

Hainsworth 681-2022  
470 Granville  
FORM 12

Effective date: April 18, 1972



SECURITIES ACT, 1967

681-2208  
800303  
Pinnacle  
92 I/10

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

BRITISH COLUMBIA SECURITIES COMMISSION  
VANCOUVER STOCK EXCHANGE

PINNACLE MINES LTD. (N.P.L.) (the "Company")

Head Office: #720, No. 1 Bentall Centre, 505 Burrard St., Vancouver, B.C.  
Registered Office: 1403, 1030 West Georgia Street, Vancouver, B.C.

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

Statement of Material Facts

1. Give details of the circumstances relating to the offering of the securities and any material changes in the affairs of the issuer.	see Item 1 attached
2. Set out the description, designation, and number of shares being offered by the issuer or selling shareholder. If any of the shares being offered are to be offered for the account of a selling shareholder, name such shareholder and state the number of shares owned by him, the number to be offered for his account, and the number to be owned by him after the offering.	see Item 1 attached
3. Set out the price to the public, underwriting discounts or commissions and the estimated net proceeds to the issuer or selling shareholder, on both a per share and an aggregate basis. If it is not possible to state the price to the public or the underwriting discount or commissions, the method by which they are to be determined shall be explained. Give the range of the market price during the previous 90 days.	see Item 1 attached On April 17, 1972 the range of the market price was a high of 42¢ and a low of 22¢ per share and a close of bid 16¢ ask 22¢.
4. State the principal purposes for which the estimated net proceeds to be derived by the issuer from the sale of the shares to be offered are intended to be used and the approximate amount intended to be used for each such purpose.	see Item 4 attached
5. State the laws under which the issuer was incorporated and whether incorporated by memorandum of association, Letters Patent, or otherwise or under a particular part of an incorporating Statute dealing with mining companies and the date thereof.	B.C. Companies Act - specially limited Company - Memorandum of Association - Incorporation date November 1, 1966.
6. Give names, addresses, and chief occupations for the past five years of the officers and directors of the issuer.	see Item 6 attached
7. State the share capitalization of the issuer showing authorized and issued capital.	Authorized: 5,000,000 shares without nominal or par value Issued: 1,775,007 shares
8. Give particulars of any bonds, debentures, notes, mortgages, charges, liens, or hypothecations of the issuer.	None
9. Outline briefly the manner in which the shares being offered are to be distributed, giving particulars of any outstanding or proposed underwriting, sale, or option agreement, including the name and address of each underwriter, purchaser, or optionee. Give similar particulars of sub-underwriting or sub-option agreements outstanding or proposed to be given and particulars of any assignments or proposed assignments of any such agreements. Give names and addresses of persons having any interest, direct or indirect, in underwritten or optioned shares.	see Item 1 attached

<p>10. Give name and address of any person or company who beneficially owns, directly or indirectly, in excess of 5 per cent of each class of shares of any company named in answer to item 9 hereof and the number and percentage of each class of shares so owned.</p>	<p>see Item 10 attached</p>
<p>11. Give particulars of any payments in cash or securities of the issuer made or to be made to a promoter or finder in connection with the proposed underwriting.</p>	<p>None</p>
<p>12. Give brief particulars of properties owned, leased, held under option, or operated or presently intended to be owned, leased, held under option, or operated by the issuer.</p>	<p>see Item 12 attached</p>
<p>13. State whether any property referred to in item 12 has a known body of commercial ore or reserves of recoverable oil and gas. Give particulars.</p>	<p>see Item 12 attached</p>
<p>14. Give brief particulars of the exploration and development work of the issuer during the past year and the results thereof on (1) its own properties and (2) other properties. State amounts spent on each.</p>	<p>The Company has not spent any money on exploration and development work during the past year.</p>
<p>15. Give brief particulars of property proposed to be acquired by the issuer or any affiliate or acquired by the issuer or any affiliate within the previous three years, including the name and address of the vendor and the cost or proposed cost thereof to the issuer or any affiliate, and if any such vendor is or was an insider or promoter of the issuer or an associate or affiliate of any insider or promoter of the issuer, so state and indicate the nature of the relationship.</p>	<p>see Item 12 attached</p>
<p>16. State the name of any person or company who is or has been a promoter of the issuer within the preceding two years and, if not disclosed in item 15, the nature and amount of anything of value (including money, securities, property, contracts, options, or rights of any kind) received or to be received by each promoter.</p>	<p>During the preceding two years the affairs of the Company has been under the direction of its directors and no one has received any consideration during such time for acting as a promoter of the Company.</p>
<p>17. If the property referred to in item 15 was or is to be paid for by the issuance of shares of the issuer or any subsidiary, give (a) the number of shares of the issuer and any subsidiary issued to or to be issued to the vendor after giving effect to such transaction, and (b) the number and, if more than 5 per cent of the shares presently outstanding, the percentage of shares of the issuer and any subsidiary owned or to be owned by the vendor after giving effect to the transaction. If the vendor is a company, give the names and addresses of the insiders of the company.</p>	<p>None</p>
<p>18. Give the number and, if more than 5 per cent, the percentage of the shares of the issuer held in escrow or in pool and a brief statement of the terms of the escrow or pooling agreement. Give the names and addresses of the beneficial owners of such shares.</p>	<p>see Item 18 attached</p>
<p>19. Give the number of shares of the issuer owned of record or beneficially, directly or indirectly, by each person or company who owns of record, or is known either by the issuer or the selling shareholder to own beneficially, directly or indirectly, more than 5 per cent of such shares, in each case within 10 days from the date hereof. Show separately whether the shares are owned both of record and beneficially, of record only or beneficially only, and show the respective amounts in percentages owned in each such manner. Give names and addresses of the owners referred to above.</p>	<p>see Item 19 attached</p>
<p>20. Give a brief statement of any legal proceedings to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Make a similar statement as to any such proceedings known to be contemplated.</p>	<p>None</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.	see Item 21 attached
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.	None, save and except as described in Item 1 hereof
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.	None
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.	see Item 24 attached
25. Give particulars of any other material facts relating to the shares proposed to be offered and not disclosed pursuant to the foregoing items.	None
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.	None

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

CERTIFICATE OF THE COMPANY

Dated April 6, 1972

PINNACLE MINES LTD. (N.P.L.)

*L. V. Gardner*  
*S. E. Robbins* [Corporate Seal.]  
*A. B. Whitelaw* by his  
*J. D. Hyslop*  
*C. A. Kirk*

CERTIFICATE OF UNDERWRITER OR OPTIONEE

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

Dated April 6, 1972

CARLISLE, DOUGLAS & CO. LTD.

*[Signature]*

PINNACLE MINES LTD. (N.P.L.)

SCHEDULE TO STATEMENT OF MATERIAL FACTS  
DATED APRIL 6th 1972.

Item 1

PURSUANT to an Underwriting and Option Agreement dated for reference the 6th day of April, 1972 between the Company and Carlisle, Douglas & Co. Ltd., of Suite 420, 890 West Pender Street, Vancouver, British Columbia (hereinafter referred to as the "Underwriter"), the Underwriter has agreed to purchase 200,000 shares of the Company at the price of 22½¢ per share net to the company, being an aggregate consideration of \$45,000.00, such shares to be offered by the Underwriter for primary distribution to the public in British Columbia following acceptance for filing of this Statement of Material Facts and Underwriting and Option agreement by the Vancouver Stock Exchange.

In consideration of the foregoing firm underwriting, the Company has granted the Underwriter the following options to purchase further shares of the Company:

- (a) 200,000 shares at 22½¢ per share exercisable within 60 days of the effective date hereof, and;
- (b) 200,000 shares at 27½¢ per share exercisable within 120 days of the effective date of the Underwriting and Option agreement.

The effective date of the Underwriting and Option agreement will be the date upon which this Statement of Material Facts is accepted for filing by the Vancouver Stock Exchange.

The said shares underwritten and under option (if exercised) as described above will be offered to the public through the facilities of the Vancouver Stock Exchange at the prevailing market price at the time of offering. Trading in the shares of the Company was suspended on February 15, 1972. During the 90 day period prior to the 15th day of February, 1972 the market for the Company's shares has ranged between a low of 10¢ to 19¢ per share.

Item 4

The Company intends to use the proceeds received from the Underwriting and Options (if exercised) as follows:

- (a) To pay accounts payable as follows:

Pacific Diamon Drilling Limited	\$ 11,024.07
R.A. DeDenus	6,100.00
Glendinning, Jarrett, Gould & Co.	8,075.00
Manning, Bruce, Macdonald & Macintosh	2,234.32
Guaranty Trust Company of Canada	2,699.44
Davis & Co.	635.75
Armac Securities Limited	373.00
Western Miner Press	222.20
J.A. Mitchell, P.Eng.	200.00
Minister of Revenue - Quebec	38.85
Gallup Exploration	83.59
Nor-West Kim Resources Ltd.(N.P.L.)	<u>330.82</u>
	\$ 32,017.04

Accrued Liabilities

Glendinning, Jarrett, Gould & Co.	500.00
Manning, Bruce, Macdonald & Macintosh	1,175.00
Davis & Co.	<u>2,257.20</u>
	<u>3,932.20</u>

\$ 35,949.24

(b) Reserve for general corporate purposes, including administrative and office costs, stock exchange filing fees, legal, audit and engineering consulting fees, printing, etc. 9,050.76

Proceeds from firm portion of Underwriting \$ 45,000.00

In the event that the options to purchase further shares are exercised as described in Item 1 hereof, the proceeds received therefrom will be used to provide a reserve for costs of considering and investigating further properties for acquisition. The Company will not expend moneys in acquiring any such properties without first obtaining acceptance by the Vancouver Stock Exchange of a report from an independent consulting engineer recommending such programs of work as he may deem appropriate.

Reference is hereby made to Item 12 hereof with respect to the Agreement that the Company has entered into with respect to its properties in the Kamloops Mining Division. Following completion of the expenditure of the sum of \$50,000. upon this claim group, the Company intends to apply a portion of the proceeds that it receives from the Options, if exercised, in carrying forward a joint exploration program on this claim group as may be recommended by an independent consulting engineer.

Item 6

Clarence Carson Rollins	President, General Manager and a Director	President & Exploration Manager, Nor-West Kim Resources Ltd. (N.P.L.) Mining Exploration - President & General Manager, Fidelity Mining Investments Ltd., Mining Exploration - formerly Executive, Marshall Industries Ltd. Manufacturers
Archibald Burnside Whitelaw	Secretary and a Director	Barrister & Solicitor of Manning, Bruce, Macdonald & Macintosh, Toronto, Ontario
Carol Ann Kirk	Director	1967-69 Secretary with Rapid Grip & Batten Ltd., Toronto, Manufacturer. June, 1969 to date, Secretary with Nor-West Kim Resources Ltd. (N.P.L.), Mining Exploration
George T. Gardham	Director	1970-71 Chartered Secretary, Armac Securities Ltd., Toronto, Investment Dealer. Prior to 1970 Secretary, Valutrend Management Services Ltd., Toronto.
William Douglas Stephenson	Director	1966-71 Sports Announcer with CFRB Toronto, Radio Station.

Item 10

CARLISLE, DOUGLAS & CO. LTD.

David J. Douglas 560 West 50th Avenue Vancouver, B.C.	243 Class "A" shares 972 Class "B" shares	23.25% 23.25%
John N. Carlisle 1102-1575 Beach Avenue Vancouver, B. C.	243 Class "A" shares 972 Class "B" shares	23.25% 23.25%
John N. Jones 971 Devon Road North Vancouver, B.C.	243 Class "A" shares 972 Class "B" shares	23.25% 23.25%
George Robert Fay 555 West 50th Avenue Vancouver, B. C.	186 Class "A" shares 744 Class "B" shares	17.81% 17.81%

Item 12

The principal interest of the Company is in the following full-sized or fractional mineral claims all situate in the Kamloops Mining Division, Province of British Columbia:

Kamloops Group

The Company acquired from G. Fred Sanft on or about the 22nd day of September, 1966 Forty-four (44) contiguous located mineral claims in the Kamloops Mining Division as follows:

<u>Claim Names</u>	<u>Grant Numbers</u>
A1 - 4 inclusive	47777-47780
5A - 8A inclusive	56758-56761
A9 - A12 inclusive	47785-47788
A13 - A16 inclusive	48071-48074
C1 - 3 inclusive	47789-47791
C4 - 18 inclusive	47955-47969
Cle 1 - 10 inclusive	47792-47801

follows: All of the foregoing claims have expired save and except as

<u>Claim Names</u>	<u>Record Numbers</u>
5A - 8A	56758-56761
A2 and A9	47778 and 47785

The Company is the recorded holder of the PIN 1 to PIN 12 record numbers 71608 - 71619 and the ART 1 to ART 6 fractions record numbers 81298 - 81303 referred to hereunder.

The Company also acquired from Ernest Haughton (subject to the terms of an Escrow Agreement dated November 29, 1966) on or about the 29th day of November, 1966 all minerals other than gold and silver in, under or upon that certain parcel or tract of land situate, lying and being in the Kamloops Division, Yale District and more particularly known as District Lot 585.

The consideration for the purchase of the property from G. Fred Sanft referred to above was 700,000 shares of the Company issued as fully paid and non-assessable which were placed in escrow subject to the order of the British Columbia Securities Commission. The consideration for the purchase of District Lot 585 from Ernest Haughton was 50,000 shares of the Company issued as fully paid and non-assessable which said shares were placed in escrow subject to the order of the British Columbia Securities Commission.

The above mentioned Escrow Agreement provides, inter alia, that the Trustee will, upon receipt of a Statutory Declaration from Ernest Haughton stating that the Company has been struck off the Registrar of Companies, give notice thereof to the Company and upon the expiration of a period of fifteen days from the giving of such notice and in the absence of the service upon the Trustee upon such fifteen day period of a Court order to the contrary, give a Deed conveying all the Company's interest in and to the said minerals, both precious and base including liquids and gases (save and gold and silver) in, under or upon the said District Lot 585 unto Ernest Haughton.

The boundaries of the said District Lot 585 approximate those boundaries of a block of claims comprising C1, C4, C5 and A1 to A6. Reference is hereby made to the report of J.A. Mitchell, P.Eng., dated February 1st, 1972 attached hereto and forming part of this Statement of Material Facts which states that the Company "still retains the base metal rights to ground formerly largely covered by the following claims although they have been allowed to lapse.

<u>Claim</u>	<u>Record No.</u>
A1	47777
A3	47779
A4	47780
C1	47789
C4	47791
C5	47955

With respect to the PIN 1 - PIN 12 it should be noted that the PIN 1, PIN 2, PIN 5, PIN 6 and PIN 7 are fractions. The ART fractions and PIN claims and fractional interests were acquired by the Company by means of staking.

All of the Kamloops group is situate some five miles South of the Village of Knutsford, B.C. with the number 5 Provincial Highway passing through the Eastern part of the said property. The City of Kamloops lies some eight miles to the North Northeast and is serviced by P.W.A., C.P.R., C.N.R. and the Trans Canada Highway. Access is provided to all parts of the property by means of secondary roads facilitating normal vehicular traffic from number 5 Highway. The properties cover 2,200 acres more or less.

To the knowledge of the Company there is no known body of commercial ore on any of the claims or fractional interests or District Lot 585.

IT SHOULD BE NOTED THAT NO OFFICIAL LAND SURVEY HAS BEEN CARRIED OUT WITH RESPECT TO THE CLAIMS AND FRACTIONAL INTERESTS AND, FOR THIS REASON, THE ACREAGE MUST BE CONSIDERED AS BEING APPROXIMATE.

REFERENCE IS HEREBY MADE TO ITEM 24 HEREOF WITH RESPECT TO AN AGREEMENT ENTERED INTO BY THE COMPANY RELATING TO THE KAMLOOPS GROUP.

Item 18

There are 412,500 shares of the Company representing 23% of the total issued shares of the Company (excluding the offering hereunder), which are held in escrow with Guaranty Trust Company of Canada subject to the order of the British Columbia Securities Commission and the Vancouver Stock Exchange.

The names and addresses of the beneficial owners the escrow shares are as follows:

<u>Name and Address</u>	<u>No. of Shares</u>
Ava Securities Limited, c/o 11th Floor, 20 Toronto Street, Toronto 1, Ontario	247,500
F. John Bartholomew 1285 Homer Street, Vancouver 3, B. C.	2,750
John Bartholomew 1285 Homer Street, Vancouver 3, B. C.	8,250
Ray Chapman 1535 Marine Drive, West Vancouver, B. C.	11,000
Donald Haughton c/o 1327 Columbia Street, Kamloops, B. C.	9,166
Ernest Haughton, c/o 1327 Columbia Street, Kamloops, B. C.	9,168
Leonard Haughton, c/o 1327 Columbia Street, Kamloops, B. C.	9,166
Emerald B. Keyes, 397 Rabbit Lane, West Vancouver, B.C.	11,000
E. Philip Krause, 2172 Flamingo, Kamloops, B. C.	1,375
Kelvin Mackenzie, 15452 Columbia Street, White Rock, B. C.	1,375
Herbert C. Millham, 1277 West 39th Avenue, Vancouver 13, B. C.	2,750
G. Fred Sanft, 1524 Argyle Avenue, West Vancouver, B. C.	80,850
Robert R. Stephens, c/o Royal Bank of Canada 685 West Hastings St., Vancouver, B. C.	1,650
Joe Surina, Knutsford, B. C.	11,000
David C. Wightman, c/o 1524 Argyle Street, West Vancouver, B.C.	5,500
	<hr/>
	412,500



Item 19

The greater than Five percent (5%) beneficial shareholders of the Company are as follows:

<u>Name and Address</u>	<u>Number of Shares</u>	<u>Percentage</u>
Ava Securities Limited c/o 11th Floor, 20 Toronto Street, Toronto 1, Ontario	450,000	25.0
Standard Securities Limited 185 Bay Street, Toronto, Ontario	201,200	11.0

Item 21

During the past year ending December 31, 1971 the Company paid \$7,200. to Clarence Carson Rollins for Management fees. \$2,234.32 is also payable to Manning, Bruce, Macdonald & Macintosh, Barristers & Solicitors for legal services rendered. Mr. Whitelaw, the Secretary and a Director of the Company is a partner of that firm.

Item 24

By letter agreement dated March 10, 1972 between the Company and Carlisle, Douglas & Co. Ltd. acting as agent for and on behalf of an undisclosed mining company, the Company agreed to grant to the undisclosed mining company the right to examine the Kamloops group of claims referred to in Item 12 hereof and an option to acquire an undivided 50% interest in the claims, subject to the terms and conditions described hereunder and the rules and regulations of the Vancouver Stock Exchange.

In consideration for the exclusive rights of examination, management and control of the claims, Carlisle, Douglas & Co. Ltd. as agent for the undisclosed principal undertook to spend the sum of \$25,000. on the claims within a period six months of March 10, 1972, following completion of which the undisclosed principal would thereby earn an undivided 25% interest in the claims. The agreement provides that the undisclosed principal may fulfill and discharge any deficiency of this expenditure commitment by making payments to the Company of a sum equal to such deficiency within the appropriate time for making of the expenditure.

Through its agent, the undisclosed principal also undertook to spend the further sum of \$25,000. upon the claim group within a period of one year from March 10, 1972 and following completion of this expenditure would thereby earn an additional undivided 25% interest in the claim group. The agreement provides that the undisclosed principal may fulfill and discharge any deficiency in this expenditure commitment by making payments to the Company of a sum equal to such deficiency within the appropriate time for making of the expenditure.

It was agreed that for the purpose of financing and equipping of the claims for production (if any) and the provision of working capital (if required) the undisclosed principal would have the right to cause the claims to be encumbered and, if required, the Company agreed to join in any covenant to pay in connection therewith.

The Company for whom Carlisle, Douglas & Co. Ltd. was acting as agent is Yukon Gold Placers, Limited of Vancouver, British Columbia. Final arrangements with respect to this transaction are yet to be made between the said Yukon Gold Placers, Limited and Carlisle, Douglas & Co. Ltd.

Following the expenditure of \$50,000. upon the claims by the undisclosed principal, the costs of further exploration and/or development of the claims will be shared equally by the Company and the undisclosed principal, save and except that if either party should not wish to commit to expending further moneys to carry out continuing programs of work on the claim group as may be recommended by a consulting engineer, then the party discontinuing shall be subject to a reduction in its interest in the claims by 10% for each \$25,000. it fails to commit to advance to the joint venture, save and except that a party's interest will not in any event be reduced below a 10% carried non-assessable interest in the claims.

#### PURCHASERS RIGHT OF RECISSION

Section 61 of the Securities Act, 1967 contains provisions enabling a purchaser of Securities offered in the course of primary distribution to rescind the contract of purchase in certain events. The Purchaser may rescind where:

- (a) Section 60 has not been complied with;
- (b) Written notice of intention to commence an action for rescission of the contract is served upon the person who contracted to sell the securities within 60 days of the date of delivery of the written confirmation of the sale of the securities; and
- (c) The Purchaser is still the owner of the security.

This Statement of the Purchasers right of rescission is indicative only and not intended to be comprehensive. For complete details reference should be had to the sections of the Act.

REPORT ON DATA SUPPLIED CONCERNING  
A, C, CLE, PIN AND ART GROUPS OF CLAIMS

INTRODUCTION

The writer was requested by the President of Pinnacle Mines Ltd. (N.P.L.), owner of the above claims, to review material available in the Vancouver office of the Company, to make recommendations for further work and to concur or otherwise comment on the report of C. T. Pasieka and J. B. Prendergast.

It is evident that maps and details of past work are not all available at the Vancouver office and there is nothing to indicate the final outcome of work done in 1969 or 1970 by Umex, the Canadian arm of Union Miniere Explorations & Mining Corporation Limited but it is understood this work proved to be inconclusive. It seems evident however that little or no attention was devoted to the south end of the property which covers the generally favorable contact of the batholithic rocks with the older Nicola rocks. It seems that work has been concentrated towards the central axes of the batholith in the north half, probably because mineralization has been found there and has been reflected by geophysical and geochemical surveys the results of the latter are not available to the writer but for reasons given later may be suspect and should take a subsidiary position to geological considerations which will be briefly reviewed.

Location and topography are favorable and except that mid-winter conditions may hamper some surface exploratory work the climate is not unfavorable. Deep overburden including varying thicknesses of glacial till can be a problem, particularly in valleys. It is therefore important that as much data as possible be obtained regarding the nature of the overburden in areas of potential so that geochemical and to some extent, geophysical data can be used intelligently in the placement of diamond drill holes to explore the bed-rock.

#### SUMMARY AND CONCLUSION

Pinnacle Mines Ltd. (N.P.L.) controls a large block of claims at the south eastern tip of the Iron Mask Batholith on which copper mineralization has been found. Initial efforts to prove up a large tonnage of economic mineralization have been frustrated by deep overburden which apparently involves glacial till. However the geological setting is an excellent one which involves repeated intrusions of varying composition into older rocks involving a volcanic-sedimentary contact and intersecting faults lying between the Iron Mask Batholith and a larger mass of intrusive rocks to the southeast. It is evident that repeated mobilization of minerals must have taken place in an area of potential reservoir structures that could contain an ore-body. Ground to the south and east of holdings of

Pinnacle Mines Ltd. covers some of the favorable ground and according to current claim maps appears to be open. It should be staked if possible. An initial program of percussion drilling to cost about \$20,000.00 should then be undertaken to obtain information on which to base a major program of diamond drilling to greater depth.

PROPERTY

The property consisted of 62 contiguous mineral claims held by right of location. These were as follows :-

<u>Claims</u>	<u>Record Numbers</u>
A <sub>1</sub> to A <sub>4</sub> incl.	47777 - 47780
5A to 8A incl.	56758 - 56761
A <sub>9</sub> to A <sub>12</sub> incl.	47785 - 47788
A <sub>13</sub> to A <sub>16</sub> incl.	48071 - 48074
C <sub>1</sub> to C <sub>3</sub> incl.	47789 - 47791
C <sub>4</sub> to C <sub>18</sub> incl.	47955 - 47969
CLE <sub>1</sub> to CLE <sub>10</sub> incl.	47792 - 47801
PIN <sub>1</sub> to PIN <sub>2</sub> Fractions	71608 - 71609
PIN <sub>3</sub> and PIN <sub>4</sub>	71610 - 71611
PIN <sub>5</sub> and PIN <sub>6</sub> Fractions	71612 - 71613

<u>Claims</u>	<u>Record Numbers</u>
PIN <sub>7</sub> Fraction	71619
PIN <sub>8</sub> to PIN <sub>12</sub> incl.	71614 - 71618
ART <sub>1</sub> to ART <sub>6</sub> Fractions	81298 - 81303

It appears however that only the 24 claims listed below are presently in good standing with expiry dates as shown:

<u>Claims</u>	<u>Record Numbers</u>	<u>Expiry Dates</u>
✓ 5A to 8A	56758 - 56761	June 13/72 73
✓ ART <sub>1</sub> to ART <sub>6</sub> Frs.	81298 - 81303	June 26/72 / 73
✓ * PIN <sub>1</sub> to PIN <sub>12</sub>	71608 - 71619	Sept. 16/72
✓ A <sub>2</sub> and A <sub>9</sub>	47778 and 47785	Nov. 19/72

\* The PIN claims are all shown as fractions on the claims map but PIN<sub>3</sub>, PIN<sub>4</sub> and PIN<sub>8</sub> to PIN<sub>12</sub> are apparently recorded as full sized claims.

It is understood also that Pinnacle Mines Ltd. obtained and still retains the subsurface rights to all minerals other than gold and silver on district lot 585 Crown Granted May 12, 1890. The boundaries of this lot approximate those boundaries of a block of claims comprising C<sub>1</sub>, C<sub>4</sub>, C<sub>5</sub> and A<sub>1</sub> to A<sub>6</sub>. Thus Pinnacle Mines Ltd. still retains the base metal rights to ground formerly largely covered by the following claims although they have been allowed

cert. of title 82381E  
 See ~~USE~~ C 21682

~~11~~ 11<sup>th</sup> Feb / 38

Dunlop's Guano Trust

to lapse.

<u>Claim</u>	<u>Record Number</u>
A <sub>1</sub>	47777
A <sub>3</sub>	47779
A <sub>4</sub>	47780
C <sub>1</sub>	47789
C <sub>4</sub>	47791
C <sub>5</sub>	47955

This gives it a fairly solid block of ground covering the area of the Joker Adit and Grey Mask Shaft where copper mineralization of interest is evident. See Map 5.

It also retains a number of fractions of unknown acreage scattered through the original claim block also indicated on Map 5 on which it has the rights to all minerals.

Boundaries cannot be defined accurately without a survey on the ground.

#### REGIONAL GEOLOGY

The body of intrusive rocks known as the Iron Mask Batholith has long been credited for most of the mineral occurrences in the area as they are mostly found along the margins of it or in a few cases close to its central axis.

There is a great complexity of rock types within the batholith and around its margins. The intrusive rocks are of six major types. The two main divisions constituting the greater part of the batholith consist of 1. fine-grained rocks varying in composition from diorite to monzonite and classed as microdiorites and micromonzonites and 2. coarse grained rock varying in composition from that of acidic monzonites and syenites to basic pyroxenites. At intervals around the margins are to be found intrusive masses of picrite basalt and serpentine considered to be older than the main mass. Younger



intrusives are the porphyritic equivalents of some of the older intrusives and are known as the Cherry Creek and Sugarloaf Intrusives. These are considered responsible for much of the mineralization. Peridotite has also been found in the vicinity of some mineral deposits.

Marginal rocks consist of the mainly sedimentary Cache Creek rocks of Carboniferous age, the sedimentary and volcanic Nicola rocks of Triassic age both of which would be intruded rocks and could be mineralized, particularly the latter and the younger rocks of the Kamloops group of Miocene age which consists of sedimentary and volcanic rocks and would not be mineralized.

Alteration (Saussuritization) is usually pronounced in the mineralized areas. The principal minerals found have been magnetite, hematite, pyrite in addition to the copper minerals consisting of chalcopyrite, bornite and lesser amounts of chalcocite, cuprite, azurite and malachite. Native copper has recently assumed a position of major importance as a result of the unique occurrence of this metal, apparently of primary origin recently discovered on the property of Afton Mines at the northwestern tip of the Batholith. A somewhat similar situation could exist at the southern tip of the batholith which will be discussed in the following section. These minerals are not necessarily always found together. For example magnetite may or may not accompany chalcopyrite so that a high magnetometer reading or a low reading could be indicative of copper mineralization.

## GEOLOGY OF PINNACLE MINES PROPERTY

The claims belonging to Pinnacle Mines Ltd. straddle the southern end of the Iron Mass batholith as it was mapped by Carr in Figure 3 of the 1956 Minister of Mines Report (MMR) but do not extend to the western margin as modified in figure 11 of the 1967 MMR except at the very south end.

Copper mineralization within the claim group has been found associated with a band or bands of the Cherry Creek Intrusives lying along the long axis of the batholith, and again at the contact of the older basic picrite basalt intrusives with the main mass of coarse textured rocks of intermediate to acid composition. These would seem to be discrete occurrences despite contentions to the effect that they are related.

By referring to figure 13 of the 1967 MMR it is seen that the oldest picrite basalt intrusives and the youngest Cherry Creek intrusives approach each other towards the southern tip of the batholith and probably intersect. At the northern end of the batholith these rocks are again approaching each other in the general vicinity of the Afton Mines and in addition the Sugar loaf intrusions coalesce with them. These latter have only been found along the southwestern margin of the batholith and so could be present under overburden at the southern tip.

## RECOMMENDATIONS FOR FURTHER WORK

On the basis of a theory that concentrations of mineralization are the end product of repeated mobilizations and differentiations of both rock and metallic minerals, the place to look for a commercial concentration of mineral is where there is a complexity of intrusive rock types with obvious hydrothermal alterations and favorable structures such as contacts and intersecting fault zones as shown at the south point of the batholith on map 13 of the 1967 MMR. The subsurface contact between the intrusive rocks and the Nicola Cache Creek Rocks could be particularly interesting.

In their report of August 6, 1969 attached hereto, Pasioka and Prendergast recommended on page 11 that further exploration work should be done in the area lying between the Joker Adit and the Grey Mask shaft.

Two holes P<sub>8</sub> and P<sub>9</sub> the last of a series of holes drilled in the spring of 1969 showed mineralization of interest as indicated on page 9 of the above report. As far as can be determined from information provided no further work has been done in that area.

The writer would recommend that this mineralization, particularly that found in P<sub>9</sub>, should be further checked by low cost percussion drilling. The location of holes should be determined in the field, having in mind the importance of cross structures thought to occur here, particularly in the

PROPOSED EXPENDITURES

Stage I

- allow for 5000 feet of percussion drilling in holes of varying depth to penetrate bedrock up to about 100 feet at \$4.00 per foot overall including professional services. \$ 20,000.00

Stage II

- 1. allow for 6000 feet of B.Q. Wireline drilling at \$12.00 per foot average overall. \$ 72,000.00
  - 2. Professional services involved in supervision, core logging, etc. 5,000.00
  - 3. Sampling, Assaying, allow 4,000.00
  - 4. Communications and Travel allow 3,000.00
  - 5. Auxiliary bulldozing allow 3,000.00
- \$ 87,000.00
- Contingencies @ 15% 13,050.00
- Total \$ 100,050.00
- SAY \$ 100,000.00

The location of drill holes in both stages should follow thorough study of all available information.

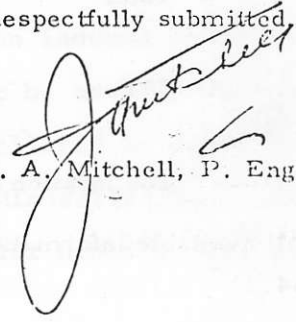
PREVIOUS EXPENDITURES

Financial statements dated December 31, 1968; April 30, 1969 and April 30, 1970 have been reviewed by the writer. These show a final breakdown of expenditures on the subject property in British Columbia by Pinnacle Mines Ltd. totalling \$149,161.29 to be as follows:

Diamond drilling	\$ 80,380.30
Geophysical surveys	50,126.64
Trenching	3,544.00
Line cutting	1,265.00
Engineering fees & expenses	7,348.68
Travel	2,798.94
General Field expenses	<u>3,697.73</u>
	<u>\$ 149,161.29</u>

There have been no expenditures on the subject property since that date but expenditures have been made elsewhere which have produced a Working Capital deficiency.

Respectfully submitted,

  
J. A. Mitchell, P. Eng.

Vancouver, B. C.  
February 1st, 1972.  
Report Amended  
February 15th, 1972.

REFERENCES SEEN

1. W. E. Cockfield, Geological Survey of Canada Memoir 249, 1961. Geology and Mineral Deposits of Nicola Map area with special reference to the Grey Mask and Joker claims.
2. J. M. Carr, Minister of Mines Report, 1956, Deposits Associated with the eastern part of the Iron Mask Batholith near Kamloops.
3. V. A. G. Preto, Minister of Mines Report 1967, Geology of the Eastern part of Iron Mask Batholith.
4. J. B. Prendergast, M.A. P. Eng., Velocity Surveys Ltd., Report on the Property of Pinnacle Mines Ltd. (N.P.L.), October 29, 1968.
5. G. D. Delane, B. Sc. and W. R. Bacon PhD., P. Eng., Report on the Property of Pinnacle Mines Ltd., February 20, 1969.
6. C. T. Pasioka, B. Sc. and J. B. Prendergast, M.A., P. Eng., Summary Report on Property of Pinnacle Mines Ltd. (N.P.L.), July 10, 1969.
7. Financial Statements of Pinnacle Mines Ltd. (N.P.L.) to April 30th, 1970.

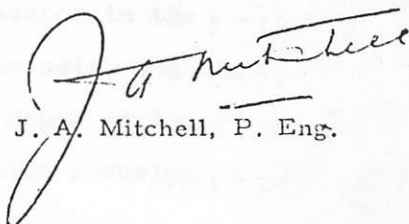
5192-859

CERTIFICATION

I, J. A. Mitchell, of 2991 Mathers Avenue, West Vancouver, B. C.  
HEREBY CERTIFY:

1. THAT I am a mining engineer, having graduated with the degree of Bachelor of Applied Science from the University of British Columbia in 1932.
2. THAT I have practised my profession continuously since graduation.
3. THAT I am a member of the Association of Professional Engineers of British Columbia.
4. THAT this report is based solely on a review of various reports dealing with the property of Pinnacle Mines Ltd. and the area of the Iron Mask Batholith.
5. THAT I have no interest either directly or indirectly in the properties or securities of Pinnacle Mines Ltd. (N.P.L.), nor do I intend to receive any.

Respectfully submitted,

  
J. A. Mitchell, P. Eng.

Vancouver, B. C.  
February 1st, 1972.

922-5822

SUMMARY REPORT  
ON  
PROPERTY  
OF  
PINNACLE MINES LIMITED NPL  
A, C, CLE, PIN, & ART CLAIMS  
KNUTSFORD AREA  
KAMLOOPS MINING DIVISION  
PROVINCE OF BRITISH COLUMBIA

PROPERTY

The property consists of some sixty-two contiguous  
located mineral claims as follows:

A1 - 4 incl.	47777 - 47780
5A - 8A incl.	56750 - 56761
A9 - 12 incl.	47785 - 47788
A13-16 incl.	48071 - 48074
C1 - 3 incl.	47789 - 47791
C4-18 incl.	47955 - 47969
CLE1-10 incl.	47792 - 47801
PIN 1 Fr.	71608
PIN 2 Fr.	71609
PIN 3	71610
PIN 4	71611
PIN 5 Fr.	71612
PIN 6 Fr.	71613
PIN 7 Fr.	71619
PIN 8 - 12 incl.	71614 - 71618
ART 1 - 6 Fr. incl.	No record numbers available



The above located mineral claims are recorded in the Mine Recorder's Office in the city of Kamloops, Kamloops Mining Division, Province of British Columbia.

#### LOCATION AND ACCESS

The property is situate some five miles south of the village of Knutsford and eight miles south-south-west of the City of Kamloops, B.C. The property lies within the one degree area of the south-east quadrant whose co-ordinates are  $50^{\circ}$ ,  $120^{\circ}$  N.E. Number 5 Highway traverses the east margin of the property and extends to Merritt some 45 miles to the south. Under normal conditions access is available to all parts of the property with conventional vehicles using several branch roads. Further, the Edith Lake Road traverses the west margin of the property. The City of Kamloops and surrounding area is serviced by P.W.A., C.N.R., C.P.R., and the Trans-Canada Highway.

#### TOPOGRAPHY AND VEGETATION

The surface of the area presented by the property is that of roughly rolling range-land of low to moderate relief with the hills well-rounded by glaciation. The south east slopes of "Les Roches Moutonees" may be somewhat precipitous. In general, the presence of exposed bedrock surface for geological observation is sparse; the overburden, mainly glacial detritus material, is extensive. Approximately fourty per cent of the area is forest covered, i.e. pine, and spruce with lesser poplar and alder scrub. The open areas support

various grasses and sage-brush to qualify as grazing land and with minor areas under active cultivation of feed crops. Several ponds and sloughs of both permanent and intermittent nature occur on the property and would provide sufficient water for drilling purposes. Elevations range from 2600' to 3500' above sea level.

#### HISTORY

The area of the property under discussion has been subjected to sporadic mineral exploration since the latter part of the 19th century. Earlier efforts were directed towards the search for gold in quartz veins. Somewhat later efforts prior to 1930 were directed towards the discovery of high grade copper bearing structures as indicated by the numerous exploration pits and trenches.

Such a situation was developed on the Kamloops Copper Consolidated Property where some thousands of tons of high-grade copper ore were mined and milled. Since 1950 several nearby properties lying within the Iron Mask Batholith have developed nominal tonnages of ore grade material, i.e. Cominco Limited, Ajax Property, 10 million tons of 0.5% Copper; Makao Development Limited, 250,000 tons of 2% Copper. Further exploration programs of several other properties in the immediate area have indicated individual sections in drill holes obviously of ore grade.

The area of the property between the Joker adit and Separation Lake has been subjected to sporadic exploration since 1950. In 1955 Commercial Minerals Limited conducted a program of some 5,500' of diamond drilling and minor bulldozer stripping in the vicinity of

The above located mineral claims are recorded in the Mine Recorder's Office in the city of Kamloops, Kamloops Mining Division, Province of British Columbia.

#### LOCATION AND ACCESS

The property is situate some five miles south of the village of Knutsford and eight miles south-south-west of the City of Kamloops, B.C. The property lies within the one degree area of the south-east quadrant whose co-ordinates are  $50^{\circ}$ ,  $120^{\circ}$  N.E. Number 5 Highway traverses the east margin of the property and extends to Merritt some 45 miles to the south. Under normal conditions access is available to all parts of the property with conventional vehicles using several branch roads. Further, the Edith Lake Road traverses the west margin of the property. The City of Kamloops and surrounding area is serviced by P.W.A., C.N.R., C.P.R., and the Trans-Canada Highway.

#### TOPOGRAPHY AND VEGETATION

The surface of the area presented by the property is that of roughly rolling range-land of low to moderate relief with the hills well-rounded by glaciation. The south east slopes of "Les Roches Moutonees" may be somewhat precipitous. In general, the presence of exposed bedrock surface for geological observation is sparse; the overburden, mainly glacial detritus material, is extensive. Approximately forty per cent of the area is forest covered, i.e. pine, and spruce with lesser poplar and alder scrub. The open areas support

## DISCUSSION OF RESULTS

Induced Polarization - the Induced Polarization terminated in 1968 due to adverse weather conditions was initiated again in April of 1969. The anomalous conditions termed A,B, and C as described in a summary report by Mr. J. B. Prendergast, January 30, 1969, were further delineated and the area originally covered in this survey expanded to the north and additional coverage was added to the central portion of the property. Anomaly A, centering about the point 62 W on Line 88 North was investigated on the ground. The axis of the anomaly follows a local shear zone with disseminated to massive stringers of pyrite with minimal amounts of chalcopyrite in a shear zone. This ground evidence would justify the extent and intensity of the induced polarization survey however, the mineral occurrence is worthy of further investigation by means of bulldozer trenching in order to more fully delimit the extent of mineralization observed.

Anomaly B, was subjected to sub-surface investigation by means of diamond drilling. Two holes were drilled sectioning the axes of the induced polarization anomaly and revealed a shear zone containing pyrite, both disseminated and as narrow massive veinlets, along with minimal chalcopyrite mineralization. No further work is planned at this location for the moment.

Anomaly C. The southern limit of this anomaly was sectioned by means of a diamond drill hole and revealed a fault structure with associated pyrite and magnetite mineralization. Additional induced polarization surveying to the northwest indicated a substantial area of extremely high chargeability. Subsequent ground investigation

revealed that the extreme chargeability was due primarily to an underground water system in use by the Shannon Ranch. Further, this buried water system is also used as a ground for the electrification of the Ranch. Sufficient information is available to preclude any further investigation of this induced polarization anomaly.

Anomaly D, has proven to be caused in major part by a similar underground irrigation and water system using metallic conduit.

Anomaly E, commencing at a point 12 W on line 96 North occurs as an anomaly of moderate intensity striking in a north-easterly direction. The axis of this anomaly is coincident with the diorite-peridotite contact. Old workings along this contact have revealed mineralization in the form of massive streaks and blebs of specular hematite and chalcopyrite. Three short diamond drill holes were drilled along this contact and revealed mineralization in the form of weakly disseminated native copper, chalcopyrite, accompanied by massive lenses and disseminated halos of pyrite and specular hematite. No mineralized sections of economic significance were revealed in this series of three holes.

#### BULLDOZER TRENCHING

In the latter part of May and first part of June, a bulldozer trench of some 850' in length was excavated in the area of the Joker adit. In the immediate vicinity of the adit, one edge of the lenticular body was exposed over an average depth of 13.6'. Along a length of 340' in this vicinity channel samples revealed average copper values of 0.47%.

Mineralization observed was primarily in the form of malachite and azurite with minimal chalcopyrite. Immediately below the Joker adit was observed native copper in the form of linings of fracture-faces and shear-faces. It would appear that the best values resulting from the presence of native copper are in immediate proximity to the diorite-peridotite contact.

#### DIAMOND DRILLING

The diamond drilling program carried on in 1969 prior to June 20th entailed some 3,648' of B.Q. and N.Q. Core drilling. Eight holes were completed and the results thereof described as follows:

Hole No. P2 was collared at 90+00N 58+00 West drilling at -45° in an easterly direction. The purpose of the hole was to determine the causative factors of an induced polarization anomaly. Various facies of diorite, microdiorite and cherry creek breccia were encountered containing frequent lenses of disseminated pyrite as well as several shear zones containing pyrite and minor chalcopyrite. A shear zone commencing at 145' over a width of 5' contained chalcopyrite mineralization of economic significance, i.e. 0.50% copper. It would appear then that the induced polarization anomaly would owe its origin to the abundant presence of disseminated and massive lenses of pyrite.

Hole P3 collared at 88+00 N 58+00 W with a similar azimuth and declination to hole P2 was drilled to a depth of 745.6'. Mineralogy and mineralization were similar to that encountered in hole P2 with only minimal short sections of copper mineralization indicated, i.e. 551.6' to 554.4' yielding values of 0.50% copper.

Hole P4, collared at 92+00N 35+00W was drilled due west at  $-45^{\circ}$ . The purpose of the hole was to investigate a induced polarization anomaly of moderate to strong intensity. To a depth of 525' various facies of diorite were sectioned. No significant copper values were encountered, however an abundance of minor sheared and brecciated zones containing disseminated to massive pyrite offered a plausible explanation for the induced polarization anomaly.

Hole P5 was collared at 102+08 N, 9+98 W and drilled in a westerly direction at  $-45^{\circ}$  in an attempt to section at depth mineralization observed in an old exploration pit, i.e. the Grey Mask Shaft. The hole sectioned several diorite-peridotite contacts which probably represent the transition zone resulting during the forceful intrusion of the peridotite dyke. Mineralization encountered included disseminated to massive pyrite and specular hematite as well as minor disseminated chalcopryrite and native copper. In spite of the apparent abundance of sulphide mineralization, the only section of economic significance was the section 116.2 to 117.8 which yielded 0.42% copper in the form of native copper and chalcopryrite.

Hole P6, drilled to a depth of 355.7' at a declination of  $-45^{\circ}$  in a south-easterly direction, was collared at 108+00N 5+27W. The purpose of the hole was to investigate an induced polarization anomaly of moderate chargeability thought to be associated with the peridotite-diorite contact. The hole was collared in diorite and sectioned the diorite-peridotite contact. Mineralization encountered in the hole included massive blebs of specular hematite and pyrite

as well as minimal amounts of chalcopyrite and native copper. No mineralized sections containing cupriferous mineralization of economic significance were encountered.

Hole P7A, is a vertical hole collared at 104+72 N 5+81 W and drilled to a depth of 425'. The hole was contained in a transition zone between diorite and peridotite. Several sections of interesting cupriferous mineralization were encountered of the order of .1 to .12% copper consisting of disseminated chalcopyrite, however, no sections of economic significance were indicated.

Hole P8, collared at 82+96 N 17+25 W drilled at a declination of  $60^{\circ}$  in a south westerly direction was drilled to a depth of 400'. The purpose of the hole was to intersect at depth mineralization observed in the trench in the immediate vicinity of the Joker adit. The hole was cased in diorite, transected the peridotite dyke occurring along the creek valley and re-entered diorite. The transition zone between the peridotite and diorite yielded an 8.8' section running 0.49% Copper at a depth of 100-108.8'. This mineralization was in the form of disseminated chalcopyrite.

Hole P9, collared at 80+39 N 19+79W was drilled at a declination of  $-45^{\circ}$  and in opposition to hole No. P8. A unique situation occurs here in that the fault zone at the point of intersection of this drill hole contained no peridotite. This fault zone from a depth of 101' to 124.4' yielded a 23.4' section of 1.41% Copper. These values are derived primarily from the presence of disseminated native copper lying along and lining the shear planes of the fault zone.



## CONCLUSIONS

The areas of abnormal chargeability as indicated by the induced polarization survey designated A, B, C, and D have been investigated either by surface observation or diamond drilling. These anomalies owe their origin either to pyrite mineralization or to man-made structures and no further work in these immediate areas is anticipated. The area designated E would appear to bear a relationship in space to the mineralized structures known to exist in the area of the Joker adit. A topographic depression connecting these two areas suggests that the fault structures indicated in these two areas are indeed one and the same. Mineralization encountered in diamond drill holes no. P9 and the surface mineralization sampled in the trench area is obviously of ore grade and of great economic significance. Any further work carried out on the property should primarily be concentrated in this area. Efforts should be directed to extending the exposure of mineralization and sampling same in order to arrive at a more complete evaluation.

In addition, disseminated chalcopyrite mineralization has been observed in the area 8+00 N 16+00 W. The exposure of this mineralization is very limited and further investigation by means of bulldozer trenching would be in order.

The area immediately to the west of the Joker adit has been drilled in part by Commercial Minerals. Results of this drilling program are incomplete, however, results available indicate a tonnage of some 75,000 tons grading 0.6% copper available for extraction. This

mineralized body should be completely delineated so that an economic assessment of the occurrence may be arrived at.

#### RECOMMENDATIONS

In view of the encouraging results of the drilling and trenching program in the vicinity of the Joker adit area, it is recommended that the mineralized zone be fully delineated by a continuation of the program, i.e. drilling and trenching. Further exploration efforts should be applied to the area lying between the Joker Adit and the Grey Mask area since the two areas are thought to be related in their occurrence along a common linear structural feature.

The extent of the mineralization observed to occur in the immediate proximity to line 8+00 N 16+00 W should be delimited by bulldozer stripping and investigated at depth by means of diamond drilling if necessary. The results of the exploration program recently completed dictate that the program be continued in order to completely delineate the indicated mineralized structures. Such a program would include the following phases.

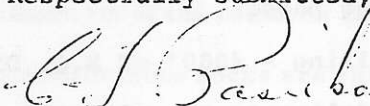
- A. Diamond Drilling - 4000' of B.Q. Diamond drilling to completely delineate the mineralized structure in the vicinity of the Joker adit and to investigate at depth the occurrence of disseminated chalcopyrite mineralization near the south margin of the property.
- B. Bulldozer Stripping - 300 hours with a machine of the capacity of an HD 28 with hydraulically controlled rippers in order to investigate the occurrence of

chalcopyrite mineralization near the south margin of the property and to test the surface exposures of the structure lying between the Joker adit and the Grey Mask shaft.

Such a program would entail the following estimated expenditures:

A. Diamond Drilling 4000' of B.Q. Wireline	
Core drilling at \$11.50 / foot.	\$46,000.00
B. Bulldozer Stripping 300 hours with HD 25	
at \$35.00 per hour.	10,500.00
C. Engineering Supervision and Consulting.	5,000.00
D. Sampling and Assaying.	4,800.00
E. Contingency @ 15%	9,945.00
Total:	<u>\$76,245.00</u>

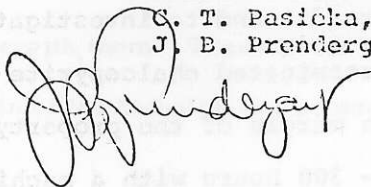
Respectfully submitted,



VELOCITY SURVEYS LIMITED

G. T. Pasioka, B. Sc.

J. B. Prendergast, M.A., P.Eng.



Exp. Date 12/31/69

Pasioka - 374-0187

Velocity Surveys -

CERTIFICATION

I, Clemens Terence Pasioka, of the City of Vancouver, Province of British Columbia, hereby certify that:

1. I am a geologist and reside at 906 - 1445 W. 13th Avenue, Vancouver, B.C.
2. That I graduated from University College, Dublin with a degree in geology (B.Sc. 1963).
3. That I have been practicing my profession as a geologist for six years.
4. That I am a member of the Association of Professional Engineers of Alberta.
5. That I have no interest directly or indirectly in the property of Pinnacle Mines Limited, NPL, nor do I expect to receive such interest nor in the securities of Pinnacle Mines Limited, NPL.
6. That this report is based on data derived from work carried out under my supervision on the property, from personal experience in the area, and from government publications relevant to the area.

Dated this 10th day of July, 1969, in the City of Vancouver, Province of British Columbia.



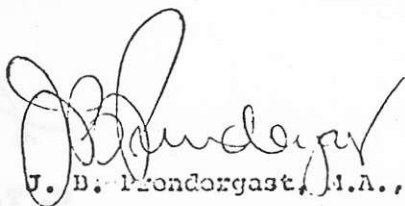
C. T. Pasioka, B.Sc.

CERTIFICATION

I, Joseph Benoit Prondorgast, of the City of Calgary, Province of Alberta, hereby certify that:

1. I am a geophysicist-geologist with offices at 1323 48th Ave. N.E., Calgary, Alberta.
2. I am a graduate of the University of Toronto, B.A. (Physics and Geology), M.A. (Geophysics) 1951.
3. I have been actively and continuously engaged in mineral exploration and development for 18 years.
4. I am a member of the Associations of Professional Engineers of Ontario, Manitoba, Alberta, and British Columbia.
5. I have no interest, directly or indirectly, nor in the securities of, nor do I expect to receive any such interest in Pinnacle Mines Limited, NPL.
6. That this report is based on data derived from work carried out directly under my supervision on the property and from government publications relevant to the area.

Dated this 10th day of July, 1969, in the City of Calgary, Province of Alberta.

  
J. B. Prondorgast, M.A., P.Eng.



# GLENDINNING, JARRETT, GOULD & CO.

## CHARTERED ACCOUNTANTS

Royal Trust Tower  
P.O. Box 11  
Toronto-Dominion Centre  
Toronto 1, Canada  
Telephone (416) 362-6001

## OFFICES:

Montreal	Cobourg
Toronto	Brantford
Windsor	Thunder Bay
Winnipeg	Calgary
Kamloops	Vancouver

## INTERNATIONAL FIRM:

Alexander Grant Tansley Will

## AUDITORS' REPORT

To the Shareholders,  
Pinnacle Mines Ltd. (N.P.L.)

We have examined the balance sheet of Pinnacle Mines Ltd. (N.P.L.) as at September 30, 1971, and the statements of deficit, deferred exploration expenditure, administration expenditure and source and application of funds for the seventeen months then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Company as at September 30, 1971, and the results of its operations and the source and application of its funds for the seventeen months then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the change in accounting practice referred to in note 4, with which we agree.

*Glendinning Jarrett Gould & Co.*

Toronto, Ontario,  
February 4, 1972.

Chartered Accountants

PINNACLE MINES LTD. (N.P.L.)  
(Incorporated under the laws of British Columbia)

BALANCE SHEET

SEPTEMBER 30, 1971

(With comparative figures for April 30, 1970)

	September 30, 1971	April 30, 1970
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 387	\$ 31,753
Advances (note 1)	<u>5,447</u>	<u>31,942</u>
	5,834	63,695
ADVANCES TO OTHER COMPANIES (note 2)	1	17,490
SECURITIES AND CASH ON DEPOSIT	2,795	13,331
MINING PROPERTIES (note 3)	75,720	119,520
DEFERRED EXPENDITURE (note 4)		
Exploration	149,761	197,643
Administration	<u>          </u>	<u>74,898</u>
	<u>\$ 234,111</u>	<u>\$ 486,577</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Bank loan (note 1)	\$ 5,000	\$
Accounts payable and accrued charges	<u>28,419</u>	<u>23,196</u>
	33,419	23,196
<b>SHAREHOLDERS' EQUITY</b>		
<b>SHARE CAPITAL (note 5)</b>		
Authorized		
5,000,000 shares of no par value		
Issued		
1,775,007 shares	500,003	500,003
DEFICIT	<u>299,311</u>	<u>36,622</u>
	<u>200,692</u>	<u>463,381</u>
	<u>\$ 234,111</u>	<u>\$ 486,577</u>

Approved by the Board:

C. C. ROLLINS  
Director

[Signature]  
Director

PINNACLE MINES LTD. (N.P.L.)

STATEMENT OF DEFICIT

FOR THE SEVENTEEN MONTHS ENDED SEPTEMBER 30, 1971

(With comparative figures for the year ended April 30, 1970)

	September 30, 1971	April 30, 1970
Mining claims abandoned		
Acquisition costs	\$ 43,800	\$
Exploration expenditure	59,806	
Deposits	<u>3,212</u>	
	106,818	
Recoveries	<u>1,465</u>	
	105,353	
Administration expenses		
Current period	27,760	
Prior years	74,898	
Provision for loss on advances to other companies	54,678	
Advances for staking of mining claims		33,334
Organization expense	<u>          </u>	<u>3,288</u>
	262,689	36,622
Balance, beginning of period	<u>36,622</u>	<u>          </u>
Balance, end of period	<u>\$ 299,311</u>	<u>\$ 36,622</u>



PINNACLE MINES LTD. (N.P.L.)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE SEVENTEEN MONTHS ENDED SEPTEMBER 30, 1971

(With comparative figures for the year ended April 30, 1970)

	September 30, 1971	April 30, 1970
SOURCE OF FUNDS		
Settlement of advances	\$	\$ 21,101
Refund of cash on deposit	7,325	
Sale of 2% carried interest in petroleum and natural gas permits	<u>1,465</u>	
	8,790	
APPLICATION OF FUNDS		
Exploration expenditure	11,925	50,775
Administration expenditure	27,760	36,501
Acquisition cost of mining properties		36,820
Advances to other companies	37,189	17,490
Securities and cash deposit		<u>13,331</u>
	<u>76,874</u>	<u>154,917</u>
DECREASE IN WORKING CAPITAL	68,084	133,816
WORKING CAPITAL, BEGINNING OF PERIOD	<u>40,499</u>	<u>174,315</u>
WORKING CAPITAL (DEFICIENCY), END OF PERIOD	<u>\$ (27,585)</u>	<u>\$ 40,499</u>

PINNACLE MINES LTD. (N.P.L.)

STATEMENT OF DEFERRED EXPLORATION EXPENDITURE

FOR THE SEVENTEEN MONTHS ENDED SEPTEMBER 30, 1971

	Balance April 30, 1970	Expenditure during the period	Balance September 30, 1971
<b>BRITISH COLUMBIA</b>			
Diamond drilling	\$ 80,380	\$	\$ 80,380
Geophysical surveys	50,126		50,126
Engineering fees and expenses	7,349		7,349
General field expenses	3,698		3,698
Trenching	3,544		3,544
Travel	2,799		2,799
Line cutting	1,265		1,265
Licences and fees		600	600
	<u>149,161</u>	<u>600</u>	<u>149,761</u>
<b>MANITOBA</b>			
Magnetometer survey	8,550		8,550
Line cutting	8,550		8,550
Licences and fees	641		641
Travel	510		510
	<u>18,251</u>		<u>18,251</u>
<b>QUEBEC</b>			
Geophysical surveys	6,900		6,900
Line cutting	6,440		6,440
Licences and fees	3,600		3,600
General field expenses	1,014		1,014
Engineering fees and expenses	380		380
	<u>18,334</u>		<u>18,334</u>
<b>VICTORIA ISLAND, NORTHWEST TERRITORIES</b>			
Petroleum and natural gas permits			
Engineering fees and expenses		7,325	7,325
Geochem investigation		4,000	4,000
Geophysical surveys	2,373		2,373
General field expenses	94		94
Travel and transportation	74		74
	<u>2,541</u>	<u>11,325</u>	<u>13,866</u>
Mineral claims			
Wages	3,238		3,238
Geophysical surveys	2,857		2,857
Travel and transportation	2,229		2,229
Licences and fees	789		789
General field expenses	243		243
	<u>9,356</u>		<u>9,356</u>
	<u>\$ 197,643</u>	<u>\$ 11,925</u>	209,568
Less: Expenditure written off			
Manitoba claims		18,251	
Quebec claims		18,334	
Northwest Territories petroleum and natural gas permits		13,866	
Northwest Territories claims		<u>9,356</u>	<u>59,807</u>
			<u>\$ 149,761</u>

PINNACLE MINES LTD. (N.P.L.)

STATEMENT OF ADMINISTRATION EXPENDITURE

FOR THE SEVENTEEN MONTHS ENDED SEPTEMBER 30, 1971

(With comparative figures for the year ended April 30, 1970)

	September 30, 1971	April 30, 1970
Legal and audit	\$ 7,752	\$ 9,283
Travel	5,779	7,881
Shareholders' meetings and reports	278	2,008
Management fees	10,200	7,200
Stock exchange fees	100	300
Telephone and telegraph		1,911
Transfer agency fees	1,956	3,194
Office supplies and expense	1,316	3,763
Interest and bank charges	21	14
Directors' fees	250	450
Sundry	<u>361</u>	<u>497</u>
	28,013	36,501
Less: Interest earned	<u>253</u>	<u>          </u>
	27,760	36,501
Balance, beginning of period	<u>74,898</u>	<u>38,397</u>
	102,658	74,898
Written off to deficit	<u>102,658</u>	<u>          </u>
Balance, end of period	\$ <u>Nil</u>	\$ <u>74,898</u>

PINNACLE MINES LTD. (N.P.L.)

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 1971

1. Advances - Bank loan

The Company's bank loan was secured solely by the personal guarantee of a director of the Company. Subsequent to September 30, 1971, the director assumed directly the liability of \$5,000 to the bank and his advance account of \$5,447 was reduced accordingly.

2. Advances to other companies

Fidelity Mining Investments Limited \$ 38,241

Fidelity has a working capital deficiency of some \$91,500 including this liability. Fidelity owns interest in certain mining claims. Repayment of this amount is subject to the future successful financing of Fidelity.

Nor-West Kim Resources Ltd. (N.P.L.) 11,799

Nor-West Kim has a working capital deficiency in excess of \$100,000 including this liability. Nor-West Kim has interests in certain mining claims. Repayment of this amount is subject to the future successful financing of Nor-West Kim.

Ava Securities Limited 3,639

Ava is a private company controlled by persons with whom the President of Pinnacle Mines Ltd. (N.P.L.) does not deal at arm's length. The records of Ava indicate it does not have sufficient working capital to repay this loan at the present time. Of the above amount, \$3,600 is the balance of a loan of \$24,000 made during the previous fiscal period at a 10% interest rate. Interest has been neither received nor accrued in the accounts.

Intercorp Securities Limited 1,000

Intercorp is a private company of which the President of Pinnacle Mines Ltd. (N.P.L.) is a major shareholder and its manager. Intercorp does not appear to have sufficient assets to repay this loan.

54,679

54,678

Less: Provision for loss

\$ 1

3. Mining properties

British Columbia

62 mineral claims located in the Kamloops Mining Division consisting of:

(a) 44 claims acquired for 750,000 shares of capital stock valued by the directors at 10 cents per share

\$ 75,000

(b) 18 claims and fractions acquired by staking - at cost

720

\$ 75,720

Subsequent to the year end, 38 of the 44 above mentioned claims have expired.

PINNACLE MINES LTD. (N.P.L.)

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 1971

4. Change in accounting practice

Administration expenditures for the years prior to 1971 were included in deferred expenditure. In 1971, these expenditures were written off to deficit together with the administration expenditure for the current period.

5. Share capital

Details of shares issued	Shares	Capital
For mining claims	750,000	\$ 75,000
For cash	<u>1,025,007</u>	<u>425,003</u>
	<u>1,775,007</u>	<u>\$ 500,003</u>

6. Change of fiscal period

The Company's fiscal year end has been changed from April 30 to September 30 in each year.

7. Directors' and senior officers' remuneration

During the seventeen months ended September 30, 1971 the Company paid \$10,450 in direct remuneration to directors and senior officers.

# GLENDINNING, JARRETT, GOULD & Co.

## CHARTERED ACCOUNTANTS

Royal Trust Tower  
P.O. Box 11  
Toronto-Dominion Centre  
Toronto 1, Canada  
Telephone (416) 362-6001

## OFFICES:

Montreal	Cobourg
Toronto	Branford
Windsor	Thunder Bay
Winnipeg	Calgary
Kamloops	Vancouver

## INTERNATIONAL FIRM:

Alexander Grant Tansley Witt

## ACCOUNTANTS' COMMENTS

To the Directors,  
Pinnacle Mines Ltd. (N.P.L.).

The accompanying balance sheet of Pinnacle Mines Ltd. (N.P.L.) as at March 31, 1972 and the statements of deficit, deferred exploration expenditure, administration expenditure and source and application of funds for the six months ended on that date have been prepared by us from the books and records of the Company, and from information give to us. Under the terms of our engagement, we did not perform an audit of the accounts and accordingly do not express an opinion on the financial statements.

*Glendinning Jarrett Gould Co.*

Toronto, Ontario,  
April 7, 1972.

Chartered Accountants

PINNACLE MINES LTD. (N.P.L.)  
(Incorporated under the laws of British Columbia)

BALANCE SHEET

MARCH 31, 1972

(Unaudited)

ASSETS

CURRENT ASSETS

Cash	\$	76.32
ADVANCES TO OTHER COMPANIES (note 1)		1.00
SECURITIES AND CASH ON DEPOSIT		2,794.73
MINING PROPERTIES (note 2)		75,720.00
DEFERRED EXPLORATION EXPENDITURE		<u>149,761.29</u>
	\$	<u>228,353.34</u>

LIABILITIES

CURRENT LIABILITIES

Accounts payable and accrued charges	\$	35,949.24
Due to a director		<u>4,041.78</u>
		39,991.02

SHAREHOLDERS' EQUITY

SHARE CAPITAL

Authorized			
5,000,000 shares of no par value			
Issued			
For mining claims	750,000 shares	\$ 75,000.00	
For cash	<u>1,025,007 shares</u>	425,003.50	
	<u>1,775,007 shares</u>		500,003.50
DEFICIT			<u>311,641.18</u>
			<u>188,362.32</u>
			\$ <u>228,353.34</u>

Approved by the Board:

C. E. Rowland Director

[Signature] Director

PINNACLE MINES LTD. (N.P.L.)

STATEMENT OF DEFICIT

FOR THE SIX MONTHS ENDED MARCH 31, 1972

(Unaudited)

Balance, September 30, 1971	\$ 299,311.00
Administration expenditure	<u>12,330.18</u>
Balance, March 31, 1972	\$ <u>311,641.18</u>

STATEMENT OF ADMINISTRATION EXPENDITURE

FOR THE SIX MONTHS ENDED MARCH 31, 1972

(Unaudited)

Management fees	\$ 3,600.00
Legal fees	3,432.20
Accounting fees	2,650.00
Travel	949.45
Transfer agency fees	610.94
Office and sundry expenses	687.59
Stock exchange fees	200.00
Engineering fees	<u>200.00</u>
	\$ <u>12,330.18</u>



PINNACLE MINES LTD. (N.P.L.)

STATEMENT OF DEFERRED EXPLORATION EXPENDITURE

FOR THE SIX MONTHS ENDED MARCH 31, 1972

(Unaudited)

	Balance September 30, 1971 and March 31, 1972
British Columbia	
Diamond drilling	\$ 80,380.30
Geophysical surveys	50,126.64
Engineering fees and expenses	7,348.68
General field expenses	3,697.73
Trenching	3,544.00
Travel	2,798.94
Linecutting	1,265.00
Licences and fees	<u>600.00</u>
	<u>\$ 149,761.29</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE SIX MONTHS ENDED MARCH 31, 1972

(Unaudited)

SOURCE OF FUNDS	\$ Nil
APPLICATION OF FUNDS	
Administration expenditure	<u>12,330.18</u>
INCREASE IN WORKING CAPITAL DEFICIENCY	12,330.18
WORKING CAPITAL DEFICIENCY, SEPTEMBER 30, 1971	<u>27,584.52</u>
WORKING CAPITAL DEFICIENCY, MARCH 31, 1972	<u>\$ 39,914.70</u>

PINNACLE MINES LTD. (N.P.L.)

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1972

(Unaudited)

1. Advances to other companies	
Fidelity Mining Investments Limited	\$ 38,241.01
Nor-West Kim Resources Ltd. (N.P.L.)	11,799.56
Ava Securities Limited	3,638.86
Intercorp Securities Limited	<u>1,000.00</u>
	54,679.43
Less: Provision for loss	<u>54,678.43</u>
	\$ <u>1.00</u>

2. Mining properties	
British Columbia	
24 mineral claims located in the Kamloops Mining Division consisting of:	
(a) 6 claims acquired for 750,000 shares of capital stock valued by the directors at 10 cents per share *	\$ 75,000.00
(b) 18 claims and fractions acquired by staking - at cost	<u>720.00</u>
	\$ <u>75,720.00</u>

\* 38 of the original 44 claims acquired have expired

By agreement dated March 10, 1972 the Company has granted to another mining company the right to explore these claims and an option to acquire an undivided 50% interest in the claims.

3. The aggregate direct remuneration accrued to a director was \$3,600.00 for the six months period.

lot 4944 - John Crown Grant.

Jack Egdell - Gold Commissioner.