

92G

O. K. Property

Summary to December 31, 1975

Prepared for Golden Granite Mines Ltd. (N.P.L.)

by

W. Meyer, P. Eng.

Vancouver, B.C.

January 31, 1976

<p>21. Give the aggregate direct remuneration, including amounts for services rendered, paid or payable by the issuer and its subsidiaries during the past year to the insiders of the issuer.</p>	<p>Remuneration paid to the highest paid employee: Mary Mark -- \$1,740.00</p>
<p>22. Give brief particulars of all options to purchase securities (other than such as are granted or proposed to be granted to shareholders as such on a <i>pro rata</i> basis) outstanding or proposed to be given by the issuer and its subsidiaries to any person or company, naming each such person or company and showing separately all such options outstanding or proposed to be given to the insiders of the issuer or its subsidiaries.</p>	<p>Other than as disclosed in Item 2 herein, there are no options to purchase securities of the Company.</p>
<p>23. State the prices at which shares of the issuer have been issued for cash during the past year. If any shares have been issued for services, state the nature and value of the services and give the name and address of the person or company who received such shares. State the number of shares issued at each price.</p>	<p>Nil</p>
<p>24. Give the dates of and parties to and the general nature of every material contract entered into by the issuer or any subsidiary within the preceding two years which is still in effect and is not disclosed in the foregoing.</p>	<p>Nil</p>
<p>25. Give particulars of any other material facts relating to the shares proposed to be offered and not disclosed pursuant to the foregoing items.</p>	<p>Nil</p>
<p>26. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost of book value and present market value.</p>	<p>See Schedule attached</p>

27.

CERTIFICATE OF THE COMPANY

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

Dated August 20<sup>th</sup>, 1976

GOLDEN GRANITE MINES LIMITED

Per: [Signature]  
 Per: [Signature]  
 Per: "Clarence M. Beamer" [Corporate Seal]

AGENTS

CERTIFICATE OF UNDERWRITER OR OPTIONEE

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

Dated August 20<sup>th</sup>, 1976

CANARIM INVESTMENT CORPORATION LTD.

Per: [Signature]  
 Per: \_\_\_\_\_

TABLE of CONTENTS

	<u>Page</u>
LOCATION .....	1
ACCESS .....	1
CLAIMS & OWNERSHIP .....	1
HISTORY .....	2
GEOLOGY .....	3
RECOMMENDATIONS .....	3

## LOCATION

The property is located in the Powell River area on the mainland coast of British Columbia in the Vancouver Mining Division. The 25 square mile group of claims lies immediately south of Theodosia Inlet centred around Latitude 50° 03' N - Longitude 124° 40' W.

## ACCESS

The Powell River area is accessible by either a combination of highways and government operated ferries or by twice-daily air service (via PWA) from Vancouver. The claims are accessible from the Powell River area by 15 miles of gravel and dirt road north on Wilde Road. A 4-wheel drive vehicle is required.

## CLAIMS & OWNERSHIP

The property comprises 344 mineral claims and fractions covering approximately 25 sq. miles. A list of the claims shown in Appendix B. The "key" or central claim area has been surveyed and fractions staked where necessary.

The property is owned by Mrs. M.V. Boylan and Mr. R. Mickle, Powell River prospectors. Golden Granite Mountain, formerly Granite Mountain Mines Ltd. (N.P.L.) holds the property by June 1972 option agreement. The property was joint ventured with Sierra Empire Mines Ltd. in early 1973 and later the same year optioned to Western Mines Ltd. As a result of these agreements, Sierra and Western retain interests in the original option.

## HISTORY

The mineralization on the O.K. property was discovered in the fall of 1965 by Mr. R. Mickle of Powell River using a combination of prospecting and soil testing by the Rubianic Acid method. Since the time of the original discovery to the present, the property has been optioned and/or joint ventured by the following companies: Noranda Mines Ltd., American Smelting and Refining Co., Falconbridge Nickel Mines Ltd., Duval International Corp., Golden Granite Mountain Mines Ltd. (N.P.L.) Sierra Empire Mines Ltd. (joint venture) and Western Mines Ltd.

The first four companies carried out the initial technical surveys on the central claims. These programmes included geological mapping, soil and stream sediment geochemistry, I.P., S.P and magnetometer geophysical surveys. Mineral occurrences and anomalous areas were tested by drilling in 4 separate programmes. Drilling aggregated approximately 16,000 feet of both diamond and percussion drilling. Expenditures by the four companies are estimated at approximately \$400,000.

The property was optioned in January 1972 by Granite Mountain Mines Ltd. (N.P.L.) (predecessor to Golden Granite Mines Ltd. N.P.L.). Granite Mountain, on its own behalf or in joint venture with Sierra Empire Mines Ltd. carried out additional technical surveys and approximately 16,000 feet of diamond drilling between June 1972 and September 1973 at a cost of approximately \$350,000.

In late 1973, Western Mines optioned the property and in the spring of

3.

1974 completed 12,695 feet of drilling in 22 holes for a property related expenditure of approximately \$250,000.

To date, approximately \$1,000,000 has been spent on the exploration of the O.K. property.

### GEOLOGY

The geology, mineralization, structures etc. have been described in a report on the O.K. property prepared by Meyer, Gale and Randall in a paper for a CIMM publication due for printing in 1976. This paper is enclosed in Appendix A with the request that it not be reprinted or circulated prior to CIMM publication.

### RECOMMENDATIONS

Western Mines in their December 1974 summary report on the drilling project of that year recommended an additional drill programme for the continued exploration of the property. The writer concurs with this proposal as itemized below:

"Work is recommended for the following areas:

I. North Lake Zone (includes White Rectangle Lake Zone)

Further drilling is necessary to better define the boundaries and close off the southern extension of this zone. Holes should be located as follows:

124N - 72E  
120N - 69E; 120N - 74E; 120 - 79E  
116N - 72E  
112N - 76E  
108N - 76E

4.

All these holes should be at least 600 feet long and drilled at  $-45^{\circ}$  towards "grid-west". If good grade ore is encountered on all these sections then the 200 ft. interval between each section could be drilled off with holes located at similar spacings.

2. South Zone

Drilling is recommended on sections 32N and 40N to attempt to extend the mineralized zone outlined on the 36N section.

32N - 63E; 32N - 68E  
40N - 62E

These holes should be drilled at least 600 feet deep, at  $-45^{\circ}$  towards "grid-west".

3. Central Zone

In the area immediately to the south of the camp several good surface exposures have been located. Several short wickie drill holes have apparently cut good copper-molybdenum mineralization. The extension of the south zone copper geochem anomaly also crosses this area. Thus the following holes are recommended:

52N - 54E  
56N - 55 + 50E

These should be drilled at  $-45^{\circ}$  towards "grid-east".

4. Theodosia Inlet Zone

This area is located on the northern end of the property, extending part way from the slope to Theodosia Inlet. Geological work

should be done first to outline the boundary of the diorite-gabbro complex. At the same time the geochemical grid could be extended and possibly widened to facilitate mapping and to be used for a following geophysical programme. An induced polarization survey may help to outline mineralized zones and define drill targets.

It is suggested that drilling on the North Lake Zone and the indicated surveys on the Theodosia Inlet be started in late summer, when ground conditions should be driest. As the season becomes wetter work could be moved to the south and central zones."

Since the Western Mines programme of 1974, logging operations and related road building have exposed copper-molybdenum mineralization approximately 1500 feet south of the most southerly drilling to date. The writer has not examined the showing but samples from the showing indicate that the mineralization may be typical of that associated with the O.K. stock. Geological mapping, geochemistry and the I.P. surveys should be extended to the south of this showing. Provision is made for 2 drill holes in this area.

Mineralization exposed while clearing a site for the core shocks and related mineralization exposed in the creek at the core shack has never been tested by drilling even though it contains some of the highest grade surface material found on the property. This zone should be tested in any future drill programme by



6.

modifying Western's proposal for the central zone as shown on the accompanying map.

The cost of the above programme in 2 stages is estimated below. The initial stage provides for a technical programme and 1 drill hole in each of 4 areas. The balance of the drilling would be carried out in a second stage influenced partly by the results of Stage 1.

Stage 1

I.P. - 10 line miles @ \$700/mi	\$ 7,000
Soil geochem " @ 200/mi	2,000
Geology	6,000
2000 feet drilling @ \$22/ft. (overall cost)	44,000
Contingency	6,000
	<hr/>
	\$ 65,000

Stage 2

12,000 feet drilling @ \$22/ft. (overall cost)	264,000
Contingency (10%)	26,000
	<hr/>
	\$ 290,000

Respectfully submitted,



W. Meyer, P. Eng.

January 31, 1976

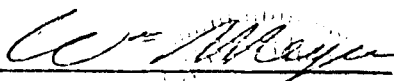
Vancouver, B.C.



CERTIFICATE

I, William Meyer, do hereby certify that:

1. I am a geologist with residence at 911 Jarvis St. Coquitlam, B.C.
2. I am a graduate of the University of British Columbia (B.Sc., 1962)
3. I am a registered member of the Association of Professional Engineers of the Province of British Columbia.
4. I have worked as an exploration geologist for twelve years for the following companies:  
Phelps Dodge Corporation of Canada Ltd; Gibraltar Mines Ltd; Associated Geological Services Ltd;  
Western Geological Services Ltd. (senior partner).  
I am presently a senior partner in W. Meyer & Associates Ltd.
5. I have no direct or indirect interest in the properties or securities of Golden Granite Mines Limited, nor do I anticipate receiving any.
6. The above report is based on my personal involvement with the O.K. Property since 1972.
7. I authorize Golden Granite Mines Limited to use the body of this report in a statement of material facts.

  
W. Meyer, P. Eng.



ITEM 6

The names and address of the Company's Directors and Officers and their principal business for the past five years are as follows:

<u>Name and Address</u>	<u>Office Held</u>	<u>Principal Occupation during past 5 years</u>
THOMAS PATRICK BOWES 2561--248th Street Aldergrove, B. C.	Director and President	Exploration Executive
CLARENCE MARVIN BEAMER 3579--224th Street Langley, B. C.	Director	Brokerage Executive until December, 1974. Registered Securities Representative Trainee.
ALFRED KENNEDY 1204--945 Jervis Street Vancouver, B. C.	Director and Secretary	Retired; Part-time Office Administrator.

ITEM 10

The persons holding, directly or indirectly, shares in excess of 5% of the issued shares of the Agent mentioned under Item 9 are as follows:

CANARIM INVESTMENT CORPORATION LTD.

<u>Name and Address</u>	<u>No. of Shares</u>	<u>% of Shares</u>
Alfred E. Turton 1 Lakeview Square Winnipeg, Manitoba	24,119	54%
Peter M. Brown 424 Burrard Street Vancouver, B. C.	15,212	34%
Brian D. Harwood 424 Burrard Street Vancouver, B. C.	5,625	12%

ITEMS 12, 14, 15 and 17

A. Powell River - OK Claims:

1. The Company holds an option to acquire approximately 340 mineral claims ("OK Claims") situate in the Powell River area, British Columbia. The claims are held under option by an agreement dated June 9th, 1972 from Mr. Robert Mickle and Mrs. Mary Boylan, both of Powell River, B. C. The option provides that it is exercisable by the payment of a total of \$2,000,000.00 as follows:

- (a) \$3,000.00 paid on execution of the Agreement;
- (b) \$3,000.00 on December 9th, 1972 and \$3,000.00 every 180 days thereafter until the full purchase price has been paid, all these payments have been maintained;
- (c) If production is commenced, there must be paid to the optionors 10¢ per ton of ore mined, or the aforementioned \$3,000.00 every 180 days, whichever is greater.

The Company is also committed by the Option Agreement to do a minimum of \$17,000.00 of assessment work on the claims each year. The Company is also committed to expend or cause to be expended on the claims the following minimum amounts by way of exploration in each of the following years:

1972	-	\$20,000.00
1973	-	\$25,000.00
1974	-	\$35,000.00
1975	-	\$35,000.00
1976	-	\$40,000.00
1977	-	\$40,000.00
1978	-	<u>\$50,000.00</u>
TOTAL		<u>\$245,000.00</u>

To July 31st, 1976 the Company spent \$238,600.00 and caused a further \$318,971.00 to be spent, for a total expenditure of \$557,571.00 under this Agreement. As a result of an earlier Agreement between the Company and Sierra Empire Mines Ltd., pursuant to which Sierra Empire expended certain monies on the properties, Sierra Empire has a 10% working interest in the Option Agreement and in the OK Claims. The interests of the Company and Sierra Empire are subject to the following described Agreement with Western Mines Ltd.

2. By an Agreement dated November 23rd, 1973 ("Western Agreement") with Western Mines Ltd. ("Western") of Vancouver, B.C., the Company granted Western the right to carry out exploration on the OK Claims and thereby acquire an interest in such claims. As of July 31st, 1976 Western has spent approximately \$268,000.00 and has acquired a 50% undivided interest in the OK Claims.

On May 10th, 1976 the Western Agreement was amended and the main terms of the Agreement between the Company and Western are as follows:

(a) The Company becomes the "Operator" under the Western Agreement;

(b) The Company can acquire a 30% undivided interest in the OK Claims from Western by incurring exploration expenditures amounting to \$300,000.00 by January 1st, 1978. The 30% interest may be acquired in the following manner; namely, 5% by expending \$50,000.00 and an additional 1% for each additional \$10,000.00 expenditure;

(c) On completion of the \$300,000.00 expenditure, Western shall have a 20% non-assessable interest as defined in the Western Agreement;

(d) The Company may acquire a further 10% interest in the OK Claims by expending on exploration a further \$200,000.00 on the Claims. Western may convert its then remaining 10% non-assessable interest to a 25% working interest for the payment of \$150,000.00 to the Company;

(e) The Company assumed all of the obligations which Western had as Operator under the Western Agreement save and except those obligations expressly varied by the terms of the amending agreement.

B. Pakowki Lake Gas Well (Alberta):

The Company has a 5% participating interest in a gas well located in the Pakowki Lake Field near Manyberries, Alberta. While the well was completed as a producer, it is no longer producing. No work has been done on the property during the past year and the Company is not aware of any present plans to conduct any further work on the property and the Company accordingly