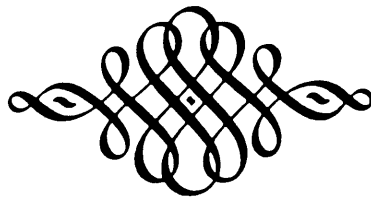


811742

PROSPECTUS



BLUE GULCH EXPLORATIONS LTD. (N. P. L.)

P R O S P E C T U S

The date of this Prospectus is 29TH MAY, 1969.

BLUE GULCH EXPLORATIONS LTD. (N.P.L.)

OFFERING OF 250,000 SHARES OF BLUE GULCH EXPLORATIONS LTD. (N.P.L.) A MINING COMPANY INCORPORATED UNDER THE LAWS OF THE PROVINCE OF BRITISH COLUMBIA WITH AN AUTHORIZED CAPITAL OF \$1,500,000.00 DIVIDED INTO 3,000,000 SHARES WITH A NOMINAL OR PAPER VALUE OF FIFTY CENTS (50¢) EACH.

THE SHARES OFFERED HEREUNDER ARE A SPECULATIVE SECURITY AND SHOULD BE PURCHASED ONLY BY PERSONS AWARE OF THE RISKS INVOLVED. THE MINING BUSINESS IS BY NATURE SPECULATIVE AND THE TASKS OF LOCATING COMMERCIALY PRODUCTIVE ORE BODIES PRESENTS MANY UNCERTAINTIES. IN FACT, THE COMPANY'S PROPERTIES ARE WITHOUT A KNOWN BODY OF COMMERCIAL ORE, AND THE PROPOSED PROGRAMMES REFERRED TO HEREIN ARE EXPLORATORY SEARCHES FOR ORE. (SEE ALSO SECTIONS HEADED "INTRODUCTORY STATEMENT" AND "PROPERTIES" FOR PARTICULARS).

AT THE PRESENT TIME THERE IS NO KNOWN MARKET FOR THE SHARES OF THE COMPANY.

OF THE SHARES ISSUED AND TO BE ISSUED 22.9% ARE BEING OFFERED TO THE PUBLIC AND THE REMAINING 77.1% WERE ISSUED TO THE DIRECTORS, OFFICERS AND CONTROLLING PERSONS FOR CASH AND PROPERTY. REFERENCE IN THIS BEHALF MAY BE HAD TO ITEM "PRINCIPAL HOLDERS OF SECURITIES" IN THE BODY OF THE PROSPECTUS.

BLUE GULCH EXPLORATIONS LTD. (N.P.L.) HEREBY OFFERS AS PRINCIPAL 250,000 SHARES OF ITS CAPITAL STOCK AT A PRICE OF 27¢ PER SHARE. THE AMOUNT PAYABLE ON APPLICATION FOR ALLOTMENT OF SUCH SHARES IS 27¢ PER SHARE. THERE ARE NO UNDERWRITING, SUB-UNDERWRITING, OPTION OR SUB-OPTION AGREEMENTS OUTSTANDING.

Shares offered	Price to public	Underwriting discounts & commissions	Proceeds to Company
250,000 shares			
Per unit	27 cents	Commission 5¢	22¢
TOTALS:	\$67,500.00	\$12,500.00	\$55,000.00

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.

NOTICE: NO SURVEY OF ANY PROPERTY OR PROPERTY INTEREST HELD BY THE COMPANY HAS BEEN MADE AND THEREFORE IN ACCORDANCE WITH THE MINING LAWS OF THE APPROPRIATE JURISDICTIONS IN WHICH SUCH PROPERTY IS SITUATED, THE EXISTENCE OF AND THE AREAS OF SUCH PROPERTIES COULD BE IN DOUBT.

A PURCHASE OF THE SECURITIES OFFERED BY THIS PROSPECTUS MUST BE CONSIDERED A SPECULATION.

TABLE OF CONTENTS

	<u>Page</u>
Offering	1
Purchaser's Right of Rescission and Withdrawal	2
Introductory Statement	2
Plan of Distribution	3
Use of Proceeds	3
Share and Loan Capital Structure	4
Name and Incorporation of Company	4
Description of Business and Property of the Company	
"Allison Lake claims"	4
Work done by present management	6
Preliminary expenditure	6
Promoters	6
Issuance of Shares	6
Dividend Record	6
Directors and Officers	6
Remuneration of Directors and Senior Officers	7
Escrowed Securities	7
Principal Holders of Securities	8
Prior Sales	8
Interest of Management and others in material transactions	8
Auditors, transfer agents and registrars	8
Other material facts	9
SCHEDULE I: Financial Statement	
SCHEDULE II: Report of Dr. A. C. Skerl, P.Eng. dated 6th October, 1968	
SCHEDULE III: Report of Dr. A. C. Skerl, P.Eng. dated 12th December, 1968, with Addendum dated 25th May, 1969.	

PURCHASER'S RIGHT OF RESCISSION AND WITHDRAWAL

Sections 61 and 62 of the Securities Act, 1967 (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 British Columbia Securities Commission, was not delivered to him or his agent prior to delivery to either of them of the written confirmation of the sale of the securities. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell within sixty days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of service of such notice.
- (b) A purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the prospectus or any amended prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after expiration of ninety days from the later of the date of such contract or the date on which such prospectus or amended prospectus is received or is deemed to be received by him or his agent.

Reference is made to the said Act for the complete text of the provisions under which the foregoing rights are conferred.

INTRODUCTORY STATEMENT

THE Company was incorporated under the laws of the Province of British Columbia as a private company for the purpose of acquiring, exploring and if warranted, developing mineral properties. The Company has issued a total of 750,000 shares for claims and the certificates for these shares are held in escrow subject to the order of the British Columbia Securities Commission.

The Company has sold to date 133,530 shares for cash at varying prices to net the Company \$16,715.00 .

A programme of general prospecting, line cutting, sampling and a geochemical survey followed by limited bulldozing has been carried out on the Allison Lake claims, held by the Company in the Princeton area of British Columbia. There has been no diamond drilling or tunneling work on the claims to date and there is no mining plant or equipment now on the claims. A chain and compass survey has been undertaken on some of the claims.

At present, all claims are without a known body of commercial ore, and the proposed programmes described herein must be considered as exploratory searches for ore. A return on capital to purchasers of the shares offered hereby depends on finding a substantial ore body mineable at an operating profit. The likelihood of this occurring is speculative, and the shares being offered by this Prospectus must be considered as a speculative security.

PLAN OF DISTRIBUTION

Blue Gulch Explorations Ltd. (N.P.L.) hereby offers as principal 250,000 shares at a price of 27¢ per share. The amount payable on application for allotment of such shares is 27¢ each. No discounts will be granted on the allotment of the shares offered hereby, and a maximum commission of 5¢ per share is payable. There are no underwriting, sub-underwriting, option or sub-option agreements outstanding at the present time. The shares offered may be sold by trading directors and commissions will only be payable to licensed salesmen or brokers.

USE OF PROCEEDS

The estimated net proceeds to be derived by the Company from the sale of the securities offered hereby will be \$55,000.00. Total funds available to the Company if all shares are sold will be \$59,769.29. The Company will have a balance of \$311.29 from funds on hand after payment of current liabilities.

The Company has spent approximately \$14,939.30 on the work programme on the Allison Lake claims as recommended by Dr. A. C. Skerl, P.Eng., in his first report dated 6th October 1968, and the Company intends to spend a further \$40,000.00 to carry out the programme recommended by Dr. Skerl in his second report dated 12th December, 1968; copies of which reports are attached hereto and form part of this Prospectus.

The net proceeds of this issue and funds on hand will be used in order of priority as follows:

To carry out the programme recommended by Dr. Skerl	\$40,000.00
Payment of accounts payable	4,458.00
Payment of legal and audit fees	3,500.00
Payment of office administration and secretarial services	6,811.29
Provision for working capital and contingencies	<u>5,000.00</u>
	\$59,769.29

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 the securities offered by this Prospectus may lawfully be sold.

Should the Company propose to use the proceeds to acquire non-trustee type securities after the initial distribution of the securities offered by this Prospectus, approval by the shareholders will be obtained and disclosure will be made to the regulatory securities' bodies having jurisdiction over the sale of the securities offered by this Prospectus.

SHARE AND LOAN CAPITAL STRUCTURE

Designation of security	Amount authorized	Amount outstanding as of the balance sheet attached hereto	Amount outstanding as at 31st Jan. 1969	Amount to be outstanding if all securities being offered are sold
Common	3,000,000	883,350	883,350	1,133,530

Number of securities sold to date	Total cash received for securities sold	Commission paid
30 shares @ 50¢ per share	15.00	None
100,000 shares @ 10¢ per share	10,000.00	None
33,500 shares @ 20¢ per share	6,700.00	None
TOTAL: 133,530 shares	\$16,715.00	None

NAME AND INCORPORATION OF COMPANY

The full name of the Company is Blue Gulch Explorations Ltd. (N.P.L.) and its registered office is at #1700, 777 Hornby Street, Vancouver, B.C. The Company's head office is #1700, 777 Hornby Street, Vancouver, B.C. The Company was incorporated under the laws of the Province of British Columbia on 7th October, 1968. The Company was converted to a public company on 29th May, 1969. There have been no further amendments to the Memorandum of Association or Articles of Association of the Company.

DESCRIPTION OF BUSINESS AND PROPERTY OF THE COMPANY

For a brief description of the business of the Company and the speculative nature of the securities offered hereby, see the Introductory Statement on page 2 hereof.

Allison Lake claims

The Company is the recorded owner, subject to the provisions of the Mineral Act of the Province of British Columbia, of 59 mineral claims comprising the Allison Lake claims in the Similkameen Mining Division of the Province of British Columbia (hereinafter called "the Claims") as follows:

<u>Name of Claim</u>	<u>Record Nos.</u>
PINE #1 to 16 inclusive	22615 to 22630 inclusive
PINE #17 Fraction	22631
PINE #18 Fraction	22632
PINE #19 to 35 inclusive	22633 to 22649 inclusive
DY #1 to 8 inclusive	23542 to 23549 inclusive
REG #1 to 16 inclusive	23526 to 23541 inclusive

The said claims are situated one mile east of Allison Lake, 18 miles north of Princeton, Similkameen Mining Division, British Columbia. Title to two claims previously held by the Company (TL #1 and #2, Record Numbers 21990 and 21991) was through an oversight allowed to lapse.

The Vendor of the Allison Lake claims is Terrence Doubt, who by an agreement dated for reference the 22nd October, 1968, between himself, therein called the "Vendor" and the Company, therein called "the Purchaser" sold to the Company the said claims in consideration for the allotment of 750,000 shares in the capital stock of the Company as follows:

To the Vendor:	133,350 shares to	Box 28
	T. Doubt	Merritt, B.C.
To others:	50,000 shares to	1176 Granville Street
	A. Wall	Vancouver, B.C.
	50,000 shares to	General Delivery
	R.L.Ashley	Princeton, B.C.
	83,325 shares to	4190 Balaclava Street
	S. Dyakowski	Vancouver, B.C.
	83,325 shares to	#1106, 1875 Robson Street
	Reg. Doubt	Vancouver, B.C.
	25,000 shares to	4526 Connaught Drive
	George E.Scott	Vancouver, B.C.
**	250,000 shares to	#1700, 777 Hornby Street
	Saraband	Vancouver, B.C.
	Holdings Ltd.	
	75,000 shares to	4050 Bayridge Avenue
	Fred S. Hofman	West Vancouver, B.C.
TOTAL:	750,000 shares	

** Fred S. Hofman is to all intents and purposes the beneficial holder of the shares recorded in the name of Saraband Holdings Ltd.

As far as the signatories hereto are aware, the foregoing are the only persons who have received or will receive a greater than 5% interest in the shares received from the Company in relation to the purchase of the said claims, having received the shares under the terms of a grubstake agreement with the Vendor dated 1st September, 1968.

Access to the west boundary of the said claims is by No. 5 Highway between Princeton and Merritt, British Columbia, and the interior of the property is made reasonably accessible by various logging roads.

There is no known history of the said claims as such. For a general history of the area, see the reports of Dr. A.C. Skerl, P.Eng., dated 6th October 1968 and 12th December 1968, copies of which are attached hereto and form part of this Prospectus.

There is no underground exploration, development, plant or equipment on the said claims, and there is no surface plant or equipment.

For a brief description of the surface exploration and development on the said claims and for a brief description of the mineral deposits on the property and their dimensions, including the identity of their principal metallic or other constituents, insofar as is known, see the reports of Dr. A. C. Skerl, P.Eng., dated 6th October, 1968, and 12th December 1968, which are attached hereto and form part of this Prospectus.

The western part of the claim area is underlain by granite in which chalcopyrite as seams and disseminations is often found in association with pyrite. Copper mineralization

as malachite and some chalcopyrite is seen in other parts of the property. It appears that the copper mineralization could be in easterly striking zones that stem from the Allison Lake fault.

Work done by present management

The Company under its present management has undertaken a programme of general prospecting and a systematic geochemical survey, together with bulldozing of several trenches on the property.

Preliminary expenditure

Preliminary administrative expenses of \$500.00 and preliminary exploration expenses of \$14,939.30 have been incurred. No further preliminary expenses are anticipated.

PROMOTERS

The board of directors of the Company as such and Fred S. Hofman may be deemed to be the promoters of the Company by virtue of the statutory definition of a promoter contained in the Securities Act, 1967. Terrence Doubt, one of the promoters of the Company, for himself and on behalf of others, sold certain mineral claims more particularly described in and see "Description of business and property of the Company" to the Company by agreement dated 22nd October, 1968. Stefan Dyakowski, M.D., George E. Scott and Fred S. Hofman, three of the promoters of the Company, had a beneficial interest in some of the mineral claims sold to the Company. The cost of these respective interests in the mineral claims to these promoters was \$475.00 as to Mr. Doubt, \$415.00 as to Dr. Dyakowski, \$125.00 as to Mr. Scott and \$1,250.00 as to Mr. Hofman (see Principal Holders of Securities).

ISSUANCE OF SHARES

The Company offers by this Prospectus 250,000 shares of its capital stock as fully paid and non-assessable at a price of 27¢ each, subject to payment of a maximum commission of 5¢ per share. The shares are common shares and they have equal voting and dividend rights. The shares will rank equally on liquidation. There are no pre-emptive, conversion or redemption rights, nor are there any sinking or purchase fund provisions.

DIVIDEND RECORD

No dividends have been paid by the Company since its incorporation.

DIRECTORS AND OFFICERS

The names, addresses and occupations of all Directors of the Company and their respective positions and offices with the Company are as follows:

Keith Earl McNeil
Box 718,
Bonner's Ferry, Idaho, U.S.A.
PRESIDENT AND DIRECTOR

Retail Store Manager,
Salesman for and manager
of Weaver Beaver Ltd.
International Marketing Ltd. and
E. Beaver International, Fur
traders, for the past five years.
Presently: Manager, Sears Store,
Bonner's Ferry, Idaho, U.S.A.

Reginald Terrence Albert Doubt
Box 28
Merritt, B.C.
DIRECTOR

Prospector and mining contractor
Self-employed or employed with
various mining companies in
British Columbia, during period
of last 5 years.
Principal of Terrex Mining
Services Ltd.

Stefan Dyakowski,
4190 Balaclava Street,
Vancouver, B.C.
DIRECTOR

Medical doctor
In private practice in England
and British Columbia for period
exceeding the past 5 years.

George Edward Scott,
4526 Connaught Drive,
Vancouver, B.C.
SECRETARY AND DIRECTOR

Barrister and Solicitor
Partner in Vancouver law firm
for period exceeding the past
5 years.
Was or is officer and/or director
of several mining companies over
past five years, principally
Silver Arrow Explorations Ltd. (NPL)
New Indian Mines Ltd. (N.P.L.)
Vananda Explorations Ltd. (N.P.L.)
Laura Mines Ltd. (N.P.L.)
Zenith Mining Corporation Ltd. (NPL)

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

No remuneration has been paid or is intended to be paid to any director or senior officer of the Company in his capacity as such during the current fiscal year. However, in the last completed financial period ending 15th December, 1968, the Company paid the sum of \$14,939.30 to Terrex Mining Services Ltd. for providing field services since the date of incorporation of the Company. Terrence Doubt is to all intents and purposes the sole shareholder of Terrex Mining Services Ltd.

ESCROWED SECURITIES

<u>Designation of class</u>	<u>No. of shares held in escrow as at 31st January, 1969</u>	<u>Percentage of class</u>
Common	750,000	84.8%

The 750,000 shares are held in escrow by National Trust Company Limited, Vancouver, B.C. subject to release or transfer only with the written consent of the British Columbia Securities Commission. The 750,000 shares were issued by the Company for consideration other than cash, namely mineral properties, and if the Company loses or does not obtain good and marketable title to or abandons development of any property which was or formed a part of the consideration for any of the shares so deposited in escrow, there shall be surrendered to the Company by way of gift for cancellation such number of escrowed shares as the British Columbia Securities Commission deems fair and equitable, or in such manner or proportion as the British Columbia Securities Commission may direct.

In addition, certificates for 100,000 shares of the capital stock of the Company, allotted and issued at 10¢ each, and certificates for 33,500 shares of the capital stock of the Company allotted and issued at 20¢ each are held in pool by National Trust Company Limited, Vancouver, B.C. having a branch office at 510 Burrard Street in the said City and Province, for a period of thirty days after the first offering of shares by the Company to the public and subject to release or transfer only with the written consent of the British Columbia Securities Commission. The Company plans to apply for the release of these shares in due course.

PRINCIPAL HOLDERS OF SECURITIFS

<u>Name and address</u>	<u>Designation of class</u>	<u>Type of ownership (of record/beneficial)</u>	<u>No. of shares owned, as of 31st January 1969</u>	<u>Percentage of class</u>
Fred S. Hofman 4050 Bayridge West Vancouver B.C.	Common	Of record Beneficial	75,000 250,000** <u>325,000 (approx)</u>	36.7%
Terrence Doubt Box 28 Merritt, B.C.	Common	Of record	136,350 (approx)	15.4%

** 250,000 shares are registered in the name of Saraband Holdings Ltd., of which shares Fred S. Hofman is to all intents and purposes the beneficial owner.

The percentage of shares of each class of equity shares of the Company beneficially owned directly or indirectly by all directors and senior officers of the Company at the date hereof is as follows:

<u>Designation of class</u>	<u>Percentage of class</u>
Common	29.8%

PRIOR SALES

Reference is made to the caption "Share and Loan Capital Structure" which sets forth full particulars as to the prices at which shares of the capital of the Company of the class offered by this Prospectus have been sold since the incorporation of the Company. Reference is also made to that heading with respect to the number of securities sold to date.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No member of the management group or greater than 10% shareholder of the Company has any material interest direct or indirect in any transaction involving the Company since incorporation other than the transaction whereby the Company acquired its mineral claims as hereinbefore described.

AUDITORS, TRANSFER AGENTS AND REGISTRARS

The auditors for the Company are Hedden, Chong & Company, 5655 Cambie Street, Vancouver, B.C.

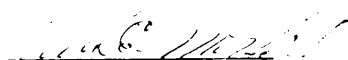
The registrar and transfer agent for the Company is National Trust Company, 510 Burrard Street, Vancouver, B.C.


OTHER MATERIAL FACTS

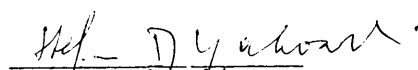
There are no other material facts relating to the securities proposed to be offered and not disclosed pursuant to the foregoing items.

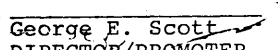
The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus, as required by Part VII of the Securities Act, 1967, and the Regulations thereunder.

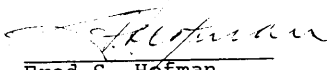
DATED at Vancouver, B.C. this 29th day of May, 1969.


Keith E. McNeil
DIRECTOR/PROMOTER


Reginald Terrence Albert Doubt
DIRECTOR/PROMOTER


Stefan Dyakowski
DIRECTOR/PROMOTER


George E. Scott
DIRECTOR/PROMOTER


Fred S. Hoffman
PROMOTER

HEDDEN, CHONG & CO.
JOHN S. HEDDEN DICK CHONG

CHARTERED ACCOUNTANTS

5655 CAMBIE, STE. 355, VANCOUVER 15, B.C. ● TELEPHONE 261-1391

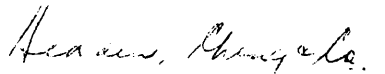
To The Shareholders
Blue Gulch Explorations Ltd. (N.P.L.)
Vancouver, B. C.

We have examined the balance sheet of Blue Gulch Explorations Ltd. (N.P.L.) at 15th December 1968 and the related statement of source and application of funds and schedules of exploration and development and of administrative costs for the period from incorporation, 7th October 1968 to 15th December 1968 and have obtained all the information and explanations we have required. 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.

We have not verified title to the mineral claims directly with the Government Registry Office. However we have received confirmation from the solicitor of the company stating that the company is the beneficial owner of all mineral claims recorded in the books of the company and that the mineral claims are in good standing at 15th December 1968.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, the accompanying balance sheet and related statement of source and application of funds and schedules of exploration and development and of administrative costs are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company at 15th December 1968 and the results of its operations for the period ended on that date, in accordance with generally accepted accounting principles.

Vancouver, B. C.
30th December 1968


CHARTERED ACCOUNTANTS

BLUE GULCH EXPLORATIONS LTD. (N.P.L.)

Statement I

BALANCE SHEET at 15th December 1968

Assets

Current		
Cash in bank	\$ 4,755.36	
Due from shareholders	<u>13.93</u>	\$ 4,769.29
Mining property, at cost		
Mineral claims		75,000.00
Deferred costs		
Explorations and development, Schedule A	\$ 14,939.30	
Administrative, Schedule B	500.00	
Incorporation	<u>964.41</u>	
		<u>16,403.71</u>
		<u>\$ 96,173.00</u>

Liabilities

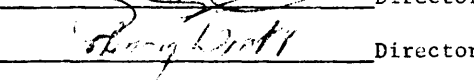
Current		
Accounts payable		\$ 4,458.00

Share Capital

Authorized - 3,000,000 shares with a nominal or par value of \$.50 each		
Issued and fully paid - NOTE 1		
133,530 shares for cash	\$ 66,765.00	
less discounts	<u>50,050.00</u>	
		\$ 16,715.00
750,000 shares for properties	\$375,000.00	
less discounts	<u>300,000.00</u>	
		<u>75,000.00</u>
883,530		<u>91,715.00</u>
		<u>\$ 96,173.00</u>

Signed on behalf of the Board

 Director

 Director

BLUE GULCH EXPLORATIONS LTD. (N.P.L.)

NOTES TO THE FINANCIAL STATEMENTS
At 15th December 1968

NOTE 1. The company has issued the following shares during the period:

	No. of Shares	Discount Allowed	Net proceeds to company
a. For cash	30	\$ -	\$ 15.00
	100,000	40,000.00	10,000.00
	<u>33,500</u>	<u>10,050.00</u>	<u>6,700.00</u>
	133,530	\$ 50,050.00	\$ 16,715.00
		<u><u>50,050.00</u></u>	<u><u>16,715.00</u></u>
b. For properties	750,000	\$300,000.00	\$ 75,000.00
	<u>750,000</u>	<u>300,000.00</u>	<u>75,000.00</u>

BLUE GULCH EXPLORATIONS LTD. (N.P.L.)

Statement II

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
For the period from the date of incorporation,
7th October 1968 to 15th December 1968

FUNDS WERE PROVIDED BY		
Sale of shares for cash		\$ 16,715.00
FUNDS WERE APPLIED TO		
Exploration and development costs	\$ 14,939.30	
Administrative costs	500.00	
Incorporation costs	<u>964.41</u>	
		<u>16,403.71</u>
WORKING CAPITAL		\$ <u>311.29</u>
REPRESENTED BY		
Current assets	\$ 4,769.29	
Current liabilities	<u>4,458.00</u>	
		\$ <u>311.29</u>

BLUE GULCH EXPLORATIONS LTD. (N.P.L.)

Schedule A

SCHEDULE OF EXPLORATION AND DEVELOPMENT COSTS
 For the period from the date of incorporation,
 7th October 1968 to 15th December 1968

Assaying costs	\$ 1,063.20	
Engineering	258.10	
Geochemical surveys, line, cutting, and sampling	4,800.00	
Recording fees	120.00	
Stripping costs	1,227.50	
Supplies and miscellaneous materials	431.40	
Travel costs	531.10	
Trenching costs	<u>6,508.00</u>	
		<u>\$ 14,939.30</u>

SCHEDULE OF ADMINISTRATIVE COSTS
 For the period from the date of incorporation,
 7th October 1968 to 15th December 1968

Schedule B

Legal fees and costs	<u>\$ 500.00</u>
----------------------	------------------

SCHEDULE II

TELEPHONE 224-6257

1758 WESTERN PARKWAY
VANCOUVER 8, B.C.

6th October 1968

DR. A. C. SKERL
A.R.S.M., PH.D., P.ENG.
CONSULTING MINING GEOLOGIST

**BLUE GULCH EXPLORATION
ALLISON LAKE CLAIMS**

S U M M A R Y

The combination of the Allison Lake Fault and a tongue of granite has apparently produced favourable conditions for the observed copper mineralization in the area of the claims.

A combined programme of geochemical and geological exploration is proposed to define anomalous areas that would be bulldozed in the hope of uncovering an economic copper deposit.

I N T R O D U C T I O N

I examined part of the area covered by the Pine claims on 15th July 1967 and another part of the group on 20th September 1968. On both occasions I was accompanied by Mr. Terry Doubt.

L O C A T I O N

The property is situated on the east side of Allison Lake and about 20 miles north of Princeton, B.C.

According to the map of the B. C. Department of Mines the claims form a rectangular block extending two miles east from the lake and for two and half miles in a northerly direction.

P R O P E R T Y

There are sixty one claims as follows :

Pine Nos 1 to 35	Tl Nos 1 to 2
Reg Nos 1 to 16	Dy Nos 1 to 8

TOPOGRAPHY

The terrain is quite steep for about 2000 feet above Allison Lake (el 3050) and culminates in Missezula Mountain at 5410 feet just east of the claims.

There is a good growth of timber and some of it has been logged recently.

ACCESS

The west boundary of the claims is along the No 5 highway between Princeton and Merritt. The interior of the property is made reasonably accessible by various logging roads.

HISTORY

Previous owners have bulldozed some of the copper showings in an irregular manner.

GEOLOGY

The general area is described in Memoir 243 on the Princeton area by the Geological Survey of Canada. On the map (No 888A) a tongue of granite that is one mile wide is shown extending south through the claim area for six miles and intruding the Nicola Group of volcanics and sediments. The strong Allison Lake fault is shown on the west side of the lake extending for at least 20 miles to the north and 4 miles to the south.

MINERALIZATION

Areas of rusty material that consist of completely oxidized pyritic rock are apparently closely associated with the Allison Lake fault and the intrusive granite. Very sparse malachite can be seen in the gossan and a careful search revealed a little chalcopyrite with the pyrite in the less oxidized material exposed by a deep bulldozed cut.

The western part of the claim area is underlain by granite in which chalcopyrite as seams and disseminations is often found in association with pyrite. Thus in Pine No 18 claim about 1500 feet east of Allison Lake and 600 feet higher an old

zig-zag bulldoze cut on the hillside has uncovered a pink dioritic rock containing chalcopyrite and pyrite. Unfortunately the cut has become partly obscured by slide rock so that the mineralized rock could not be examined in place. Numerous chips were gathered as samples from the material that had been turned up by the rooster of the bulldozer over a width of 60 feet in each of two cuts about 100 feet apart and apparently representing an easterly striking zone. The assays gave 0.18% and 0.16% Cu respectively. A similar sample from an old cut at another 200 feet to the east and 100 feet higher gave 0.09% Cu over a width of 40 feet.

These assays are low but because of the leached and well-fractured nature of the rock considerably better values could exist at a little greater depth.

Similar but less well exposed material with copper mineralization as malachite and some chalcopyrite was seen about 1000 feet south of these cuts in the Pine No 18 claim and 500 feet to the north in the T1 No 2 claim. Mr. T. Doubt reports that he has found old pits with copper mineralization at intervals for another 2000 feet to the north in the Reg Nos 1 to 4 claims.

It appears that the copper mineralization could be in easterly striking zones that stem from the Allison Lake fault.

EXPLORATION

In spite of the steep topography most of the area is covered by soil, glacial material or slide rock which could effectively hide areas of mineralization. The evidence so far suggests that a worthwhile mineral deposit is likely to be low grade in this area and therefore would need to be large to be commercial.

Systematic geochemical surveying and geological mapping would probably define the areas of greatest potential. A primary grid of lines is therefore proposed at 400 feet apart on a true north bearing to facilitate such exploration.

To begin with this work would be confined to the more promising western half of the area. Geochemical samples would be taken at 200 ft intervals and tested for copper. In anomalous areas intermediate lines at 200 ft spacing would be prospected.

About 33 miles of primary lines would be required plus possibly another 3 miles of secondary ones.

After analyzing any anomalies in conjunction with the geology and the topography a programme of stripping with a bulldozer would be required as the next stage of exploration.

The results of this work would determine whether a programme of percussion or diamond drilling was warranted as a third stage.

In the meantime a preliminary check on the eastern half of the claims would help to decide on a similar exploration programme or if of geochemical and geological investigations.

C O S T S

STAGE 1

	\$
Running line and stations at 200 ft at \$50 per mile	1,800
Collecting soil samples at \$35 per mile	900
Assaying 1000 samples	1,500
Materials	100
Geological survey	1,000
Consultant	500
Overhead	700
Contingencies	500
	<hr/>
Total Stage 1	\$7,000

STAGE 2

Bulldozing at \$200 per day for 20 days	4,000
Geologist - Sampler	600
Assaying	400
Consultant	500
Contingencies	500
	<hr/>
Total Stage 2	\$6,000

C O N C L U S I O N

The geology and known mineralization in the Allison Lake group of claims warrant a programme of geochemical and geological prospecting followed by bulldozing as outlined above.

R E C O M M E N D A T I O N

A minimum of \$15,000 should be made available to carry out the two stage programme described above.

A handwritten signature in cursive script, appearing to read "A. C. Skerl".

TELEPHONE 224-6257

175B WESTERN PARKWAY
VANCOUVER 8, B.C.

12th December 1968

DR. A. C. SKERL
A.R.S.M., PH.D., P.ENG.
CONSULTING MINING GEOLOGIST

BLUE GULCH EXPLORATION
ALLISON LAKE CLAIMS
PROGRESS REPORT

S U M M A R Y

A geochemical survey followed by limited bulldozing suggests that a promising copper deposit is present in the Allison Lake claims that should be tested by diamond drilling in the hope of finding an economic deposit that could be mined by open pit methods.

The advantage of being on the highway is offset by the need to acquire options on privately owned ground, especially for waste rock and tailing disposal.

Also a creek that flows through the prospect supplies domestic water to a group of houses and eventually would have to be diverted.

As a first stage three diamond drill holes totalling 2600 feet are proposed at a cost of \$40,000 followed by a second stage of three more holes at a cost of \$45,000.

To obtain the necessary options and carry out the drilling the sum of \$100,000 would be required.

INTRODUCTION

Since my report dated 6th October 1968 a systematic geochemical survey has been efficiently carried out by Mr. T. Doubt and two helpers - all of whom have vendor positions in the property. Several trenches were then bulldozed to uncover the bedrock in selected areas.

EXPLORATION

In the western half of the claim group lines were cut at 400 feet apart in a N-S direction with E-W control lines. 886 soil samples were collected at intervals of 100 feet along these lines and assayed for copper. A large copper anomaly was found centred about the common boundary of the Pine 18 and 20 claims. It occupies an area about 1400 by 1400 feet and includes some of the old trenching mentioned in my previous report. The anomaly is bounded on the west by the highway between Princeton and Merritt.

The distribution of the values suggested a northeast trend which was confirmed by a series of six bulldozed cuts totalling 1200 feet in which the copper mineralization was found to be more intense in steeply dipping fractures and faults striking northeast.

The anomaly is cut by a steep-sided gully from which domestic water is taken for a group of houses on the east side of Allison Lake. To avoid spilling dirt into the water course no bulldozing was done on the slopes of the gully. Consequently the most important area in which the soil samples were 1150, 1400, 1500, 2370 and 3900 ppm Cu on the north side of the gully could not be bulldozed.

Mr. Doubt's two helpers sampled the bulldozed cuts in lengths of 10 feet for which the values ranged from 0.07% to 0.75% Cu. I examined these trenches carefully on 7th December 1968 and consider the values reasonable for the material sampled. However much of the rock was still oxidized so that considerable copper almost certainly has been leached out in spite of the depth of 20 feet in the cuts. This is particularly so in No 1 cut that averages 0.20% Cu over 160 feet and in No 2 cut

that averaged 0.19% Cu over 140 feet. These cuts were on the south edge of the anomaly where the highest geochemical result was 485 ppm Cu. No 3 trench averaged 0.37% Cu for 150 feet and was a deepening of the old trench in which I had obtained 0.16% Cu over 60 feet from chipping the rock turned up by the ripper of the bulldozer. Here the geochemical results were 144 and 145 ppm Cu.

No 4 cut was in a portion of the anomaly where readings of only 10 and 18 ppm Cu had been returned. The rock was more massive, less fractured and with very little sign of mineralization.

A second but more limited geochemical anomaly was obtained in the northern part of the claims that should be bulldozed at a future date.

DISCUSSION

Sufficiently favourable results have been obtained to justify some exploratory diamond drilling in the hope of demonstrating a large body of copper ore suitable for open pit mining. Three holes are proposed from a base line running northeast to cross-cut the southeastern section of the overall anomaly at -45° to the southeast and 400 feet apart with a total footage of 2600 feet. If these are successful then further drill sites would be chosen at 600 feet southwest of each of these holes and three more holes drilled for 1000 feet each to explore the northwest half of the anomalous area.

Before starting such a programme I think that it is essential to have firm commitments from the local residents and land owners as follows :

1. An agreement that in the event of a mine being developed the company would be allowed to destroy the present water works and instead bring the water from higher up by pipe to the residences on the lake.
2. The strip of privately owned land for about 400 feet east of the highway would be optioned to the company at a reasonable price.
3. Options are arranged on at least 250 acres of reasonably flat land within five miles of the property for rock and tailing disposal.

In addition the department of highways should agree that if necessary the highway can be relocated for 2½ miles on the west side of Allison Lake.

C O S T S

Until the first hole has been drilled only an approximate figure can be given for the drilling if done by the company. NQ wireline can probably be contracted for \$12.00 per foot so that assuming a two months operation the first three holes would have the following costs :

	\$
Drilling cotract	31,000
Engineering	4,000
Assaying	1,000
Consultant	1,000
Overhead	3,000
	<hr/>
Total	\$40,000

The next three holes at these rates would cost another \$45,000. Allowing \$15,000 for land options the sum of \$100,000 will be required.

R E C O M M E N D A T I O N S

1. Obtain the necessary options on land and an agreement about the water rights as described above.
2. Drill the three holes recommended using NQ wire line equipment with mud.
3. If the results from these three holes are satisfactory drill the next three holes as described.
4. To be sure that there is no bias in the splitting of the core I would want to have the direct supervision of this important part of the operation and to appoint a technician with no interest in the company's shares. I would also specify the assay office and require that all samples be reduced to 10 mesh before they are split for grinding. All rejects would be saved for check assaying.

A. C. Skerl

TELEPHONE 224-6257

1758 WESTERN PARKWAY
VANCOUVER 8, B.C.

25th May 1969

DR. A. C. SKERL
A.R.S.M., PH.D., P.ENG.
CONSULTING MINING GEOLOGIST

BLUE GULCH EXPLORATION
ALLISON LAKE CLAIMS

ADDENDUM to Reports of 6th October and 12th December 1968.

The company reports that through an oversight the claims T L Nos 1 & 2 were allowed to lapse. However a recent survey shows that they are further north than described by the original staker so that they are, at the closest, 500 feet north of the main anomaly.

C E R T I F I C A T E

This is to certify that:

- (a) I, AUGUSTUS C. SKERL, am a resident of Vancouver, B.C. at the address of 1758 Western Parkway, Vancouver, 8, B.C. which is also my office.
- (b) I am a Professional Engineer of British Columbia and have practised as a Mining Geologist for the past 38 years of which the last 22 years have been in British Columbia.
- (c) My qualifications consist of B.Sc. and Ph.D. from the University of London, England, and of D.I.C. and A.R.S.M. from the Royal School of Mines, London, England, all in Mining Geology.
- (d) My report is based on a personal examination of the property conducted on three occasions, namely :
- 15th July, 1967; 20th September, 1968; and
- 7th December, 1968;
- (e) I have no interest either directly or indirectly nor do I expect to receive either directly or indirectly any interest in the property or the securities of the Company.
- (f) I consent to the inclusion of this report in any Prospectus of the Company.



Signed: A.C. SKERL, P.Eng.

