has confirmed that under federal-provincial tax collection agreements with provinces other than Quebec, the total effective or combined federal-provincial tax reduction in respect of the SRTC for individuals will be approximately 51% of the Designated Amount, depending on the province of residence of the individual.

An initial registered holder that is an individual or a corporation will be entitled to claim the SRTC in respect of a Common Share against Part I federal tax otherwise payable for the holder's 1984 taxation year provided that the Common Share is acquired before 1985. If the initial registered holder does not use any portion of the SRTC in respect of a Common Share against federal tax otherwise payable under Part I of the Act in respect of the holder's 1984 taxation year, then the holder can use such unused SRTC against such tax in respect of the holder's 1983 taxation year. Corporations must utilize any SRTC not so applied against Part I tax, against any liability for tax under Part VIII of the Act or to obtain a refund of such Part VIII tax. Generally speaking, any SRTC not so utilized may be carried back and applied against Part I tax otherwise payable for the immediately preceding taxation year, and any SRTC not utilized in any of the manners described above will be deemed to be a capital loss of 1985. Initial registered holders who are exempt from or are not subject to Canadian income tax will not benefit from the SRTC.

The Company will designate \$0.33 out of the issue price of \$0.63 for each Common Share as the Designated Amount in respect thereof. Such designation will entitle an initial registered holder which is a corporation to an SRTC of \$0.165 per Common Share.

In the case of an initial registered holder who is an individual, the reduction in the individual's tax otherwise payable will depend on the province in which the individual is resident. Assuming that no change occurs in existing provincial legislation, that the individual applies

the SRTC arising from the Common Shares against Part I tax otherwise payable for 1984, and that the individual would not otherwise be entitled to any special credit against provincial tax otherwise payable, the individual's reduction in tax otherwise payable will be as set out below:

<u>Province of Residence</u>	<u>Tax reduction as a Percentage of the Designated Amount</u>
British Columbia*	51.11%

\*Assumes that the initial registered holder is subject to maximum provincial taxes.

If the initial registered holder is a trust (other than a trust which is governed by deferred income plans such as a registered retirement savings plan or a registered home ownership savings plan), the trust may in its return of income specify such portion of the Designated Amount in respect of the Common Shares acquired by it as may reasonably be considered to be attributable to each beneficiary under the trust. The portion so specified will entitle beneficiaries to claim their proportionate share of the SRTC. Registration requirements relating to registered retirement savings plans and registered home ownership savings plans generally preclude such plans from extending to the beneficiary a benefit derived from an investment such as a tax credit. A plan which is the initial registered holder of Common Shares and passes the benefit of the SRTC to the beneficiary may be deregistered under the Income Tax Act, thereby resulting in adverse tax consequences for the beneficiary under the plan. An initial registered holder may transfer the Common Shares to a registered retirement savings plan or a registered home ownership savings plan after the benefit of the SRTC has been attributed to such holder. However, in doing so, a disposition of the Common Shares will occur which may give rise to a taxable capital gain.

For capital gain purposes, the cost to an initial registered holder of a Common Share will be reduced by 50% of the Designated Amount in respect of the share, being \$0.165, regardless of how or whether the SRTC is applied. Consequently, on a subsequent disposition of the Common Share, the reduction will be taken into account in calculating any taxable capital gain or allowable capital loss. See also the provisions related to averaging of adjusted cost bases described under Flow Through Shares on page 27.

#### TAXATION OF WARRANTS

Warrants will be treated separately under the Act from the Flow Through Shares and Common Shares. The Warrants will be treated as capital property to the Warrant holder unless the Warrant holder is

considered to be trading in that type of property or has acquired the Warrants as an adventure in the nature of trade in which case it will be treated as inventory. A disposition of a Warrant which is capital property may give rise to a taxable capital gain or an allowable capital loss. Such a gain or loss will be equal to one-half of the amount by which the proceeds of the disposition of a Warrant which is greater or less, as the case may be, than the adjusted cost base of the Warrant to the Warrant holder. On the disposition by a Warrant holder of a Warrant which is inventory, the full proceeds of disposition less cost of any warrants purchased will be included in the Warrant holder's income. At the time of the issue of the Warrants to the investors, the Warrants will have a nil adjusted cost base and a nil fair market value. The issue of the Warrants will have no direct income tax consequence.

Upon the exercise of two Warrants, the holder thereof will acquire a common share of the Company. Assuming such share is treated as capital property, the share will have an adjusted cost base equal to the exercise price plus the holder's adjusted cost base of the Warrants exercised. No income results from the exercise of the Warrants.

An investor who is a trader in securities or has acquired a Warrant as an adventure in the nature of trade will not be accorded capital gain or capital loss treatment but will have income equal to the amount of his gain or a deduction equal to the amount of his loss, as the case may be.

#### SUMMARY OF TAX CONSEQUENCES FOR AN INDIVIDUAL

The following table sets forth the anticipated amount deductible for every 1000 Units purchased (\$1500):

	<u>B. C. Taxpayers</u>
INVESTMENT in Flow- Through Shares	<u>\$ 870.00</u>
DEDUCTION FOR CEE	\$ 670.00
DEDUCTION FOR COST OF ISSUE	200.00
MINING EXPLORATION DEPLETION (i)	<u>223.33</u>
ESTIMATED DEDUCTIONS FOR TAX PURPOSES in 1984	\$ 1,093.33 =====

1984 TAX SAVINGS FOR  
INDIVIDUAL IN HIGHEST  
MARGINAL TAX RATE \$558.80  
=====

INVESTMENT IN COMMON SHARES \$630.00

DESIGNATED AMOUNT OF SCIENTIFIC  
RESEARCH EXPENDITURE ("SRE") 330.33

1984 TAX SAVINGS FROM  
SCIENTIFIC RESEARCH TAX CREDIT  
("SRTC") EQUAL TO 51.11% of  
DESIGNATED AMOUNT (ii) \$168.66  
=====

TOTAL 1984 TAX SAVINGS

**\$168.66 + \$558.80 = \$727.46**  
=====

(i) It is assumed that the investor, resident in B.C. on December 31, 1984 will have sufficient income to absorb the maximum deductions. It is further assumed that all of the Eligible Proceeds will be spent on eligible mineral exploration expense before 1985, entitling the Receipt Holder to a deduction for mining exploration depletion.

(ii) Taxpayers purchasing Units prior to 1985 will be entitled to deduct the SRTC from their 1984 taxes payable.

The exact amount of the deductions in a given taxation year will vary according to the portion of a taxpayer's share of Eligible Proceeds which is expended in that taxation year on expenses qualifying as CEE.

#### INCOME TAX CONSEQUENCES TO CANDOL

The designation by the Company of \$0.33 of the issue price of the Common Shares as the Designated Amount for purposes of the SRTC will subject the Company to the payment of a refundable tax of \$0.165 per Common Share, which is payable prior to the end of the month following



the month in which this issue occurs. The tax is refundable to the Company as and to the extent that scientific research expenditures are made only if the Company elects to forego any deduction from its taxable income and any related investment tax credit which would otherwise have been generated by such scientific research expenditures. To the extent that the Company determines that it is economically inappropriate to forego such deductions and credits for tax purposes, it may not claim a refund of the refundable tax.

## RISK FACTORS

Subscribers wishing to purchase Units offered hereby should consider carefully the following factors which are inherent to their status as regards liquidity and liabilities arising from exploration expenditures and to that of a common shareholder in a company engaged in mineral exploration.

### (i) General

In the event that a subscriber subscribes for a Unit, it should be noted that there will be no market for the Deposit Receipts. As such, this investment should be considered by those individuals who do not foresee the need for liquidity until the Flow-through Shares are earned and received.

Mineral exploration involves significant risk and, while the rewards can be substantial when an ore body is discovered, few properties which are explored are ultimately developed into producing mines. The Company presently has no producing properties and minimal cash flow and its ultimate success will depend upon its ability to generate cash flow from a producing property.

### (ii) Industry Conditions

Mining operations are subject to government regulations. Operations may be affected in varying degrees by government regulations such as restrictions on production, price controls, tax increases, expropriation of property, pollution controls or changes in conditions under which minerals may be marketed. An excessive supply of certain minerals may exist from time to time due to lack of markets and restrictions on exports. The marketability of minerals is affected by numerous factors beyond the control of the Company. These factors include market fluctuations and government regulations relating to prices, taxes, royalties, allowable production, imports and exports. The effect of these factors cannot be accurately determined.

### (iii) Exploration and Mining Risks

Finding mineral deposits is dependent on a number of factors, not the least of which is the technical skill of the exploration personnel

involved. The commercial viability of a mineral deposit once discovered is also dependent upon a number of factors some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure as well as mineral prices. At the present time, mineral prices are particularly vulnerable due to the recessionary state of the world economy. Most of the above factors are beyond the control of the Company.

(iv) Uninsured Hazards

Hazards such as unusual or unexpected formations or other geological conditions are involved in the exploration of mineral deposits. The Company may become subject to liability for pollution or other hazards which cannot be insured against or against which the Company may elect not to insure because of high premium costs or other reasons. The payment of such liabilities could result in the loss of Company assets.

(v) Liability and Indemnity of a Subscriber of Units

Subscribers may be directly liable for liabilities arising from operations relating to expenditures of eligible proceeds incurred on their behalf. Such liability is unlimited. The Company has agreed to indemnify subscribers against any such liability and has agreed to carry insurance on behalf of the subscribers covering all risks related to the incurrence of resource expenditures, including public liability coverage to a maximum of \$10,000,000, bodily injury and occurrence property damage. The Company's ability to perform the obligation to indemnify in addition to and in excess of insurance coverage is dependent upon the Company having sufficient unencumbered net assets for such purpose.

(vi) Tax Consideration

The Federal income tax treatment of mining activities has a material effect on the advisability of an investment in the purchase of the Units (see "Tax Aspects"). The return on a subscriber's investment could be affected by changes in federal tax laws. Further, there can be no assurance that income tax laws and regulations and current administrative practices of the federal tax authorities will not be changed or interpreted in a manner which will fundamentally alter the tax consequences for subscribers of the Units who hold or dispose of the common shares, the flow-through shares or the warrants. There can be no assurance that there will not be differences of opinion as to the federal income tax treatment relating to the purchase and disposition of the flow-through shares, the common shares and the warrants.

### SOLICITORS

The solicitors for the Company are Messrs. Holmes, Campbell & Greenslade, Stock Exchange Tower, 5th Floor - 609 Granville Street, Vancouver, British Columbia.

### AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Company are Chambers, Phillips & Co., Chartered Accountants, of Suite 950 - 409 Granville Street, Vancouver, British Columbia. The transfer agent and registrar of the Company is The Canada Trust Company, of 1055 Dunsmuir Street, Vancouver, British Columbia.

### MATERIAL CONTRACTS

Material contracts may be inspected during business hours at the offices of Holmes, Campbell & Greenslade, Stock Exchange Tower, 5th Floor, 609 Granville Street, Vancouver, British Columbia during the period of primary distribution of the securities being offered under this Prospectus.

### OTHER MATERIAL FACTS

There are no material facts relating to the securities offered by this Prospectus which are not disclosed under the foregoing captions.

### STATUTORY RIGHTS OF RESCISSION AND WITHDRAWAL

Sections 60 and 61 of the Securities Act of the Province of British Columbia provide, in effect, that where a security is offered to the public in the course of primary distribution:

- (a) a purchaser has the right to rescind a contract for the purchase of a security, while still the owner thereof, if a copy of the last prospectus, together with financial statements and reports and summaries of reports relating to the securities as filed with the Superintendent of Brokers, 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 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of service of such notice;
- (b) a purchaser has the right to rescind a contract for the

purchase of such security, while still the owner thereof, if the 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 the expiration of 90 days from the date 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.

CANDOL DEVELOPMENTS LTD.

INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD FROM FEBRUARY 2, 1983  
(DATE OF INCORPORATION) TO SEPTEMBER 30, 1983

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AUDITORS' REPORT

EXHIBITS

- A INTERIM BALANCE SHEET
- B INTERIM STATEMENT OF DEFERRED EXPLORATION,  
DEVELOPMENT AND ADMINISTRATIVE EXPENDITURES
- C INTERIM STATEMENT OF CHANGES  
IN FINANCIAL POSITION
- D NOTES TO INTERIM FINANCIAL STATEMENTS

**CHAMBERS,  
PHILLIPS & CO.**  
CHARTERED  
ACCOUNTANTS

Colin G. Pew, B.Comm., C.A.  
Melvyn Ackerman, C.A.  
Carson C.C. Wu, B.Comm., C.A.  
Peter Busch, B.A., C.A.

Jack E. Arnold, C.A.  
Gordon W. Gibson, C.A.  
Ash Katey, B.Comm., LL.B., C.A.  
Duncan Budge, B.Comm., C.A.

950 United Kingdom Building  
409 Granville Street  
Vancouver, Canada V6C 1T2  
Telephone (604) 687-4511

AUDITORS' REPORT

The Shareholders  
Candol Developments Ltd.

We have examined the interim balance sheet of Candol Developments Ltd. as at September 30, 1983 and the interim statements of deferred exploration, development and administrative expenditures, and changes in financial position for the period from February 2, 1983 (date of incorporation) to September 30, 1983. 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 interim financial statements present fairly the financial position of the company as at September 30, 1983 and the results of its operations and changes in its financial position for the period then ended in accordance with generally accepted accounting principles.

*Chambers Phillips & Co.*

Chartered Accountants.

October 12, 1983,  
except as to Note 7, which  
is as of March 31, 1984.

## CANDOL DEVELOPMENTS LTD.

INTERIM BALANCE SHEET  
SEPTEMBER 30, 1983

## ASSETS

## CURRENT

Cash	\$ 1,964
Share subscriptions receivable	17,502
Other receivables	1,000
Inventory	6,600
Prepays and deposits	<u>1,750</u>

28,816

## FIXED (Note 3)

488,510

## MINERAL PROPERTIES (Note 4)

11

DEFERRED EXPLORATION, DEVELOPMENT AND ADMINISTRATIVE  
EXPENDITURES - Exhibit B

86,622

## INCORPORATION COSTS

527\$ 604,486

## LIABILITIES

## CURRENT

Accounts payable and accruals	\$ 59,083
-------------------------------	-----------

## SHAREHOLDERS' EQUITY

## SHARE CAPITAL (Note 5)

545,403\$ 604,486

"SUBSEQUENT EVENTS" (Note 7)

APPROVED BY THE DIRECTORS:

S. Cardy Director

A. J. ... Director

The accompanying notes are an integral part of these interim financial statements.

## CANDOL DEVELOPMENTS LTD.

INTERIM STATEMENT OF DEFERRED EXPLORATION, DEVELOPMENT AND  
ADMINISTRATIVE EXPENDITURES FROM FEBRUARY 2, 1983  
(DATE OF INCORPORATION) TO SEPTEMBER 30, 1983

EXPLORATION AND DEVELOPMENT	
Clearing and site preparation	\$ 9,800
Consulting and engineering	7,358
Drainage	18,790
Equipment mobilization	4,000
Line cutting	5,200
Operating supplies	8,000
Survey lines and slashing	<u>6,300</u>
	59,448
Recoveries - log sales	<u>10,000</u>
	<u>49,448</u>
ADMINISTRATIVE	
Appraisal	850
Audit	5,000
Legal	20,000
Management fees	5,500
Miscellaneous	1,736
Promotion	2,835
Rent	750
Travel	<u>503</u>
	<u>37,174</u>
TOTAL DEFERRED EXPENDITURES - Exhibit A	\$ <u>86,622</u>

The accompanying notes are an integral part of these interim financial statements.



## CANDOL DEVELOPMENTS LTD.

INTERIM STATEMENT OF CHANGES IN FINANCIAL POSITION  
 FOR THE PERIOD FROM FEBRUARY 2, 1983  
 (DATE OF INCORPORATION) TO SEPTEMBER 30, 1983

SOURCE OF WORKING CAPITAL	
Shares issued	\$ <u>157,052</u>
APPLICATION OF WORKING CAPITAL	
Purchase of fixed assets	488,510
Deduct non-cash consideration:	
Value attributed to shares issued	<u>(388,350)</u>
	100,160
Purchase of mineral properties (net of shares allotted - \$1)	10
Exploration and development expenditures	49,448
Administrative expenditures	37,174
Incorporation costs	<u>527</u>
	<u>187,319</u>
WORKING CAPITAL DEFICIENCY	\$ <u><u>30,267</u></u>
WORKING CAPITAL DEFICIENCY REPRESENTED BY:	
Current liabilities	\$ 59,083
Current assets	<u>28,816</u>
	\$ <u><u>30,267</u></u>

The accompanying notes are an integral part of these interim financial statements.

## CANDOL DEVELOPMENTS LTD.

NOTES TO INTERIM FINANCIAL STATEMENTS  
SEPTEMBER 30, 1983

## 1. OPERATIONS

The company is in the exploration stage with respect to its interest in the mineral properties, and on the basis of information to date, does not have proven recoverable reserves. The underlying value of the mineral properties and related deferred costs is entirely dependent on the existence and economic recovery of possible reserves in the future. The company was incorporated under the British Columbia Companies Act on February 2, 1983 and commenced operations on that date.

## 2. SIGNIFICANT ACCOUNTING POLICIES

## a) Inventory

Inventory is valued at the lower of cost or net realizable value.

## b) Depreciation

No depreciation on fixed assets has been provided for in these interim financial statements as the assets were acquired during the period at appraised value.

## c) Mineral Properties and Deferred Costs

It is the policy of the company to record the acquisitions of mineral properties and related deferred exploration, development and administrative expenditures at cost. These costs will be amortized against subsequent proceeds of production or written-off if the properties are sold, abandoned or determined to have no commercial value.

## 3. FIXED ASSETS

Excavation equipment	\$ 244,000
Automotive equipment	7,200
Roads and surfacing	57,160
Portable sawmill	15,500
Storage shelter	45,000
Other equipment	<u>119,650</u>
Total - Exhibit A	<u>\$ 488,510</u>

By an agreement dated March 1, 1983 the company purchased equipment from a director and two private companies controlled by the same director, in exchange for 388,350 shares of the company, valued at \$1 each. Title to this equipment is still in the name of the vendors but is in the process of being transferred. These assets have been recorded at their appraised value in accordance with an appraisal carried out by Mutsaerts Appraisal Ltd. on July 18, 1983, on a going concern basis.

CANDOL DEVELOPMENTS LTD.

NOTES TO INTERIM FINANCIAL STATEMENTS  
SEPTEMBER 30, 1983

3. FIXED ASSETS (CONT'D.)

Pursuant to an election to be filed under Section 85(1) of the Income Tax Act these assets have an undepreciated capital cost base of \$200,000. A subsequent sale of these assets at a value in excess of \$200,000 could result in some income tax liability to the company.

4. MINERAL PROPERTIES

By an agreement dated March 1, 1983, the company purchased from the directors of the company various mineral claims located on the Sechelt peninsula, in southwestern British Columbia. These claims are still registered in the name of the vendors but are in the process of being transferred. The mineral claims were acquired for the following considerations:

- |    |                       |    |                  |
|----|-----------------------|----|------------------|
| a) | Cash                  | \$ | 10               |
|    | 750,000 escrow shares |    | <u>1</u>         |
|    | Total - Exhibit A     | \$ | <u><u>11</u></u> |
- b) A five year management contract with a private company controlled by one of the directors above to conduct and coordinate all operations on the claims. Remuneration to be determined by the board of directors;
- c) Advances to the same private company, initially totalling \$100,000 for site preparation, road construction, compound construction and timber removal, (which has been paid);
- d) A royalty agreement with the director who controls the private company requiring a payment of \$.40 for every ton of minerals and materials mined and sold; and \$.40 for every cubic yard of peatmoss sold; payable at the end of every calendar year. The royalty shall be adjusted annually so that the actual amount paid will be equal in purchasing power to the dollar on October 1, 1983.

5. SHARE CAPITAL

Authorized  
10,000,000 common shares of no par value

Issued	Shares	Price per share	Amount
For cash	2	\$ 1.00	\$ 2
	306,830	.15	46,025
	317,212	.35	111,025
For fixed assets	388,350	1.00	388,350
For mineral properties (escrow)	<u>750,000</u>	<u>-</u>	<u>1</u>
Total - Exhibit A	<u><u>1,762,394</u></u>		<u><u>\$ 545,403</u></u>

CANDOL DEVELOPMENTS LTD.

NOTES TO INTERIM FINANCIAL STATEMENTS  
SEPTEMBER 30, 1983

6. RELATED PARTY TRANSACTIONS

Related party transactions were made during the period for consideration as follows:

- a) The company obtained fixed assets (Note 3) and mineral properties (Note 4) in exchange for shares of the company;
- b) The company paid separately \$4,149 and \$900 respectively to two private companies, each controlled separately by two directors of the company;
- c) The company paid to a private company controlled by a director of the company a total of \$158,850, allocated as follows:

1) Log inventory	\$ 6,600
ii) Fixed assets	100,160
iii) Deferred exploration and development	<u>52,090</u>
	<u>\$ 158,850</u>

- d) The company paid \$5,500 in management fees pursuant to a management agreement dated March 1, 1983 with one of its officers.

7. SUBSEQUENT EVENTS

- a) Subject to regulatory approval, the company intends to make a public units offering to finance the company's current working capital requirements for the mineral properties it has acquired;
- b) Subsequent to September 30, 1983, the company sold and allotted:
  - i) 10,000 shares at \$.35 each for a total of \$3,500;
  - ii) 120,000 shares at \$.25 each for a total of \$30,000. These shares allow the holders thereof to claim a scientific research tax credit against their tax otherwise payable for their 1983 taxation year.

CANDOL DEVELOPMENTS LTD.  
INTERIM FINANCIAL STATEMENTS  
FIVE MONTHS ENDED FEBRUARY 29, 1984

---

COMMENTS ON UNAUDITED INTERIM  
FINANCIAL STATEMENTS

EXHIBITS

- A INTERIM BALANCE SHEET
- B INTERIM STATEMENT OF DEFERRED EXPLORATION,  
DEVELOPMENT AND ADMINISTRATIVE EXPENDITURES
- C INTERIM STATEMENT OF CHANGES  
IN FINANCIAL POSITION
- D NOTES TO INTERIM FINANCIAL STATEMENTS

**CHAMBERS,  
PHILLIPS & CO.**  
CHARTERED  
ACCOUNTANTS

Colin G. Pew, B.Comm., C.A.  
Melvyn Ackerman, C.A.  
Carson C.C. Wu, B.Comm., C.A.  
Peter Busch, B.A., C.A.

Jack E. Arnold, C.A.  
Gordon W. Gibson, C.A.  
Ash Katey, B.Comm., LL.B., C.A.  
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950 United Kingdom Building  
409 Granville Street  
Vancouver, Canada V6C 1T2  
Telephone (604) 687-4511

COMMENTS ON UNAUDITED INTERIM FINANCIAL INFORMATION

To the Directors,  
Candol Developments Ltd.

We have prepared the accompanying unaudited interim financial information comprising the interim balance sheet at February 29, 1984 and interim statements of deferred exploration and administrative expenditures and changes in financial position for the five months ended February 29, 1984 from the records of Candol Developments Ltd. and from other information supplied to us by the company and have reviewed such interim consolidated financial information. Our review, which was made in accordance with standards established for such reviews, consisted primarily of enquiry, comparison and discussion.

Due to the interim nature of these financial statements and contrary to generally accepted accounting principles, depreciation of fixed assets has not been provided as the assets were acquired during 1983 and recorded at appraised values. It is anticipated that a depreciation policy will be established for the year-end financial statements.

We have not performed an audit and consequently do not express an opinion on this interim financial information. The most recent audited financial statements issued to shareholders on which we have expressed an opinion were for the period ended September 30, 1983.

*Chambers & Phillips & Co.*

May 13, 1984.

Chartered Accountants.

## CANDOL DEVELOPMENTS LTD.

## INTERIM BALANCE SHEET

FEBRUARY 29, 1984

(Unaudited)

## ASSETS

## CURRENT

Share subscriptions receivable	\$ 5,002
Inventory, at cost	53,500
Prepays and deposits	<u>1,750</u>
	60,252

FIXED (Note 3)	488,510
----------------	---------

MINERAL PROPERTIES (Note 4)	11
-----------------------------	----

DEFERRED EXPLORATION, DEVELOPMENT AND ADMINISTRATIVE EXPENDITURES - Exhibit B	132,087
--	---------

INCORPORATION COSTS	<u>527</u>
---------------------	------------

	<u>\$ 681,387</u>
--	-------------------

## LIABILITIES

## CURRENT

Accounts payable and accrued liabilities	\$ 90,817
Bank indebtedness	8,317
Due to directors and officers (Note 6(d))	<u>3,350</u>
	102,484

## SHAREHOLDERS' EQUITY

SHARE CAPITAL (Note 5)	<u>578,903</u>
------------------------	----------------

	<u>\$ 681,387</u>
--	-------------------

APPROVED BY THE DIRECTORS:

*[Signature]* Director

*[Signature]* Director

The accompanying notes are an integral part of these interim financial statements.

## CANDOL DEVELOPMENTS LTD.

INTERIM STATEMENT OF DEFERRED EXPLORATION,  
DEVELOPMENT AND ADMINISTRATIVE EXPENDITURES  
FIVE MONTHS ENDED FEBRUARY 29, 1984

(Unaudited)

EXPLORATION AND DEVELOPMENT	
Clearing and site preparation	\$ 7,875
Consulting and engineering	7,559
Drainage	1,790
Equipment mobilization	2,500
Line cutting	1,200
Operating supplies	2,500
Survey lines and slashing	1,194
Laboratory construction and assays	<u>621</u>
	25,239
Expenditures to September 30, 1983	<u>49,448</u>
Total exploration and development	<u>74,687</u>
ADMINISTRATIVE	
Audit	4,250
Legal	6,878
Management fees	5,617
Miscellaneous	2,489
Promotion (recovered)	( 2,835)
Rent	3,201
Insurance	<u>626</u>
	20,226
Expenditures to September 30, 1983	<u>37,174</u>
Total administrative	<u>57,400</u>
TOTAL DEFERRED EXPENDITURES - Exhibit A	<u>\$ 132,087</u>

The accompanying notes are an integral part of these interim financial statements.



CANDOL DEVELOPMENTS LTD,  
INTERIM STATEMENT OF CHANGES IN FINANCIAL POSITION  
FIVE MONTHS ENDED FEBRUARY 29, 1984  
(Unaudited)

SOURCE OF WORKING CAPITAL	
Shares issued	\$ <u>33,500</u>
APPLICATION OF WORKING CAPITAL	
Exploration and development expenditures - Exhibit B	25,239
Administrative expenditures - Exhibit B	<u>20,226</u>
	<u>45,465</u>
DECREASE IN WORKING CAPITAL	11,965
WORKING CAPITAL DEFICIENCY, BEGINNING	<u>30,267</u>
WORKING CAPITAL DEFICIENCY, ENDING	\$ <u><u>42,232</u></u>
WORKING CAPITAL DEFICIENCY REPRESENTED BY:	
Current liabilities	\$ 102,484
Current assets	<u>60,252</u>
	\$ <u><u>42,232</u></u>

The accompanying notes are an integral part of these interim financial statements.

## CANDOL DEVELOPMENTS LTD.

NOTES TO INTERIM FINANCIAL STATEMENTS  
FEBRUARY 29, 1984

## 1. OPERATIONS

The company is in the exploration stage with respect to its interest in the mineral properties, and on the basis of information to date, does not have proven recoverable reserves. The underlying value of the mineral properties and related deferred costs is entirely dependent on the existence and economic recovery of possible reserves in the future. The company was incorporated under the British Columbia Companies Act on February 2, 1983 and commenced operations on that date.

## 2. SIGNIFICANT ACCOUNTING POLICIES

## a) Inventory

Inventory is valued at the lower of cost or net realizable value.

## b) Depreciation

No depreciation on fixed assets has been provided for in these interim financial statements as the assets were acquired during the previous period at appraised value.

## c) Mineral Properties and Deferred Costs

It is the policy of the company to record the acquisitions of mineral properties and related deferred exploration, development and administrative expenditures at cost. These costs will be amortized against subsequent proceeds of production or written-off if the properties are sold, abandoned or determined to have no commercial value.

## 3. FIXED ASSETS

Excavation equipment	\$ 244,000
Automotive equipment	7,200
Roads and surfacing	57,160
Portable sawmill	15,500
Storage shelter	45,000
Other equipment	<u>119,650</u>
Total - Exhibit A	<u>\$ 488,510</u>

By an agreement dated March 1, 1983 the company purchased equipment from a director and two private companies controlled by the same director, in exchange for 388,350 shares of the company, valued at \$1 each. Title to this equipment is still in the name of the vendors but is in the process of being transferred. These assets have been recorded at their appraised value in accordance with an appraisal carried out by Mutsaerts Appraisal Ltd. on July 18, 1983, on a going concern basis.

NOTES TO INTERIM FINANCIAL STATEMENTS  
FEBRUARY 29, 1984

## 3. FIXED ASSETS (CONT'D.)

Pursuant to an election to be filed under Section 85(1) of the Income Tax Act, these assets have an undepreciated capital cost base of \$200,000. A subsequent sale of these assets at a value in excess of \$200,000 could result in some income tax liability to the company.

## 4. MINERAL PROPERTIES

By an agreement dated March 1, 1983, the company purchased from the directors of the company various mineral claims located on the Sechelt peninsula, in southwestern British Columbia. These claims are still registered in the name of the vendors but are in the process of being transferred. The mineral claims were acquired for the following considerations:

- |                       |    |                  |
|-----------------------|----|------------------|
| a) Cash               | \$ | 10               |
| 750,000 escrow shares |    | <u>1</u>         |
| Total - Exhibit A     | \$ | <u><u>11</u></u> |
- b) A five year management contract with a private company controlled by one of the directors above to conduct and coordinate all operations on the claims. Remuneration to be determined by the board of directors;
- c) Advances to the same private company, initially totalling \$100,000 for site preparation, road construction, compound construction and timber removal, (which has been paid);
- d) A royalty agreement with the director who controls the private company requiring a payment of \$.40 for every ton of minerals and materials mined and sold; and \$.40 for every cubic yard of peatmoss sold; payable at the end of every calendar year. The royalty shall be adjusted annually so that the actual amount paid will be equal in purchasing power to the dollar on October 1, 1983.

## 5. SHARE CAPITAL

Authorized  
10,000,000 common shares of no par value

Issued	<u>Shares</u>	<u>Amount</u>
For cash	754,044	\$ 190,552
For fixed assets	388,350	388,350
For mineral properties (escrow)	<u>750,000</u>	<u>1</u>
Total - Exhibit A	<u><u>1,892,394</u></u>	<u><u>\$ 578,903</u></u>

NOTES TO INTERIM FINANCIAL STATEMENTS  
FEBRUARY 29, 1984

## 5. SHARE CAPITAL (CONT'D.)

During the period, the company sold and allotted:

- i) 10,000 shares at \$.35 each for a total of \$3,500;
- ii) 120,000 shares at \$.25 each for a total of \$30,000. These shares allow the holders thereof to claim a scientific research tax credit against their tax otherwise payable for their 1983 taxation year. Accordingly, \$30,000 of the company's research and development expenses to be incurred prior to January 31, 1985, have been designated as relating to these shares. If the company incurs less than that amount it will be liable to pay refundable tax equal to 50% of the shortfall. This tax would be recoverable when the company does incur eligible scientific research and development expenditures.

## 6. RELATED PARTY TRANSACTIONS

Related party transactions were made during the period for consideration as follows:

- a) The company paid \$7,259 and \$300 respectively to two private companies, each controlled separately by two directors of the company;
- b) The company paid or owes to a private company controlled by a director of the company a total of \$47,375, allocated as follows:
 

i) Inventory	\$ 46,900
ii) Deferred exploration and development	<u>475</u>
	<u>\$ 47,375</u>
- c) The company paid \$5,618 in management fees and related expenses pursuant to a management agreement dated March 1, 1983 with one of its officers.
- d) The company received a total of \$3,600 in loans from its directors and officers of which \$250 was repaid. These loans have no fixed terms of repayment and are without interest.

## 7. SUBSEQUENT EVENTS

Subject to regulatory approval, the company intends to make a public units offering to finance the company's current working capital requirements for the mineral properties it has acquired.

# CANDOL DEVELOPMENT LTD.

## **SECHLT MINERAL CLAIMS**

### **PRIMARY REPORT**

**PROJECT No.1272**

**SEPTEMBER 1983**



**WRIGHT ENGINEERS LIMITED**  
Vancouver Canada

WRIGHT ENGINEERS LIMITED



Phone: 684-9371 • Cable "WRIGHTENG" • Telex: 04-54367

1444 Alberni Street, Vancouver, British Columbia, Canada, V6G 2Z4

Project No. 1272-100  
September 26, 1983

CANDOL DEVELOPMENT LTD.  
800 West Pender Street  
Vancouver, B.C.  
V6C 2V8

Dear Sirs:

**Re: Primary Report - Dolomite Prospects  
Vancouver Mining Division - B.C.**

We are pleased to submit herewith our Primary Report concerning the dolomite prospects on the Sechelt Peninsula, in the Vancouver Mining Division of British Columbia.

Based on the quantity and extent of the dolomite surface outcrops, as well as on the quality of the dolomite composite samples collected and assayed, there is significant mineralization on the properties which merits a diamond drill exploration and evaluation program.

We appreciated the opportunity of reviewing the geological prospects of the properties and look forward to being of further service to you.

Yours very truly,  
WRIGHT ENGINEERS LIMITED

A handwritten signature in cursive script, appearing to read 'W.F. Gilmore', is written over a horizontal line.

W.F. Gilmore, P. Eng.  
Manager, Mining Division

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3. MINERAL CLAIMS	3
4. GEOLOGY	4
5. DOLOMITE PROSPECTS	8
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7. RECOMMENDATIONS	11
8. CERTIFICATE	13
9. APPENDICES	

**SECTION 1**  
**INTRODUCTION**



**SECTION 1**  
**INTRODUCTION**

**CANDOL DEVELOPMENT LIMITED (CANDOL)** has obtained certain mineral properties, containing dolomite, limestone and some sulphidic metal mineralizations, from Stony Plain Industries Ltd. with regards to potential development and commercialization.

**WRIGHT ENGINEERS LIMITED (WEL)** has been retained by CANDOL to visit the properties and to provide a professional opinion on the dolomite and limestone potentials of the properties only.

The following report has been prepared upon review of various former reports, however, the opinion formulated by WEL is independent from any and all other opinions formulated by others. These reports include:

- a) a preliminary report by Weymark Engineering Ltd.
- b) an assessment report by Weymark Engineering Ltd.
- c) a primary report (on sulphide mineralizations) by Weymark Engineering Ltd.
- d) chemical analyses by Bacon, Donaldson & Associates Ltd.
- e) a memorandum by BCRIC, and
- f) various articles in technical journals.

Additional information reviewed included aerial photographs, geological maps, topographic maps and provincial government documents.

The Water Rights Post and the Mineral Claim Post have been witnessed in the field and identified in accordance with the Mineral Claims Map (M92G/12W) of the Department of Mines and Petroleum Resources of British Columbia.

**SECTION 2**  
**SITE DESCRIPTION**



SECTION 2  
SITE DESCRIPTION

The mineral claims and land leases of CANDOL are located in southwestern British Columbia, on the Sechelt Peninsula, about 67 km (42 miles) West-Northwest from Vancouver. Present access to the properties is 10 km from Halfmoon Bay on paved road and on gravelled logging road. Halfmoon Bay can be reached on 35 km paved highway from Langdale which is served by ferryboat from Horseshoe Bay, near West Vancouver.

An access road to connect the properties and a prospective barge loading facility in the Sechelt Inlet is also under construction.

The properties are about 850 m to 1000 m above sea level, on a gently rolling plateau of the Caren Range hills which, despite the moderate climate of the coastal region, remain covered with snow in the short winter season. The year round mean temperature is about 10° C. Precipitation is also moderate, ranging from 750 mm to 1000 mm.

There are several small, swampy mountain lakes in the area, draining into each other and into the Sechelt Inlet by creeks. The most voluminous water flow is in the Carlson Creek, crossing nearly the entire property and providing more than sufficient water for potential diamond drilling operations.

Most of the area has been cleared by logging and some areas are covered by young coniferous trees of second and third growth.

The infrastructure is well developed to alleviate any future quarry operation. A high voltage transmission line is planned to cross the properties; timber and water are available for construction on the site; labor, materials, equipment, transport, communications are all available at Halfmoon Bay or in Vancouver.





**SECTION 3**  
**MINERAL CLAIMS**



**SECTION 3**  
**MINERAL CLAIMS**

The Sechelt properties of Candol consist of 42 mineral claim units as follows:

<u>Mineral Claim</u>	<u>Units</u>	<u>Record Number</u>	<u>Date</u>
Plain	18	92	May 31, 1976
Till	20	1140	Jan. 12, 1972
Adit 1	1	1177	Apr. 15, 1982
Adit 2	1	1178	Apr. 15, 1982
Adit 3	1	1179	Apr. 15, 1982
Adit 4	1	1180	Apr. 15, 1982

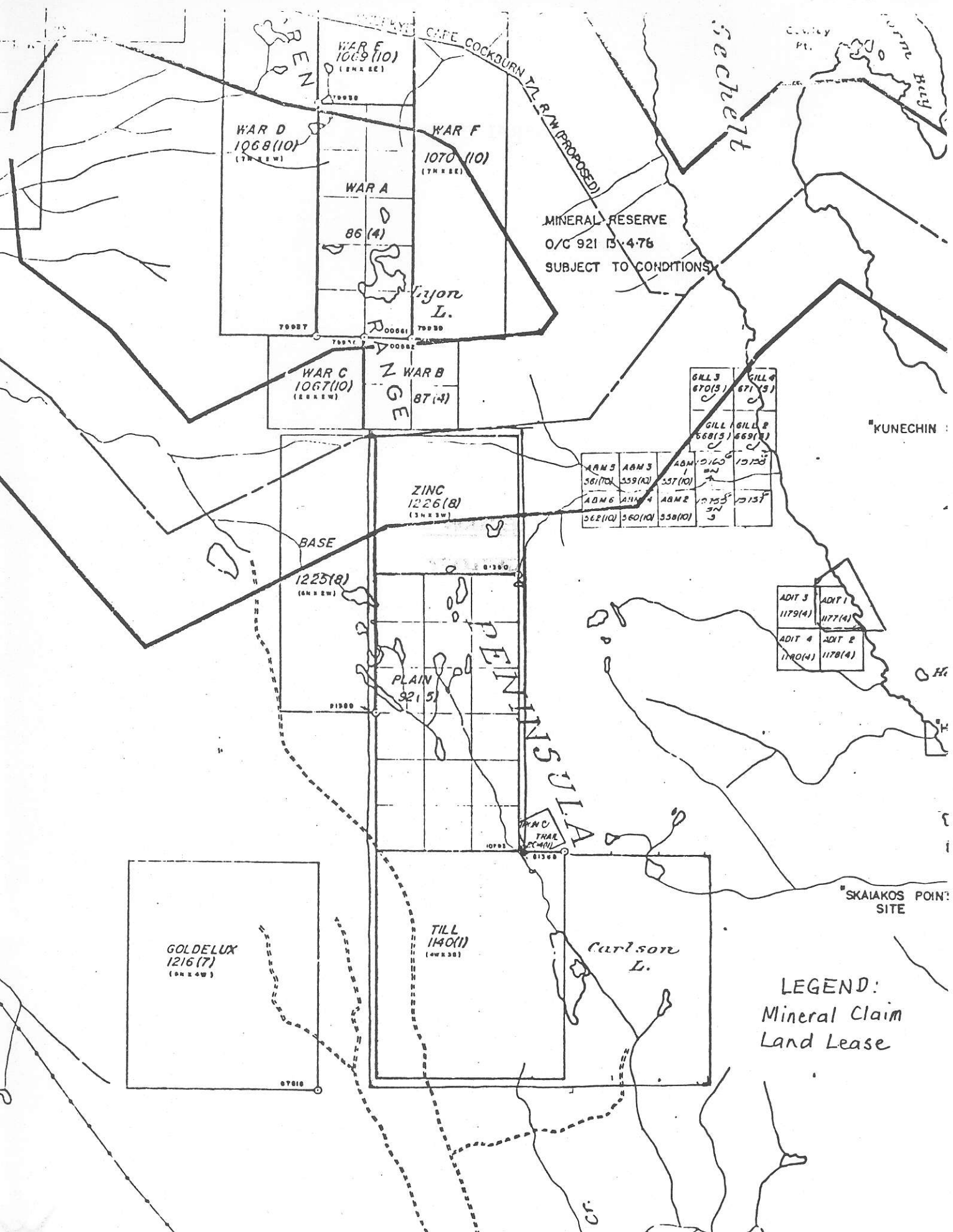
According to the Mineral Claim Map last updated on August 18, 1983, the claims are in good standing.

In addition to the mineral claims, CANDOL has applied for leases in the Land Recording District of New Westminster of the Ministry of Lands, Parks and Housing of British Columbia for the expressed purposes of dolomite and limestone quarrying and for the establishment of dock facilities for barge shipments of dolomite and limestone.

The land leases cover a larger area than the mineral claims, as indicated by the attached documents.



Secret



MINERAL RESERVE  
O/C 921 B-4-76  
SUBJECT TO CONDITIONS

GILL 3	GILL 4
670(5)	671(5)
GILL 1	GILL 2
668(5)	669(5)
ABM 1	ABM 2
581(10)	582(10)
ABM 3	ABM 4
559(10)	558(10)
ABM 5	ABM 6
562(10)	560(10)

ADIT 3	ADIT 1
1179(4)	1177(4)
ADIT 4	ADIT 2
1180(4)	1178(4)

LEGEND:  
Mineral Claim  
Land Lease

**SECTION 4**

**GEOLOGY**



**SECTION 4****GEOLOGY**

The basic formations are coast intrusions of granodiorite, quartz diorite and some remnants of metasediments and metavolcanics, locally designated as the Jarvis Group of the Triassic Period, hosting the limestone and dolomite members.

On the surface, widths of 150 m or more are exposed, the member strata extending for several miles towards north. Rock outcrops are pronounced along ledges, the dolomite strata being more erosion resistant, and on steep slopes. Generally, the overburden is shallow, excepting the low elevations where peat and clay deposits are imbedded.

In one area of the property, an electromagnetic survey indicated a high anomaly. Outcrops in that area show sulphide mineralisations which may reach commercial grades in a potential exploration program, (see Primary Report by Weymark Engineering Ltd., April 1983).

Since no systematic diamond drilling was carried out to date, there are no "measured" geological reserves from the purely technical point of view. The "indicated" and "inferred" reserves, projecting the outcrops to a minimum depth of 50 m and to a more likely or probable depth of 300 m respectively on the basis of strata sequence and dip angles observed on the surface, are as follows:

<u>Geological Reserves (tonnes)</u>			
<u>Mineral</u>	<u>Indicated</u>	<u>Inferred</u>	<u>Total</u>
Dolomite	17,500,000	100,000,000	117,500,000
Limestone	7,500,000	20,000,000	27,000,000
Peat	5,000	15,000	20,000



The assays of composite chip samples taken from outcrops earlier, indicated better than "high purity" dolomite quality as follows:

<u>Mineral</u>	<u>Min. %</u>	<u>Max. %</u>	<u>Av. %</u>	<u>Class Limit of "High Purity"</u>	<u>Theoretical Max. Purity</u>
MgO	20.4	21.1	20.7	20.7	21.8
CaO	30.7	31.1	30.9	29.8	32.6
SiO <sub>2</sub>	0.7	1.1	0.9	1.3	--
Fe <sub>2</sub> O <sub>3</sub>	0.2	0.5	0.3	0.7	--
Al <sub>2</sub> O <sub>3</sub>	--	0.4	0.2		--
L.O.I.	46.6	46.8	<u>46.7</u>	<u>44.5</u>	<u>45.6</u>
			100.0	100.0	100.0
CaMg(CO <sub>3</sub> ) <sub>2</sub> purity:			98.3	95.0	100.00

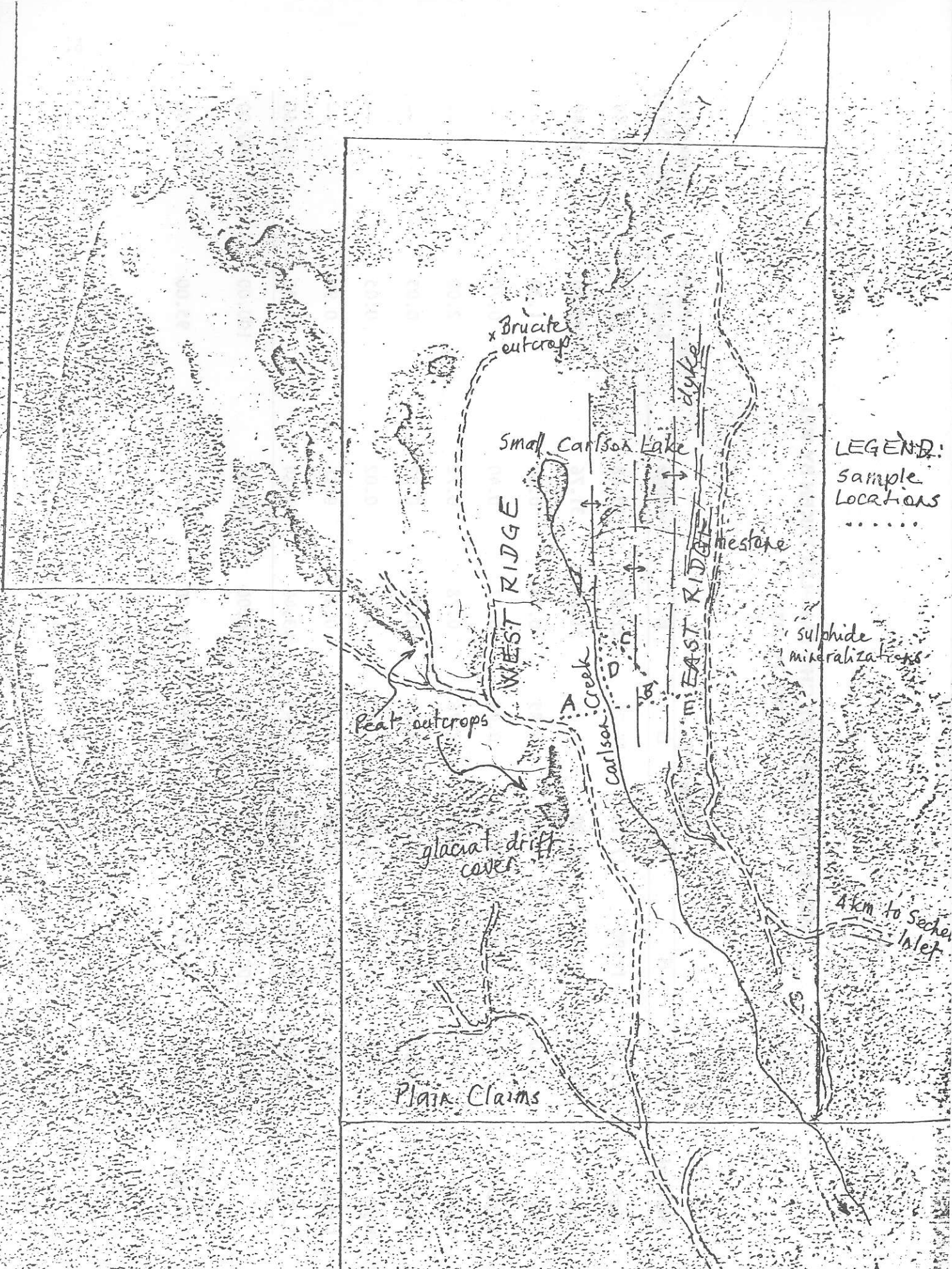
Other impurities, constituting less than 0.1%, were as follows:

<u>Element</u>	<u>Average ppm</u>
Mn	380
Sr	109
Ti	80
Ba	5
B	not detected

WEL has collected a group of 5 new composite chip samples in the field recently at the locations indicated on the attached map. The assay results are presented on the following page. To the best of WEL's knowledge, there are no known dolomite deposits of equal quality in the Western U.S. or Western Canada.

**ASSAYS OF COMPOSITE CHIP SAMPLES TAKEN BY WEL  
SEPT. 19, 1983**

Mineral	SAMPLES						"High Purity" Limit	Theoretical Max. Purity
	A	B	C	D	E	Average		
MgO	21.40	19.90	17.10	18.20	21.80	19.68	20.70	21.80
CaO	31.60	31.00	30.20	34.20	31.80	31.76	29.80	32.60
SiO <sub>2</sub>	0.40	1.03	0.70	0.89	0.98	0.80	1.30	--
Fe <sub>2</sub> O <sub>3</sub>	0.42	0.43	0.36	0.42	0.37	0.40	0.70	--
Al <sub>2</sub> O <sub>3</sub>	0.57	0.59	0.89	0.76	0.78	0.72	2.00	--
Na <sub>2</sub> O	0.02	0.02	0.02	0.02	0.02	0.02	0.05	--
K <sub>2</sub> O	0.01	0.01	0.05	0.02	0.01	0.02	0.05	--
Others	0.64	0.83	0.66	0.84	0.84	0.76	0.90	--
L.O.I.	44.94	46.12	50.02	44.65	43.40	45.84	44.50	45.60
	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Purity of CaMg(CO <sub>3</sub> ) <sub>2</sub>	97.94	97.09	97.32	97.05	97.00	97.28	95.00	100.00



LEGEND:  
Sample Locations  
.....

sulphide mineralizations

4 km to Secker Inlet

Plain Claims

WEST RIDGE

EAST RIDGE

Brucite outcrop

Small Carlson Lake

dyke

metastone

Peat outcrops

glacial drift cover

Carlson Creek

A

B

C

D

The absence of boron as well as the low combined silica and iron content make this dolomite particularly suitable for caustic calcined magnesia (periclase) and magnesium metal production. There seems to be no need for a concentration process, due to the purity of the raw dolomite.

As the dolomite would be recovered from the prospective quarry, limestone would also have to be removed. Ten assays of 10 composite limestone samples taken from various outcrops by Weymark Engineering Ltd. in different areas of the property were analysed as follows:

<u>Mineral</u>	<u>Min. %</u>	<u>Max. %</u>	<u>Av. %</u>	<u>Class Limit of "High Purity"</u>	<u>Theoretical Max. Purity</u>
CaO	53.9	55.9	55.3	53.3	56.1
MgO	0.3	1.4	0.5	1.0	--
SiO <sub>2</sub>	0.3	1.4	0.7	2.0	--
R <sub>2</sub> O <sub>3</sub>	0.1	0.4	0.2	1.0	--
L.O.I.	42.4	43.5	43.3	42.7	43.9
			<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
CaMg(CO <sub>3</sub> ) <sub>2</sub> purity:			99.1	97.0	100.0

The limestone necessarily removed with the dolomite as raw byproduct could be used to produce quicklime, hydrated lime, calcium carbid, white Portland cement or other special products.

**SECTION 5**  
**DOLOMITE PROSPECTS**



## SECTION 5

### DOLOMITE PROSPECTS

Depending on market demands and on the availability of capital, the dolomite and limestone resources of the Sechelt mineral properties of CANDOL could be developed to produce various products and byproducts, starting with single stage crushing and screening of the dolomite to produce construction aggregates for the local market. With the addition of grinding and packaging facilities, the dolomite could yield fillers and fertilizers for the regional markets. Further potentials include products for national and international markets, such as deadburned dolomite for refractory brick manufacturing, also calcined dolomite and caustic calcined magnesia (periclase) for the refractory industry, yielding quicklime, hydrated lime and magnesia as byproducts used by the pulp and paper industry. Finally, magnesium metal could be produced, using either one of the ferrosilicon processes (Pidgeon process, Magnetherm process, etc.) or one of the magnesium chloride processes (Kaiser, Dow, etc.). Considering the availability of sea water and the relatively low cost of electrical energy in B.C., it is likely that a modified magnesium chloride process would enable the production of magnesium metal at a cost near to that of aluminium.

It is envisaged that primary crushing and screening would be carried out at the future quarry site, the crushed material would then be trucked to the prospective barge loading facility for shipment to customers or distributors, or to a plant site for secondary crushing and further treatment.

There are no known alternate dolomite sources on the West Coast with similar purity.

There is one dolomite limestone deposit near Kleindale in B.C., also on the Sechelt Peninsula. This, however, contains 3.4% silica and 1.1% other impurities which would have to be reduced by grinding and heavy media separation prior to any further processing.

There are several dolomitic limestone deposits in Washington State, mainly in Pend Oreille, Okanogan and Stevens Counties, but with even higher percentage of detrimental impurities. The only known exception is in the Barstow area of Stevens County. This deposit, however, is reported to contain numerous quartz stringers and some tremolite. The deposit is also highly disturbed by combinations of folding, faulting and intrusions so that the strikes and dips are varied. The deposit itself is bordered by steeply dipping faults on all four sides. Consequently, it is unlikely that this source will be developed in the near future.

Dolomite is being mined in the Addy District of Stevens County, about 50 miles north of Spokane, by Northwest Alloys Inc., a wholly owned subsidiary of the Aluminium Co. of America (Alcoa) to produce magnesium metal for aluminium alloying at a rate of 12,000 tpy, using the Magnetherm process (patented by Pechiney Ugine Kuhlmann Devl. Inc.), operating at 50% of production capacity at the present.



**SECTION 6**

**OPINION**



**SECTION 6****OPINION**

With regards to the large number of outcrops examined on the site of CANDOL's properties, their clearly visible lateral extent and their probable projection in depth, with further regards to the assay results, indicating uniformly "high purity" dolomite reserves, it is the opinion of WEL that a systematic geological exploration is warranted to assess the technical and economic possibilities of bringing the prospective project into a commercial operation.



SECTION 7  
RECOMMENDATIONS



**SECTION 7**  
**RECOMMENDATIONS**

In accordance with the opinion formulated by WEL, a diamond drilling program should be carried out to bring some of the probable and possible geological reserves into the proven category, to test depth of weathering, the stratigraphy, grade consistency and various rock characteristics.

Concurrently with the exploration, bulk sampling and testing should be carried out to determine crushing and grinding parameters, drilling and blasting requirements and suitability for various end uses in accordance with U.S. and Canadian standards of testing of materials.

Thirdly, a market survey should also be carried out at the same time, extending to local, regional, national and international markets to establish current actual and projected demands for the potential products and byproducts discussed in the foregoing.

Consequently, the exploration drilling program should be governed by the results of the ongoing marketing activities, of the corresponding materials testing and of the objectives of establishing the optimal quarry layout and production parameters.

The order of magnitude costs to carry out the above are estimated as follows:

Diamond drilling and assaying	
900 m at \$103/m	\$ 92,700
Trenching and bulk sampling	15,000
Geological field supervision	10,000
Market survey and forecasting	200,000
Advertising	50,000



Materials testing	25,000
Metallurgical tests	50,000
Preliminary feasibility studies	<u>75,000</u>
Subtotal	\$ 517,700
Contingencies - 10%	<u>51,800</u>
Total	\$ <u>569,500</u>

The largest cost item is the allowance for marketing. This activity may be contracted out in two stages and in three areas: local, regional and national/international. In this way, upon favorable results in the first stage in one or more areas, the cost may be reduced by decreasing the scope of the second stage. Upon significant savings in marketing due to potential instant commitments, additional drilling could be carried out in the area of initial quarry development to assure quality control.



**SECTION 8**  
**CERTIFICATE**



CERTIFICATE

I, John Alwyn Doyle, P. Eng., Senior Mining Engineer of Wright Engineers Limited of Vancouver, British Columbia, hereby certify that:

1. I am a graduate of School of Metalliferous Mining, Campbell, Cornwall, England, Diploma 1950, and have been practicing my profession for 33 years.
2. I am a member of the Association of Professional Engineers of the Province of British Columbia.
3. I am a consulting engineer and reside at 4171 Norwood Street, North Vancouver, British Columbia.
4. I have no direct or indirect interest whatsoever in CANDOL Development Ltd., or affiliate, or in the Sechelt Mineral Claims, nor do I expect to receive any interest in them.
5. The findings of the foregoing report are based on my personal examinations of the Sechelt Mineral Claims Group.

Dated at Vancouver, British Columbia, this 26th day of September, 1983.

  
John A. Doyle, P. Eng.  
Senior Mining Engineer

WRIGHT ENGINEERS LIMITED



**SECTION 9**  
**APPENDICES**





Province of  
British Columbia



Ministry of Lands  
Parks and Housing

FORM NO. 1

LAND ACT

NOTICE OF INTENTION TO APPLY FOR A DISPOSITION OF CROWN LAND

In Land Recording District of New Westminster, Region 28, Compt #22

and situated\* Atlas reference 92G/12W

\* Here describe by giving name of lake, mountain, stream, village, etc., in vicinity.

Take notice that CANDOL DEVELOPMENTS LTD.

of Vancouver, B.C., occupation Mining Corporation,

intends to apply for a Lease of the following described lands:

Where land is surveyed and evidence of survey is available complete (a).

(a) [Give legal description] TILL mineral claims 1140(1) of 500 ha plus 375 ha immediately adjacent to and due E of Till mineral claims

containing 875 ha

or

Where land is unsurveyed or where no evidence of survey is available complete (b).

(b) Commencing at a post planted † 500 m due E of Carlson Creek bridge

† Locate with reference to some survey post if possible.

thence 1500 meters E; thence 2500 meters S

thence 3500 meters E; thence 2500 meters N

and containing 875 ha more or less. thence 2000 meters E

† Be as specific as possible.

The purpose for which the disposition is required is † Limestone, Dolomite, extraction of minerals and peat

CANDOL DEVELOPMENTS LTD.

(Name of applicant in full)

(Name of agent if applicable)

Dated September 16th, 19 83

Province of  
British Columbia



Ministry of Lands  
Parks and Housing

FORM NO. 1

LAND ACT

**NOTICE OF INTENTION TO APPLY FOR A DISPOSITION OF CROWN LAND**

In Land Recording District of New Westminster, Region 28, Compt #22

and situated\* Atlas reference 92G/12W

\* Here describe by giving name of lake, mountain, stream, village, etc... in vicinity.

Take notice that CANDOL DEVELOPMENTS LTD.

of Vancouver, B.C., occupation Mining Corporation

intends to apply for a Lease of the following described lands:

Where land is surveyed and evidence of survey is available complete (a).

(a) [Give legal description] PLAIN mineral claim 92(5) and ZINC 126(8)  
having respectively 450 ha and 225 ha for a total of 675

containing 675 ha

or

Where land is unsurveyed or where no evidence of survey is available complete (b).

(b) Commencing at a post planted† at Carlson Creek bridge which is  
at SE corner of mineral claims above

† Locate with reference to some survey post if possible.

thence 1500 meters W; thence 4500 meters N

thence 1500 meters E; thence 4500 meters S

and containing 675 ha more or less.

‡ Be as specific as possible.

The purpose for which the disposition is required is ‡ extraction of <sup>Limestone, Dolomite</sup> minerals  
and peat

CANDOL DEVELOPMENTS LTD.

(Name of applicant in full)

John S. Burns

(Name of agent if applicable)

Dated September 16<sup>th</sup> 19 83



FORM NO. 1

LAND ACT

NOTICE OF INTENTION TO APPLY FOR A DISPOSITION OF CROWN LAND

In Land Recording District of New Westminster, Region 28, Compt #22

and situated\* Atlas reference 92G/12W

\* Here describe by giving name of lake, mountain, stream, village, etc., in vicinity.

Take notice that CANDOL DEVELOPMENTS LTD.

of Vancouver, B.C., occupation Mining Corporation

intends to apply for a Lease of the following described lands:

Where land is surveyed and evidence of survey is available complete (a).

(a) [Give legal description] SUP 8391

containing 22 ha

Where land is unsurveyed or where no evidence of survey is available complete (b).

(b) Commencing at a post planted† <sup>500 meters or</sup> 25 chains north of NE corner of

block A of lot 3058 in above land recording district

† Locate with reference to some survey post if possible.

<sup>thence</sup> west 400 meters, NNW 160 meters, thence N 340 meters,

thence NNE 180 meters to shoreline, continuing

thence 100 meters NNE ; thence 550 meters SSE

thence 100 meters W to point of commencement

and containing \_\_\_\_\_ ha more or less.

† Be as specific as possible.

The purpose for which the disposition is required is †

For dock facilities for shipment  
extraction of minerals

and peat of limestone and dolomite

CANDOL DEVELOPMENTS LTD.

(Name of applicant in full)

John S. Burns

(Name of agent if applicable)

Dated September 14th 19 83



# can test ltd.

1523 WEST 3rd AVENUE. VANCOUVER. B.C. V6J 1J8 • TELEPHONE (604) 734-7276 • TELEX 04-54210

Bacon, Donaldson and Assoc.

## PLASMA SPECTROGRAPHIC ANALYSIS CERTIFICATE

2036 Columbia St.

File No. 9989E

Vancouver, B.C. V5Y 3E1

Date Sept. 26/83

Attention: Mr. Gordon Bacon, Ph.D, P.Eng.

We hereby Certify that the following are the results of plasma spectrographic analysis made on solid samples submitted.

Sample Identification	"A"	"B"	"C"	"D"	"E"	DETECTION LIMIT
<b>MAJOR COMPONENTS</b>	<b>Percent (%)</b>					
Silica SiO <sub>2</sub>	L	1.03	0.70	0.89	0.98	0.50
Alumina Al <sub>2</sub> O <sub>3</sub>	0.57	0.59	0.89	0.76	0.78	0.30
Iron Fe <sub>2</sub> O <sub>3</sub>	0.42	0.43	0.36	0.42	0.37	0.05
Calcium CaO	31.6	31.0	30.2	34.2	31.8	0.01
Magnesium MgO	21.4	19.9	17.1	18.2	21.8	0.01
Sodium Na <sub>2</sub> O	0.02	0.02	0.02	0.02	0.02	0.01
Potassium K <sub>2</sub> O	0.01	0.01	0.05	0.02	0.01	0.01
Sulphur SO <sub>3</sub>	-	-	-	-	-	-
Loss On Ignition L.O.I.	-	-	-	-	-	-
<b>TRACE COMPONENTS</b>	<b>Parts Per Million</b>	<b>(P.P.M.)</b>				
Antimony Sb						
Arsenic As						
Barium Ba	30.	49.	43.	39.	27.	10.
Beryllium Be						
Bismuth Bi						
Boron B						
Cadmium Cd						
Chromium Cr						
Cobalt Co						
Copper Cu						
Lead Pb						
Manganese Mn	337.	501.	221.	390.	498.	30.
Molybdenum Mo						
Nickel Ni						
Phosphorus PO <sub>4</sub>						
Silver Ag						
Strontium Sr	113.	130.	114.	182.	127.	10.
Tin Sn						
Titanium Ti	164.	151.	287.	225.	193.	60.
Tungsten W						
Uranium U						
Vanadium V						
Zinc Zn						

L = less than.

CAN TEST LTD.

**CHEMICAL COMPOSITION OF REPRESENTATIVE DOLOMITES**

<u>Mineral</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>Sechelt</u>
MgO	20.84	14.70	20.48	20.45	21.12	20.32	19.68
CaO	29.58	22.32	30.97	31.20	29.45	30.40	31.76
SiO <sub>2</sub>	3.24	24.92	0.73	0.11	0.14	0.18	0.80
Al <sub>2</sub> O <sub>3</sub>	0.17	1.82	0.20	0.30	0.04	0.08	0.40
Fe <sub>2</sub> O <sub>3</sub>	0.17	0.66	0.06	0.19	0.02	0.21	0.72
Na <sub>2</sub> O	-	0.03	-	0.06	0.01	-	0.02
K <sub>2</sub> O	-	0.04	-	-	0.01	-	0.02
Others	0.16	0.91	0.05	0.05	2.90	0.99	0.76
L.O.I.	45.84	34.60	47.51	47.64	46.31	47.82	45.84

1. Knox dolomite, Cambro-Ordovician, Morrisville area
2. Cherty dolomite, Niagara Highland Co., Ohio
3. Randville dolomite, Cretaceous, Michigan
4. Niagara dolomite, Illinois
5. Guelph dolomite, Ohio
6. Huntington dolomite, Silurian, Indiana



1444 Alberni Street, Vancouver, British Columbia, Canada, V6G 2Z4

Project No: 1272-100

February 10, 1984

Mr. John S. Burns  
 Candol Developments Ltd.  
 3rd Floor, 800 West Pender St.  
 Vancouver, B.C.  
 V6C 2V8

Dear Mr. Burns:

re: Primary Report - Sechelt Mineral Claims

Further to Section 7 - Recommendations, in our report referred to above, we wish to state that the estimated costs of the prospective exploration program may be classified into two categories: those of a larger sum total, which would yield a desired amount or level of information, and those of lesser sum total, which would yield a minimum acceptable level of information, as indicated below:

<u>Exploration Cost Items</u>	<u>Estimated Cost of Information</u>	
	<u>Desired</u>	<u>Minimum</u>
Diamond Drilling and Assaying	\$92,700	\$50,000
Camp Facilities	50,000	25,000
Trenching and Bulk Sampling	15,000	10,000
Geological Field Supervision	10,000	5,000
Product Acceptability Determination	65,000	25,000
Materials Testing	25,000	10,000
Metallurgical Tests	50,000	25,000
Preliminary Feasibility Studies	75,000	35,000
Contingencies	<u>41,800</u>	<u>18,500</u>
	\$424,500	\$203,500

This letter may be considered as an Addendum to our Primary Report issued on September 26, 1983.

Yours very truly,

WRIGHT ENGINEERS LIMITED

W.F. Gilmore, P.Eng.,  
 Vice President, Mining

CANDOL DEVELOPMENT LTD.

PRIMARY REPORT

SECHELT MINERAL CLAIMS GROUP

SECHELT HALF - MOON BAY AREA

VANCOUVER MINING DIVISION

BRITISH COLUMBIA

6<sup>th</sup> APRIL 1983

WEYMARK ENGINEERING LTD.  
1063 BALFOUR AVENUE  
VANCOUVER, British Columbia

WEYMARK ENGINEERING LTD.

*No reproduction except by written consent of Weymark Engineering Ltd.*

CANDOL DEVELOPMENTS LTD.

SECHELT MINING CLAIMS GROUP

VANCOUVER MINING DIVISION, BRITISH COLUMBIA

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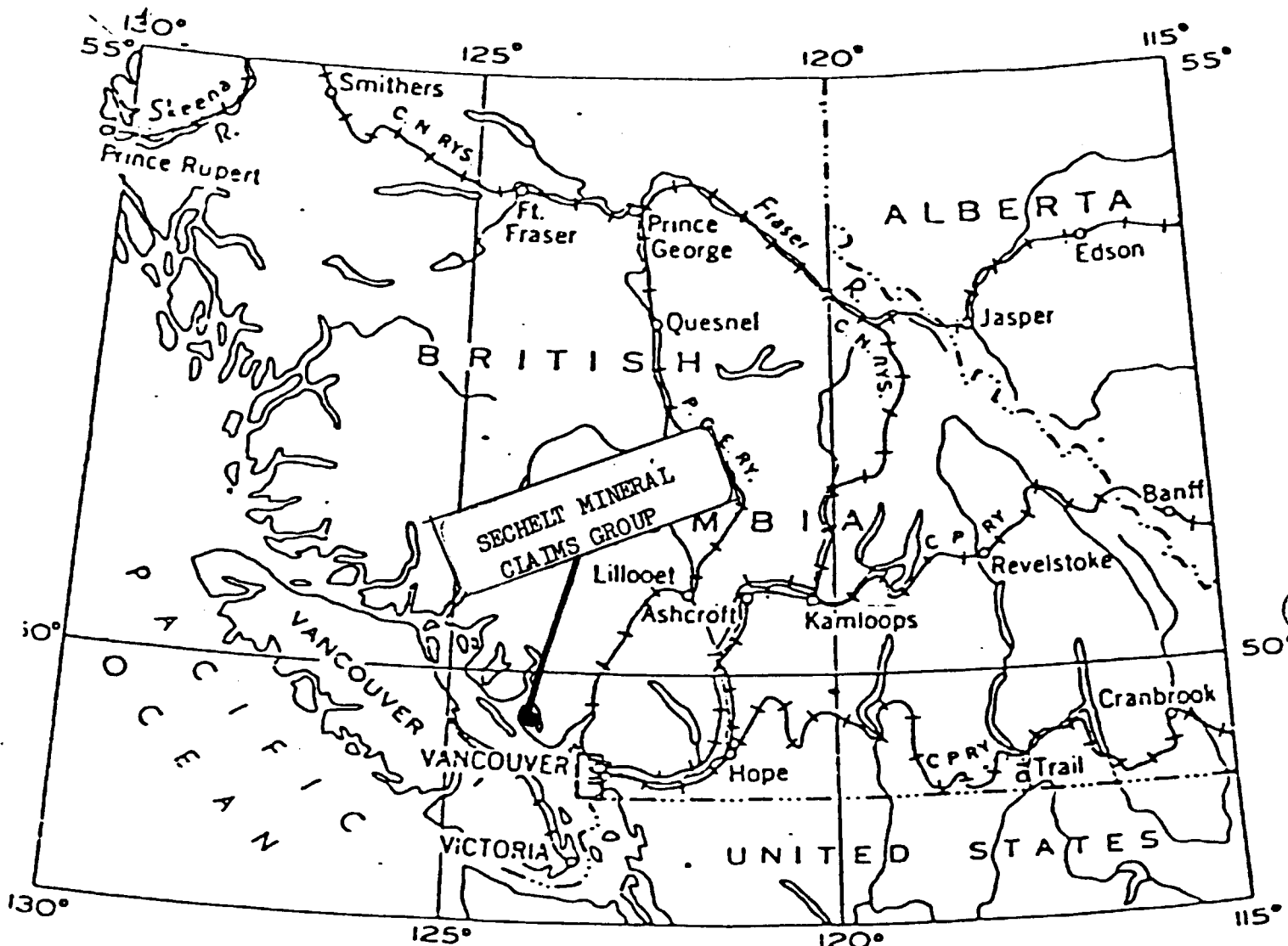
Appendices

Annex - A Certificate of Assay

Illustrations

- Figure - 1 Frontspiece
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LOCATION

SECHLT MINERAL CLAIMS  
 VANCOUVER MINING DIVISION  
BRITISH COLUMBIA

WEYMARK ENGINEERING LTD.

*Consulting Engineers*

3310 WESTMOUNT ROAD  
WEST VANCOUVER, B.C.  
CANADA

TELEPHONE  
922-1536

Candol Developments Ltd.  
1250- 1055 West Georgia St.  
Vancouver, British Columbia

Gentlemen:

Re: Primary Report: Sechelt Mining Claims Group  
Vancouver Mining Division, British Columbia.

I am pleased to submit for your information, this Primary Report on the examination carried out and supervision of work programmes on the Sechelt Mineral Claim Group, Sechelt - Half Moon Bay Area, Vancouver Mining Division, British Columbia commencing in November 1973 and currently in March 1983 and the review of the available information relating to the property.

Available information relating to the Sechelt claims area is scanty, although development and operation of mines in the area has extended back to the beginning of the century. The most notable has been the Cambrian Chieftain, located only three miles northwesterly, and the Texada Mines located some ten miles farther up the coast. These mines produced significant tonnages in Copper, Lead, Zinc and other metallics. During the past several years considerable exploration has been carried out on the Sechelt claims consisting of Geophysical-Geochemical-Geological Surveys and several metallic-minerological zones have been revealed yielding significant assays in Copper-Zinc-Silver and other metallics. According to the available records over fifty thousand dollars have been expended and it is now considered appropriate to enlarge the work programmes so that detailed information may be obtained about possible commercial opportunities of the mineralized zones of the property.

The purpose of this Report is to present an analysis of the

background information, Geological-Geophysical-Geochemical features as an assessment of the worthiness of the metallic mineral potentialities for commercial purposes in the next phases of investigation.

#### 1.0 PROPERTY

This property consists of 42 claim units, viz:

<u>Name</u>	<u>Number of Units</u>	<u>Record Number</u>	<u>Record Date</u>
Plain	18	92	31 May 1976
TILL	20	1140	12 January 1972
Adit 1	1	1177	15 April 1982
Adit 2	1	1178	15 April 1982
Adit 3	1	1179	15 April 1982
Adit 4	1	1180	15 April 1982

The Reference Mineral Claim Map is M92G/12W of the B.C. Department of Mines. The claims are currently in good standing with respect to the assessment work requirement of the B.C. Department of Mines.

The Geographical Co-ordinates are 123° 52' West Longitude and 49° 37' North Latitude - see Figure 2.

The claims are situated in the Vancouver Mining Division with Recording Office in Vancouver and in the Vancouver Land Registry District with Registry in Vancouver.

The metallic mineral zones detailed in the text are within the claim boundaries as examined. Conformity of the staking, tags, posts and claim lines to the requirements of the Mineral Act of British Columbia has not been verified.

There are no structures or equipment on the property belonging to the company.

2.0 ACCESS AND LOCATION

The Sechelt claims are located about five miles northerly from Half Moon Bay, Sechelt Peninsula and thirty miles northerly from Vancouver, B.C. See Figure 3.

Access to the claims is ready by automobile to within five miles by paved Highway No. 101. The five-mile stretch is over a logging gravel road. Accessibility to the claims is year-round except in fire peril and heavy snowfall periods.

3.0 CLIMATE

Climatic conditions are coastal-marine with moderate year round temperatures of about 50°F. Precipitation is moderate being of the order of 30 - 40 inches with 80 inches of snow.

Exploration work may be carried out throughout the year except in fire peril and heavy snowfall periods.

4.0 PHYSIOGRAPHY

The relief of the claims area is moderately rugged with northerly trending ridges and draws. Elevations range from sea level to over 3,500 feet above sea level, - See Figure 3. Apart from the rock outcroppings of the ridges and slopes, most of the area is covered with overburden gravels and tills, ranging in depths to over 20 feet, some of which is muskeg-swamp. Timber growth is mostly second growth of deciduous and coniferous varieties. Most of the claims area has been logged. The main drainage system is the Carlson Creek and Lake system which drains into Sechelt Inlet.

5.0 RESOURCES

There is an abundance of resources available in the area

for the carrying out of mining exploration-development and operation. Power high-voltage transmission lines are within a few miles to the north, timber, water and construction materials are available on the claims, although permits for the use of these have to be obtained, skilled labour, supplies and equipment are readily available in Sechelt or Vancouver and communications, - transport and telecommunications are available at Half Moon Bay. Adequate accommodation is available in the area, obviating the need for establishment of camp facilities.

#### 6.0 GEOLOGY

The main references to the geological features of the claims area are:

- (a) W.R. Bacon's Report "Geology of Lower Jervis Inlet", Bulletin No. 39, British Columbia Department of Mines 1957,
- (b) Map No. 1069A Victoria - Vancouver, 1959 compiled by H.M.A. Rice, Geological Survey of Canada, see Fig. 4 and
- (c) Map 42 - 1963 Geology of Squamish, Vancouver, West Half, British Columbia.

Base formations are coast intrusions of Grano-diorite - Quartz diorite and related assemblages and remnants of meta-sediments and volcanics, locally designated the Jervis Group of the Cretaceous and earlier periods.

Distribution of these formations is shown on Figure 4.

On the claims area, the geological formations are principally meta-sediments and volcanics with limestone-dolomite and volcanics, - Andesites Tuffs and related predominating. The strikes of the bedding is to the north-west and dips are easterly. The dominant structural feature is the apparent fault zone to which the Carlson Creek - Lake water system relates.

Detailed geological mapping is required to confirm structural and lithological features.

7.0 MINERAL ZONES AND EXPLORATION WORK

Several copper-lead-zinc-silver and other metallic bearing mineral zones have been located on the claims group. See Fig. 5.

The most significant belt is located in the central area of the Plain Group of claims. Possible extensions to the north and south are indicated by Geophysical geochemical testing. The overall length is some 2000 feet and 1000 feet in width. Mineralization appears to be related to metasomatic processes - alteration zones near the contacts between the meta-sediments - volcanics and the intrusives.

The results of sample assays are listed below.

<u>Sample</u>	Copper <u>%</u>	Lead <u>%</u>	Zinc <u>%</u>	Silver <u>oz/ton</u>
A	0.04	< 0.01	1.64	0.05
B	1.73	< 0.01	0.09	0.47
C	1.58	< 0.01	0.04	1.12
D	2.17	0.26	17.40	3.06
E	0.02	4.17	11.80	2.64
F	2.38	0.18	19.40	2.44
G-119	1.65	-	11.82	2.55
H-160	-	3.38	7.10	-
I-164	-	0.13	1.78	-

The location of these samples is shown on Figure 5 and the assay certificates in Annex A. It is to be noted that gold assays were of the order of .002- 0.013 ounces per ton.

Because of the favourable assays indicated for Copper-lead-silver and other metallics, extension of the existing zonal dimensions by surface and subsurface methods is necessary to determine values.

#### 8.0 OPINION

On the basis of the available Lithological-Structural and Mineralogical features relating to the underlying rock formations of the Sechelt Mineral Claims Group, I am of the opinion that further testing is warranted in order to assess the metallic commercial significance of the mineral zones of this property. It should be noted, however, that to date no ore zones have been located on the property.

#### 9.0 RECOMMENDATIONS

Consistent with the fore-expressed opinion, I recommend that the following programme of work be carried out in two phases to further test the Copper-Lead-Zinc-Silver and other related metallic mineral potentialities of the Sechelt Mineral Claims Group. See Figure 5 for proposed locations of the working. The First Phase would be general in scope, viz

1.	BQ - NQ sized Diamond Drilling, 5000 feet	\$150,000
2.	Bulldozer trenching	10,000
3.	Rock trenching	10,000
4.	Geological mapping	15,000
5.	Geophysical surveys, magnetometer	5,000
6.	Assays and tests	10,000
7.	Ground linear surveys	3,000
8.	Engineering and tests	17,000
9.	Contingencies and establishment	<u>10,000</u>
		<u>\$230,000</u>

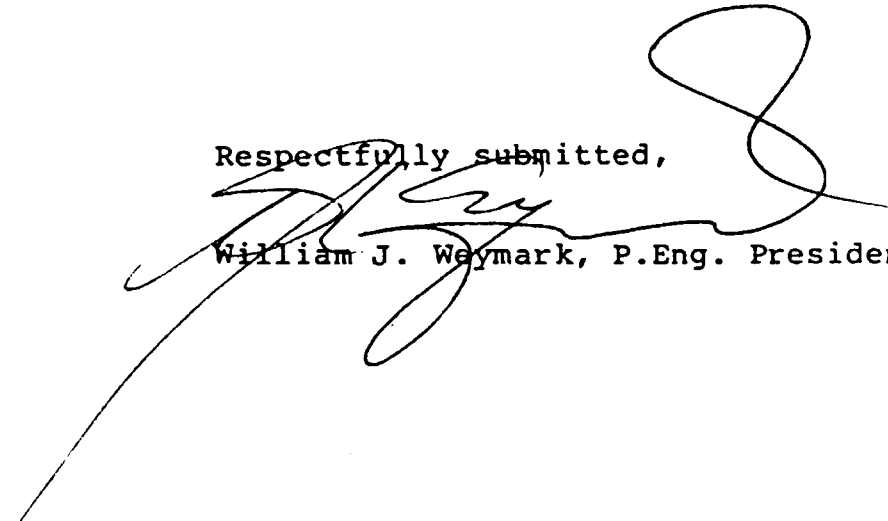
The Second Phase would be more detailed in order to fill in the gaps preparatory for Pre-feasibility studies, -

1. Diamond drilling, 5000 feet	\$150,000
2. Geological studies	15,000
3. Bulk sampling	15,000
4. Engineering and tests	20,000
5. Contingencies and establishment	<u>20,000</u>
	<u>\$220,000</u>

The total expenditure recommended is set at \$450,000. as the basis for future Pre-feasibility assessment.

Some variation should be tolerated within the scope and detail of this programme depending upon the results obtained.

Respectfully submitted,



William J. Weymark, P.Eng. President



CERTIFICATE

I, William J. Weymark, P.Eng., Consulting Engineer, President of Weymark Engineering Ltd., of the District of West Vancouver, of the Province of British Columbia, hereby certify that:

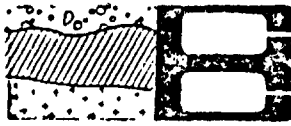
1. I am a graduate of Mining Engineering of Queen's University Kingston, Ontario, B.Sc. 1940 and have been practising my profession for thirty-five years.
2. I am a member of the Association of Professional Engineers of the Province of British Columbia, the Consulting Engineers Division of the Association of Professional Engineers of British Columbia and the Association of Consulting Engineers of Canada.
3. I am a practising Consulting Engineer and reside at 3310 Westmount Road, West Vancouver, British Columbia.
4. I am a member of the Canadian Institute of Mining and Metallurgy and of the American Institute of Mining, Metallurgical and Petroleum Engineers and of the American Geophysical Union.
5. I have no direct or indirect interest whatsoever in Candol Development Ltd., or affiliate or in the Sechelt Mineral Claims, nor do I expect to receive any interest.
6. The findings of the accompanying report are based on my personal examination of the Sechelt Mineral Claims Group in 1973 and of the Sechelt Geological Features at previous times, current March 1973.

Dated at West Vancouver, British Columbia this 6th day of April, 1983.



William J. Weymark, P.Eng.  
President  
Weymark Engineering Ltd.

**APPENDICES**



WEYMARK ENGINEERING LTD

REPORT: 423-0401 PROJECT: SCHELT

PAGE 1

SAMPLE NUMBER	ELEMENT UNITS	Au OPT	Ag OPT	Cu PCT	Pb PCT	Zn PCT	NOTES	SAMPLE WIDTH FEET
R #A		<0.002	0.05	0.04	<0.01	1.64		3.0
R #B		0.004	0.47	1.73	<0.01	0.09		10.0
R #C		0.013	1.12	1.58	<0.01	0.04		5.0
R #D		0.005	3.06	2.17	0.26	17.40		2.0
R #E		0.003	2.64	0.02	4.17	11.80		3.0
R #F		0.005	2.44	2.38	0.18	19.40		3.0
R COMPOSITE A-F								

FOR LOCATION SEE FIGURE 5  
WEYMARK ENGINEERING REPORT

*[Handwritten signature]*



To: Stoney Plain Industries Ltd.,  
 8744 Joffe Ave.,  
 Burnaby, B.C.  
 V5J 3L7

Assaying & Trace Analysis  
 852 E. Hastings St., Vancouver, B.C. V6A 1R6  
 Telephone: 253-3158

File No. 82-0464 B

Type of Samples Rock

Disposition \_\_\_\_\_

# ASSAY CERTIFICATE

No.	Sample	Cu%	Zn%	Ag oz/ton	Au oz/ton				No.
1	G 119	1.65	11.82	2.55	.002				1
2									2
3									3
4									4
5									5
6									6
7									7
8									8
9									9
10									10
11									11
12									12
13									13
14									14
15									15
16									16
17									17
18									18
19									19
20									20

All reports are the confidential property of clients.

DATE SAMPLES RECEIVED June 24, 1982

DATE REPORTS MAILED June 29, 1982

ASSAYER

*Dean Toyne*

DEAN TOYE, B.Sc.  
 CHIEF CHEMIST  
 CERTIFIED B.C. ASSAYER



To: Stoneplain Industries,  
RR1 Healler Road,  
Sechelt, B.C.

Assaying & Trace Analysis  
852 E. Hastings St., Vancouver, B.C. V6A 1R6  
Telephone: 253-3158

File No. 83-0003  
Type of Samples Rocks  
Disposition \_\_\_\_\_

# ASSAY CERTIFICATE

No.	Sample	Pb%	Zn%						No.
1	H #160	3.38	7.10						1
2	I 164	.13	1.78						2
3									3
4									4
5									5
6									6
7									7
8									8
9									9
10									10
11									11
12									12
13									13
14									14
15									15
16									16
17									17
18									18
19									19
20									20

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DATE SAMPLES RECEIVED Jan. 4, 1983

DATE REPORTS MAILED Jan. 6, 1983

ASSAYER \_\_\_\_\_

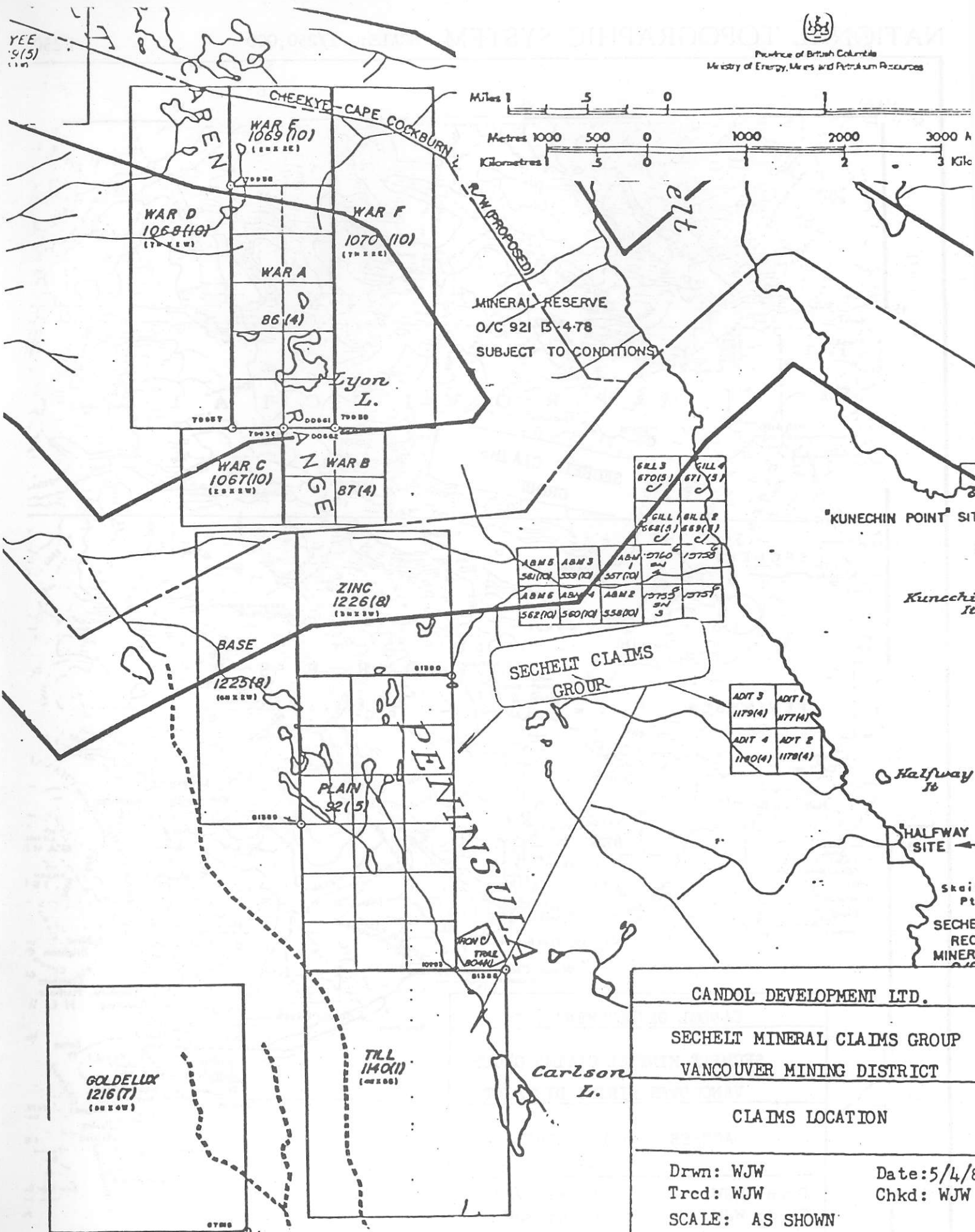
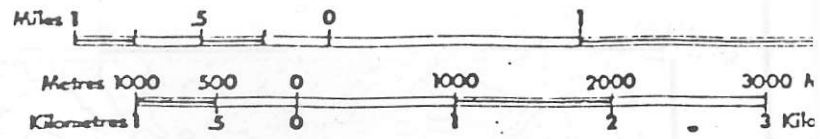
*D. Toy*  
DEAN TOYE, B.Sc.  
CHIEF CHEMIST  
CERTIFIED B.C. ASSAYER

ILLUSTRATIONS

YEE  
9(5)  
119



Province of British Columbia  
Ministry of Energy, Mines and Petroleum Resources

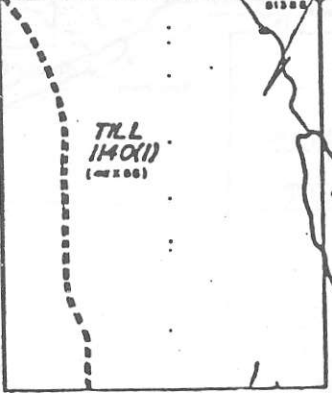
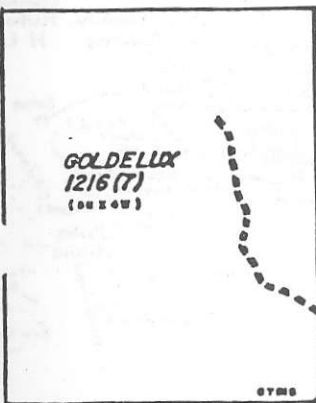


MINERAL RESERVE  
O/C 921 B-4-78  
SUBJECT TO CONDITIONS

SECHELT CLAIMS GROUP

ABM5 561(10)	ABM3 559(10)	ABM 557(10)	ABM 5760 SN 3	13750
ABM5 562(10)	ABM4 560(10)	ABM2 558(10)	5755 SN 3	13751

ADT 3 1179(4)	ADT 1 1174(4)
ADT 4 1180(4)	ADT 2 1178(4)



CANDOL DEVELOPMENT LTD.

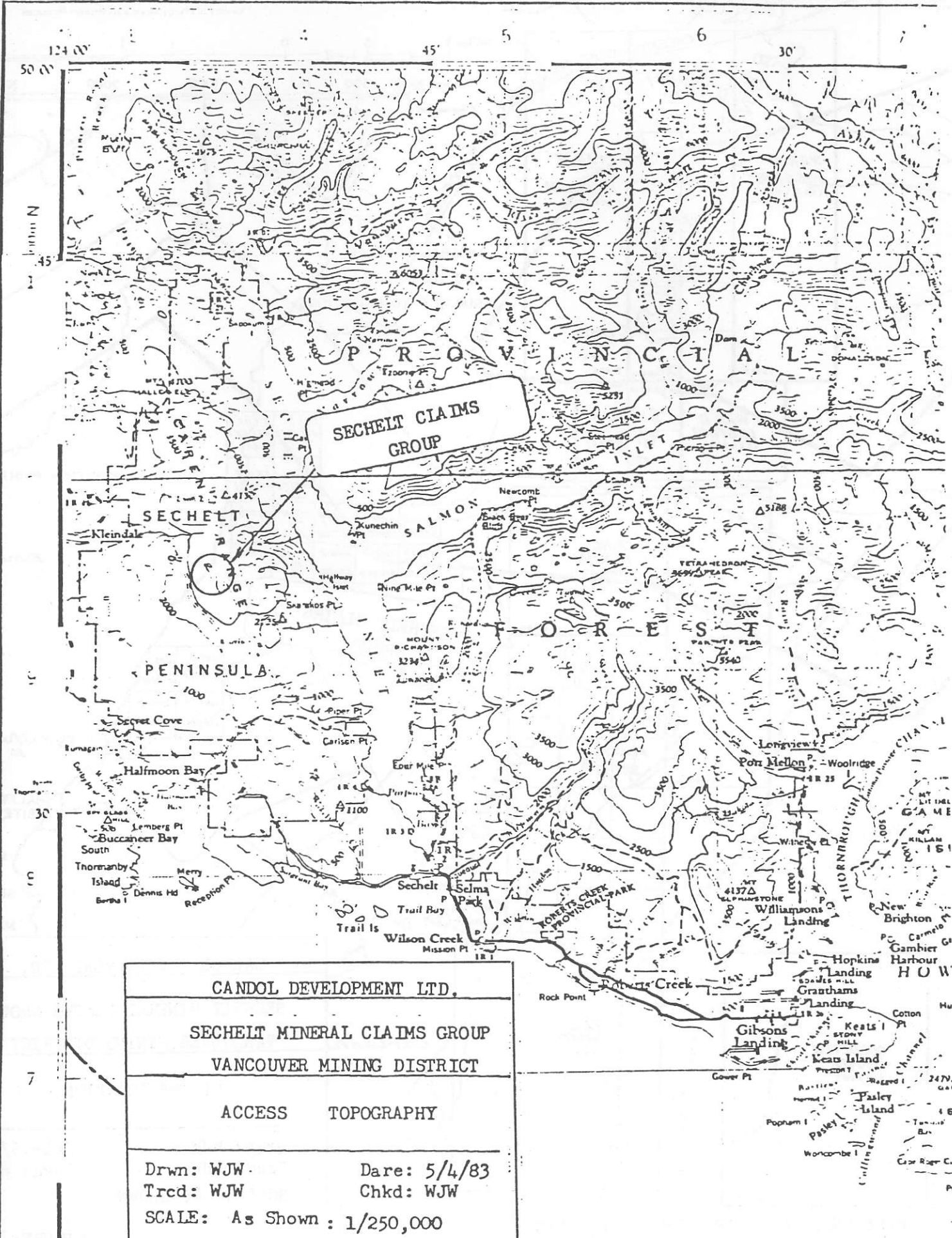
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SECHELT MINERAL CLAIMS GROUP  
VANCOUVER MINING DISTRICT

---

CLAIMS LOCATION

Drwn: WJW                      Date: 5/4/83  
 Trcd: WJW                      Chkd: WJW  
 SCALE: AS SHOWN



CANDOL DEVELOPMENT LTD.	
SECHELT MINERAL CLAIMS GROUP	
VANCOUVER MINING DISTRICT	
ACCESS	TOPOGRAPHY
Drwn: WJW	Dare: 5/4/83
Tred: WJW	Chkd: WJW
SCALE: As Shown : 1/250,000	



124°00'

30'

123°00'

50°00'



SECHERT MINERAL CLAIMS  
GROUP

Coast Intrusions

Granodiorite, quartz diorite  
Less gneissic equivalents

Triassic, Earlier and Later

Volcanics, Limestone, grey-  
wacke, gneissic equivalents  
Jarvis Group

2  
6D

CANDOL DEVELOPMENT LIMITED

**WEYMARK ENGINEERING LTD.**

CONSULTING ENGINEERS

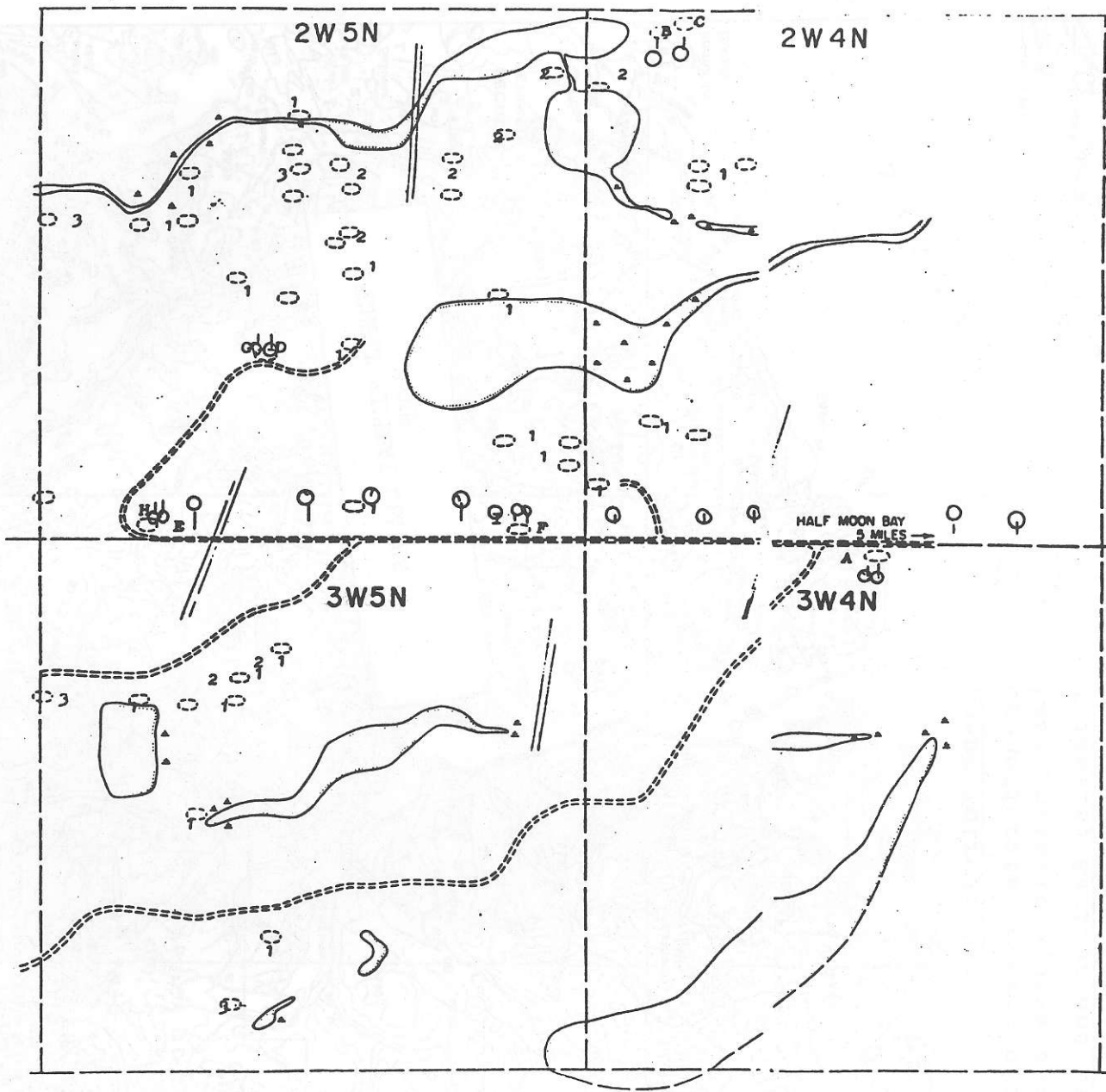
WEST VANCOUVER, BRITISH COLUMBIA  
CANADA

SECHERT MINERAL CLAIMS GROUP  
REGIONAL GEOLOGY

DATE 5-4-83  
SUBMITTED WJW  
DRAWN WJW  
TRACED WJW

SCALE 1" = 8 miles  
CHECKED WJW  
FILE No. Can - 1  
CONTRACT FIGURE - 4

Reference: Map 1069A - Victoria -  
Vancouver, 1959; GSC



**LEGEND**

- META - SEDIMENTS
- META - VOLCANICS
- GRANITE, GRANODIORITE
- MINERAL ZONE
- SAMPLE
- DIAMOND DRILL HOLE
- TRENCHING
- ROADS

NOTE: SEE ANNEX A, FOR SAMPLE ASSAYS,  
FIGURE 2 FOR CLAIM LOCATIONS

CANDOL DEVELOPMENT LTD.  
SECHLT MINERAL CLAIMS GROUP  
VANCOUVER MINING DIVISION  
BRITISH COLUMBIA

**SAMPLES- WORKS PROGRAMME**



**WEYMARK ENGINEERING LTD.**

*Consulting Engineers*

3310 WESTMOUNT ROAD  
WEST VANCOUVER, B.C.  
CANADA

TELEPHONES:  
922-1536  
736-6812

February 14, 1984

Candol Development Ltd.  
3rd Floor  
800 West Pender Street  
Vancouver, B.C.

Gentlemen:

Re: Addendum  
Primary Report - 6 April 1983  
Sechelt Mineral Claims Group  
Vancouver Mining Division  
British Columbia

Reference Deficiency letter, Superintendent of Brokers, Ministry of Consumer and Corporate Affairs - 9 February 1984, please note the following revisions to our report in compliance with deficiencies noted.

1. Width and type of samples have been given on Annex A.
2. Correlation of Figure 5 with Figure 2 identified on Figure 2.
3. Paragraph #9, Recommendations, we wish to advise that the estimated costs of the prospective exploration program may be classified into two categories: those of a larger sum total, which would yield a desired amount or level of information, and those of lesser sum total, which would yield a minimum acceptable level of information, as indicated following:

<u>Phase I</u>	<u>Estimated cost of information</u>	
	<u>Desired</u>	<u>Minimum</u>
( i) BQ-NQ Sized Diamond Drilling	\$150,000	55,000
( ii) Bulldozer Trenching	10,000	5,000
( iii) Rock Trenching	10,000	5,000
( iv) Geological Mapping	15,000	7,500
( v) Geophysical Surveys, Magnetometer	5,000	5,000
( vi) Assays and Tests	10,000	3,000
( vii) Ground Linear Surveys	3,000	3,000
(viii) Engineering and Tests	17,000	10,000
( ix) Contingencies	<u>10,000</u>	<u>5,000</u>
	230,000	99,500

<u>Phase II</u> *	<u>Desired</u>	<u>Minimum</u>
( i) Diamond Drilling	\$150,000	-
( ii) Geological Studies	15,000	-
( iii) Bulk Sampling	15,000	-
( iv) Engineering and Tests	20,000	-
( v) Contingencies	<u>20,000</u>	<u>-</u>
	\$220,000	0

\* As a minimum, this phase may be eliminated if results in Phase I are satisfactory, by proceeding directly to Pre-Feasibility Studies.

Respectfully submitted,

  
G.L. Hayward, P.Eng.

r/01

Bondar-Clegg & Company Ltd.  
 130 Pemberton Ave.  
 North Vancouver, B.C.  
 Canada V7P 2R5  
 Phone: (604) 983-0681  
 Telex: 04-352667



**BONDAR-CLEGG**

**Certificate  
 of Analysis**

**WEYMARK ENGINEERING LTD**

REPORT: 423-0401 PROJECT: SCHELT

PAGE 1

SAMPLE NUMBER	ELEMENT UNITS	Au OPT	Ag OPT	Cu PCT	Pb PCT	Zn NOTES PCT	SAMPLE WIDTH FEET	
R #A		<0.002	0.05	0.04	<0.01	1.64	3.0	CHIP
R #B		0.004	0.47	1.73	<0.01	0.09	10.0	"
R #C		0.013	1.12	1.58	<0.01	0.04	5.0	"
R #D		0.005	3.06	2.17	0.26	17.40	2.0	"
R #E		0.003	2.64	0.02	4.17	11.80	3.0	"

R #F		0.005	2.44	2.38	0.18	19.40	3.0	"
R COMPOSITE A-F								

FOR LOCATION SEE FIGURE 5  
 WEYMARK ENGINEERING REPORT



To: Stoneplain Industries,  
RR1 Heafler Road,  
Sechelt, B.C.

ACME ANALYTICAL LABORATORIES LTD.

Assaying & Trace Analysis

852 E. Hastings St., Vancouver, B. C. V6A 1R6

Telephone: 253 - 3158

File No. 83-0003

Type of Samples Rocks

Disposition \_\_\_\_\_

# ASSAY CERTIFICATE

No.	Sample	Pb%	Zn%	WIDTH FT				No.
1	H #160	3.38	7.10	4	CHIP			1
2	I 164	.13	1.78	4	CHIP			2
3								3
4								4
5								5
6								6
7								7
8								8
9								9
10								10
11								11
12								12
13								13
14								14
15								15
16								16
17								17
18								18
19								19
20								20

E  
F

All reports are the confidential property of clients.

DATE SAMPLES RECEIVED Jan. 4, 1983

DATE REPORTS MAILED Jan. 6, 1983

ASSAYER

Dean Toye  
DEAN TOYE, B.Sc.  
CHIEF CHEMIST  
CERTIFIED B.C. ASSAYER



To: Stoney Plain Industries Ltd.,  
8744 Joffe Ave.,  
Burnaby, B.C.  
V5J 3L7

ACME ANALYTICAL LABORATORIES LTD.  
Assaying & Trace Analysis  
852 E. Hastings St., Vancouver, B.C. V6A 1R6  
Telephone: 253 - 3158

File No. 82-0464 B  
Type of Samples Rock  
Disposition \_\_\_\_\_

# ASSAY CERTIFICATE

No.	Sample	Cu%	Zn%	Ag oz/ton	Au oz/ton	WIDTH FT		No.
1	G 119	1.65	11.82	2.55	.002	2	CHLP	1
2								2
3								3
4								4
5								5
6								6
7								7
8								8
9								9
10								10
11								11
12								12
13								13
14								14
15								15
16								16
17								17
18								18
19								19
20								20

10/2/82

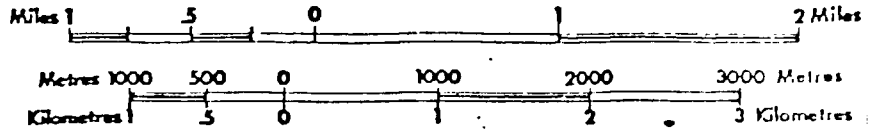
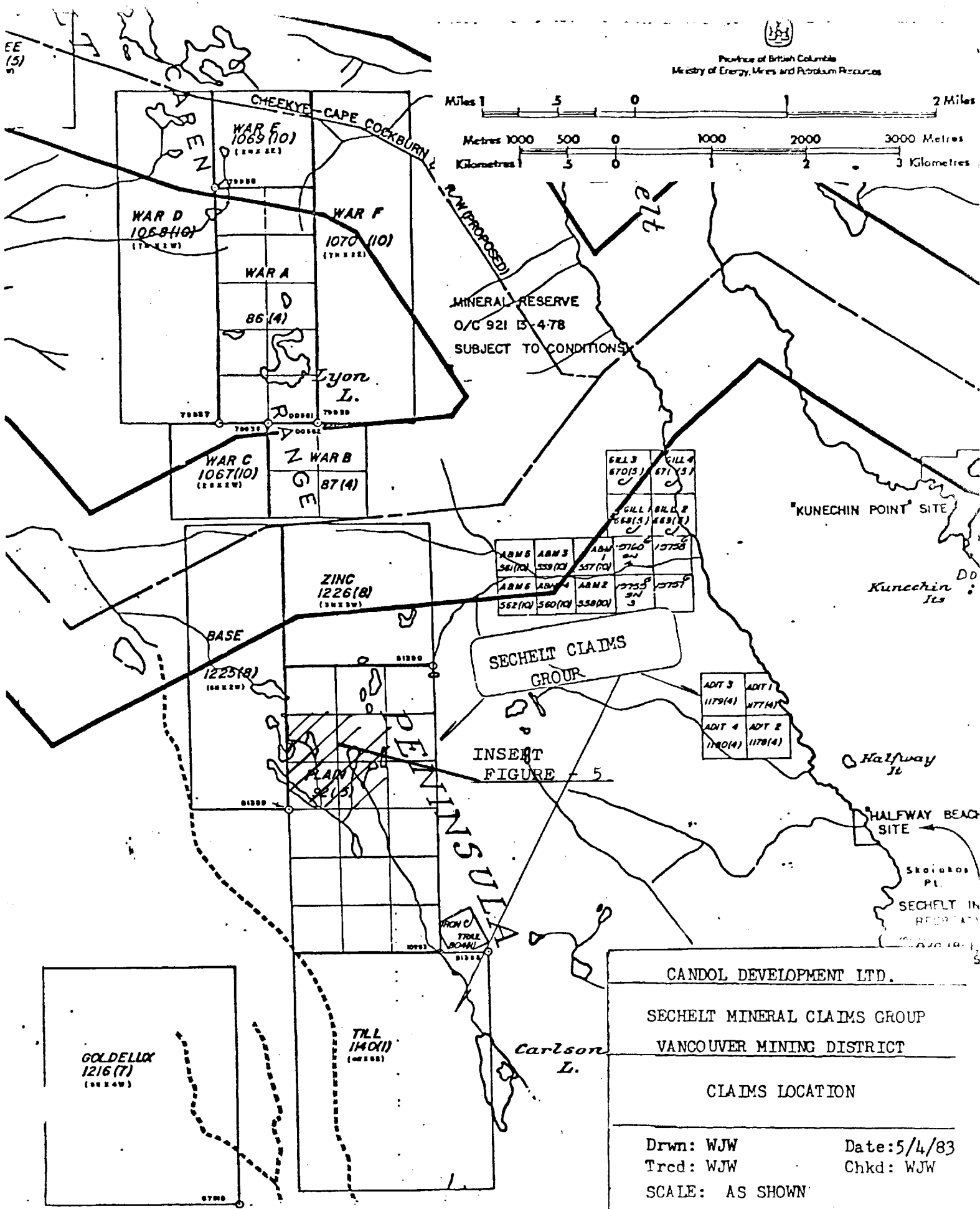
All reports are the confidential property of clients.

DATE SAMPLES RECEIVED June 24, 1982

DATE REPORTS MAILED June 29, 1982

ASSAYER \_\_\_\_\_

*Dean Toy*  
DEAN TOYE, B.Sc.  
CHIEF CHEMIST  
CERTIFIED B.C. ASSAYER



MINERAL RESERVE  
O/C 921 B-4-78  
SUBJECT TO CONDITIONS

SECHELT CLAIMS GROUP

INSERT FIGURE 5

CANDOL DEVELOPMENT LTD.  
SECHELT MINERAL CLAIMS GROUP  
VANCOUVER MINING DISTRICT  
CLAIMS LOCATION

Drwn: WJW Date: 5/4/83  
Tred: WJW Chkd: WJW  
SCALE: AS SHOWN



# Candol Developments Ltd.

April 6, 1984

Weymark Engineering Ltd.,  
3310 Westmount Road,  
West Vancouver, B.C. V7V 3G6

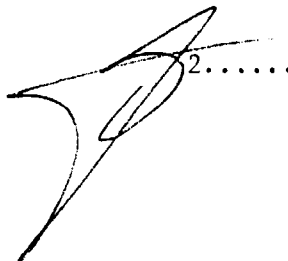
Dear Sirs:

Re: Primary Report - 6 April, 1983 and,  
Addendum - 14 February, 1984  
Sechlet Mineral Claims Group  
Vancouver Mining Division  
British Columbia

Following recent budget reviews, we are now allocating a budget expenditure for the Phase I of your recommended programme of investigation to the amounts set out below, subject to your approval:

Phase I

	Estimated cost of information		
	Minimum	Additional Allocation	Total
( i) BQ-NQ Sized Diamond Drilling	\$55,000	\$20,000	\$75,000
( ii) Bulldozer Trenching	5,000	2,000	7,000
( iii) Rock Trenching	5,000	2,000	7,000
( iv) Geological Mapping	7,500	3,000	10,500
( v) Geophysical Surveys, Magnetometer	5,000	-	5,000
( vi) Assays and Testing	3,000	2,000	5,000
( vii) Ground Linear Surveys	3,000	-	3,000
(viii) Engineering and Testing	10,000	2,000	12,000
( ix) Contingencies	5,000	2,000	7,000
	<u>\$98,500</u>	<u>\$33,000</u>	<u>\$131,500</u>



2.....

# Candol Developments Ltd.

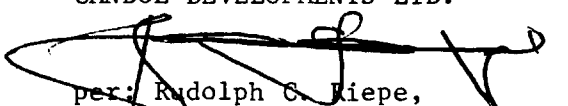
.....2  
April 6, 1984  
Weymark Engineering Ltd.

With respect to your recommended programme of investigation for Phase II, and since we have increased the budget for Phase I, we are now budgeting on an expenditure of \$165,000 as per the amounts set out below, subject to your approval:

Phase II	<u>Desired</u>	<u>Reduced Allocation</u>	<u>Total</u>
( i) Diamond Drilling	\$150,000	\$40,000	\$110,000
( ii) Geological Studies	15,000	-	15,000
( iii) Bulk Sampling	15,000	-	15,000
( iv) Engineering and Tests	20,000	-	20,000
( v) Contingencies	<u>20,000</u>	<u>15,000</u>	<u>5,000</u>
	\$220,000	\$55,000	\$165,000

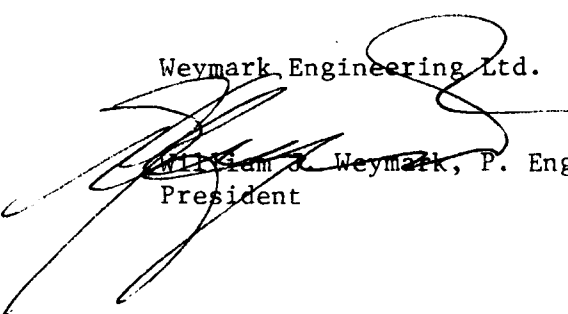
These revised budget allocations affect both the Primary Report of April 6, 1983 and the Addendum thereto of February 14, 1984. Please review and comment.

Yours truly,  
CANDOL DEVELOPMENTS LTD.

  
per: Rudolph G. Kiepe,  
Vice-President, Operations

These revisions to our Primary Report of April 6, 1983 and our Addendum of February 14, 1984 concurred with and approved this 9th day of April 1984.

Weymark Engineering Ltd.

  
William J. Weymark, P. Eng  
President

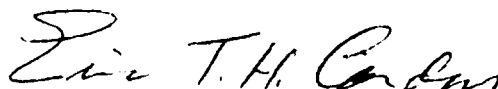
CERTIFICATE OF DIRECTORS

To the best of our 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 7 of the Securities Act of British Columbia.

DATED the 1st day of June, 1984.



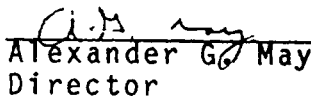
John S. Burns  
Director




Eric Thomas Helmer Cardey  
Director



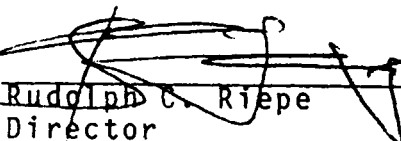
Ian Bruce Robertson  
Director



Alexander G. May  
Director



Steven A. Sanders  
Director

  
Rudolph C. Riepe  
Director



Kenneth MacLeod  
Director

CERTIFICATE OF AGENTS

To the best of our knowledge 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 7 of the Securities Act of British Columbia.

DATED the 1st day of June, 1984.

CONTINENTAL CARLISLE DOUGLAS

Per: *OR Fay*  
Per: \_\_\_\_\_

THE COMMON SEAL of YORKTON )  
SECURITIES INC. was hereunto )  
affixed in the presence of: )

*W J Kelly* )  
\_\_\_\_\_ )  
*W J Kelly* )  
\_\_\_\_\_ )