

93L-7 Fortune Channel
Walcott Claims
Smithers area



811956

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.

P R O S P E C T U S

FORTUNE CHANNEL MINES LTD. (N.P.L.)
500 - 890 WEST PENDER STREET
VANCOUVER, BRITISH COLUMBIA

New Offering:

The Company by this Prospectus offers to sell 250,000 Common Shares through registered securities dealers and salesmen at the price of \$.60 per share subject to payment of a commission not exceeding \$.15 per share.

| 250,000 Shares | Price to Public | Commissions | Proceeds to Company |
|-----------------------|------------------------|--------------------|----------------------------|
| Per Unit | \$.60 | \$.15 | \$.45 |
| Total | \$150,000 | \$37,500 | \$112,500 |

Before deduction of legal, audit and printing expenses payable by the Company estimated not to exceed \$3,000.00.

THE SHARES OF THE COMPANY MUST BE SPECULATIVE SECURITIES AS THE COMPANY'S MINING PROPERTIES ARE IN THE EXPLORATION AND DEVELOPMENT STAGE.

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

REFERENCE IS MADE TO THE HEADING "SHARE OFFERING & PLAN OF DISTRIBUTION" AND THE COMPARISON OF THE PERCENTAGE OF SECURITIES BEING OFFERED TO THE PUBLIC FOR CASH AND ALREADY ISSUED BY THE COMPANY TO PROMOTERS, DIRECTORS, OFFICERS AND CONTROLLING PERSONS.

THERE IS NO LAND SURVEY OF THE COMPANY'S PROPERTIES AND UNTIL SUCH LAND SURVEY IS COMPLETED THE BOUNDARIES OF THE PROPERTIES COULD BE IN DOUBT.

Registrar and Transfer Agent

The Canada Trust Company
901 West Pender Street
Vancouver, British Columbia

THIS PROSPECTUS IS DATED THIS 9th DAY OF DECEMBER, 1969.

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NAME & INCORPORATION

Fortune Channel Mines Ltd. (N.P.L.) (the "Company") was incorporated on May 27, 1969 as a private company under the Companies Act of the Province of British Columbia by the registration of its Memorandum & Articles of Association and was converted to a public company on November 27, 1969. The address of the head office of the Company is 500, 890 West Pender Street, Vancouver, British Columbia and the address of its registered office is 16th Floor, 1177 West Hastings Street, Vancouver, British Columbia.

THE BUSINESS

The Company is a mining company engaged in the acquisition, exploration and development of mining properties. The Company is the registered and beneficial owner of the mineral properties described under the heading "The Property" and intends to seek and acquire additional properties worthy of exploration and development.

THE PROPERTY

By Agreement dated June 30th, 1969 the Company acquired from Robert Harold Anderson of 2955 Spurway Drive, Port Coquitlam, British Columbia, Lorry Burden of 11176 Bond Boulevard, Delta, British Columbia and Joseph William Campbell of 1032 West 45th Avenue, Vancouver, British Columbia, the following 121 mineral claims (the "mineral claims") situate on the west side of the Bulkley River 25 miles southeast of Smithers in the Omineca Mining Division, Province of British Columbia, in consideration for the sum of \$6,000 cash paid to Lorry Burden and 750,000 fully paid and non-assessable shares in the capital stock of the Company of which 346,875 were issued to each of Robert Harold Anderson and Lorry Burden and 56,250 were issued to Joseph William Campbell:

| <u>Name of Claim</u> | <u>Record Number</u> |
|----------------------|-----------------------|
| BA 1 - 24 inclusive | 75291-75314 inclusive |
| LB 1 - 20 inclusive | 75315-75334 inclusive |
| CU 1 - 32 inclusive | 77528-77559 inclusive |
| MAG 1 - 44 inclusive | 75417-75460 inclusive |

The mineral claims were acquired by Messrs. Anderson, Burden and Campbell by staking at a cost of approximately \$1,800.

By Agreement dated the 20th day of August, 1969 between William Henry Smith ("Smith") Forest Ranger of Box 246, Houston, British Columbia the Company and Robert Harold Anderson and Lorry Burden (the "Shareholders"), the Company acquired from Smith the right to explore, develop and purchase the following 43 mineral claims situate on the west side of the Bulkley River approximately 25 miles southeast of Smithers in the Omineca Mining Division of British Columbia in consideration for 100,000 shares in the capital stock of the Company to be transferred to Smith by the Shareholders and \$30,000 to be paid by the Company as follows:

| <u>Date</u> | <u>Cash Payable</u> | <u>Shares Issued</u> |
|---------------------------|---------------------|----------------------|
| On execution of Agreement | \$ 500.00 | Nil |
| December 1, 1969 | 2,500.00 | 10,000 |
| March 1, 1970 | 1,000.00 | 10,000 |
| June 1, 1970 | 1,000.00 | 10,000 |
| September 1, 1970 | 1,000.00 | 30,000 |
| January 1, 1971 | 5,000.00 | 10,000 |
| July 1, 1971 | 5,000.00 | 10,000 |
| January 1, 1972 | 5,000.00 | 10,000 |
| July 1, 1972 | 9,000.00 | 10,000 |
| TOTAL: | <u>30,000.00</u> | <u>100,000</u> |

In order to enable the Company to enter into the said Agreement with Smith and in compliance with a ruling of the British Columbia Securities Commission each of Robert Harold Anderson and Lorry Burden agreed to gift back to the treasury of the Company for cancellation 50,000 shares in the capital stock of the Company of which one half of such shares are to be gifted back by each of Robert Harold Anderson and Lorry Burden.

| <u>Name of Claim</u> | <u>Record Number</u> |
|-----------------------------|-------------------------|
| Lybdenum No.1 – 3 inclusive | 25709 – 25712 inclusive |
| Barr No.4 | 28811 |
| Barr No.6 | 28813 |
| Barr No.8 | 28815 |
| Barr No.10 | 28817 |
| Barr No.12 | 28819 |
| Barr No.15 – 25 inclusive | 28822 – 28832 inclusive |
| Barr No.29 | 28836 |
| Barr No.31 | 28838 |
| Barr No.33 – 39 inclusive | 28840 – 28846 inclusive |
| Barr No.40 – 52 inclusive | 49341 – 49353 inclusive |
| Barr No.53 Frac. | 54237 |
| Vandoo | 65437 |

Location, Access & History

The mineral claims are located on the west side of the Bulkley River, approximately 25 miles southeast of Smithers in the Omineca Mining Division of British Columbia. The river roughly forms the eastern boundary with the claims extending westward approximately 5 miles up the western slopes of the Bulkley Valley. Elevations range from 1,800 feet at the river to 4,100 feet at the western boundary.

As far as can be ascertained, no work has been done on the mineral claims other than a soil sampling programme now underway. The claims were staked as a result of interpretations made on data obtained by an aeromagnetic survey carried out in 1967 by the B. C. Department of Mines & Mineral Resources and the Geological Survey of Canada published as Map 5308G.

There has been no underground exploration or development of the Company's properties to date and there is no surface plant or equipment on such properties. The Properties are without a known body of commercial ore and the proposed programme is an exploratory search for ore.

Geology

The mineral claims were mapped by the Geological Survey of Canada as being almost completely covered by heavy overburden. To the west there is an extensive area of undivided volcanic rocks and lesser areas of the same rocks appear within a few miles of the northeast and south. The only map exposure on the properties is a small body of fossiliferous tuff along the banks of the Bulkley River. To the north of the central group of mineral claims there is an extensive outcrop of highly altered granodiorite which coincides with the magnetic depression. The presence of other magnetic depressions in the regions suggests there has been extensive intrusive activity the omission of which is now masked by overburden.

Geophysics

The geophysical interpretations which lead to the staking of the claims were made by Mr. R. O. Crosby, P. Eng. of Seigel Associates Limited, whose comments are contained in a letter dated June 18th, 1969, a copy of which is included in the report of L. J. Manning & Associates Ltd. dated September 29, 1969 attached hereto and forming part of this Prospectus.

Future Exploration

The property covers several magnetic features which have been interpreted as being favourable for the deposition of metallic minerals. Because of the extent of the features and the omnipresent overburden preliminary exploration will be based on geochemical and geophysical surveys in an effort to locate target areas for diamond drilling. M. K. Lorimer, P. Eng. of L. J. Manning & Associates Ltd. in his report dated September 29, 1969 attached hereto and forming part of this Prospectus recommends exploration of the property be carried out on a two phase programme, the second phase would be dependent upon the results of the preceding phase. For details of such programme refer to the heading "Use of Proceeds".

SHARE OFFERING & PLAN OF DISTRIBUTION

The Company by this Prospectus offers to sell through registered securities dealers and salesmen employed by the Company, 250,000 of its shares as fully paid and non-assessable at the price of \$.60 per share subject however to payment at the discretion of the Directors of the Company of a commission in respect of some or all of the shares not exceeding \$.15 per share. The Company reserves the right to accept applications for these shares in whole or in part and to reject any application and withdraw this offer at any time without notice. Subject as aforesaid the Company intends to allot and issue the said shares from time to time as applications are received whether or not the issue is or becomes fully subscribed.

Of the shares to be issued and outstanding on completion of this offering 40% will be issued for cash and 60% for properties. Of the shares to be issued and outstanding on completion of this offering 20% will be issued to the public for cash and 80% will be issued to Promoters, Directors, officers and controlling persons for cash and property.

USE OF PROCEEDS

The net proceeds to be derived by the Company from the sale of the securities offered hereunder will be \$112,500 less legal, audit and printing expenses. Such of the proceeds as is necessary will be used for the purpose of carrying out the exploration programme recommended by M. K. Lorimer, P. Eng. of L. J. Manning & Associates Ltd. in his report dated September 29, 1969 attached hereto and forming part of this Prospectus as follows:

Phase 1

| | |
|--|-----------------|
| Geochemical Survey: 40 claims with 22 samples per claim at \$8.00 per sample including all costs | \$ 7,040 |
| Ground magnetometer survey at \$200 per claim including all costs | 8,000 |
| Engineering and Supervision | 2,000 |
| Miscellaneous and contingencies at 10 ⁰ / _o | <u>1,700</u> |
| TOTAL PHASE 1 | <u>\$18,740</u> |

Phase 11

| | |
|---|------------------|
| Allowance for 5,000 feet of diamond drilling at \$15.00 including all costs | \$75,000 |
| TOTAL BOTH PHASES | \$93,740 |
| Working Capital | <u>\$18,760</u> |
| TOTAL: | <u>\$112,500</u> |

Should the actual proceeds prove insufficient to accomplish the purposes set out above the Company intends to use monies now on hand and the proceeds from shares sold hereunder to carry out the exploration programme in order of the priority set forth above.

Should the Company elect not to proceed with the second phase of the above described exploration programme the monies allocated therefore together with monies now on hand will be used to acquire and develop additional properties.

No part of the proceeds will be used to invest, underwrite or trade in securities other than those that qualify as an investment in which trust funds may be invested under the laws of the jurisdiction in which the securities offered by this Prospectus may be lawfully 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 securities bodies having jurisdiction over the sale of the securities offered by this Prospectus. In addition the proceeds will not be advanced to other persons or companies except to the extent necessary to enable the Company to implement its exploration and development programme as set forth in this Prospectus and any amendment thereto.

DESCRIPTION OF SHARES

The authorized capital of the Company is \$1,500,000 divided into 3,000,000 shares with a nominal or par value of 50¢ each of which 950,000 shares are issued as fully paid and non-assessable. All shares of the Company both issued and unissued are of the same class and rank equally as to dividends, voting powers and participation in assets. No shares have been issued subject to call or assessment. There are no pre-emptive or conversion rights and no provision for redemption, purchase for cancellation, surrender or sinking, or purchase funds. Provisions as to the modifications, amendments or variations of such rights or such provisions are contained in the Companies Act of the Province of British Columbia.

SHARE AND LOAN CAPITAL STRUCTURE

| Designation of Security | Amount Authorized | Amount Outstanding as of June 30, 1969 | Amount Outstanding as of December 8, 1969 | Amount to be Outstanding on Completion of Offering |
|-------------------------|-------------------|--|---|--|
| Common Shares | 3,000,000 | 1,000,000 | 950,000 | 1,200,000 |

Reference is made to the heading "Escrowed Shares as at December 8, 1969 for details of 50,000 shares gifted back to the Company on December 8, 1969.

PRIOR SALES

During the period from incorporation of the Company on May 27, 1969 to the date of this Prospectus the Company sold the following shares for cash:

| Number of Shares | Price Per Share | Commissions Paid Per Share Sold | Cash Received |
|------------------|-----------------|---------------------------------|---------------|
| 250,000 | 10¢ | Nil | \$25,000 |

All shares sold for cash have been pooled with The Canada Trust Company subject to release by the British Columbia Securities Commission at the expiration of thirty days after completion of the primary distribution of all shares offered by this Prospectus.

DIRECTORS AND OFFICERS

The principal business or occupation in which each of the Directors and Officers of the Company has been engaged during the immediately preceding five years is as follows:

| Name | Position with Company | Business or Occupation |
|---|-----------------------|---|
| Robert Harold Anderson 2955 Spurway Drive Port Coquitlam, B. C. | Director & President | Salesman, United Investment Services Ltd., Manager, Lakelse Motor Hotel, Bar Manager, Coach House Motor Inn |
| Lorry Burden 11176 Bond Boulevard Delta, B. C. | Director & Secretary | President, Imperial Towing Company |

| Name | Position with Company | Business or Occupation |
|--|------------------------------|---|
| Joseph William Campbell 1032 West 45th Avenue Vancouver, B. C. | Director & Vice-President | Manager, Christina Lake Mines Ltd. Bank Manager of a Canadian Chartered Bank |

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Robert Harold Anderson has received a salary in the sum of \$600 per month from May 1, 1969. Except during the period while the Company is in primary distribution, Robert Harold Anderson will continue to receive such salary as long as the Company is actively engaged in exploration and development of its properties. No remuneration has been paid to any other Director or Officer of the Company.

PROMOTERS

Under the definition of "Promoter" contained in Section 2 of the Securities Act, 1967 British Columbia, Robert Harold Anderson, Lorry Burden and Joseph William Campbell may be considered the Promoters of the Company in that they took the initiative in the founding of the Company but they have received no consideration in the form of cash, shares or otherwise from the Company for so acting. Messrs. Anderson, Burden and Campbell did collectively receive 750,000 shares of the Company and Mr. Burden did receive \$6,000 cash all in consideration for the mineral claims as described under the heading "The Property". The said shares were issued at an arbitrary value of 10¢ per share for a total of \$75,000 which amount does not necessarily bear any relation to the value of the property originally acquired by the Promoters at a cost of approximately \$1,800.

PRINCIPAL SHAREHOLDERS

Set forth hereunder are particulars of the principal shareholders of the Company as at the date of this Prospectus who own 10⁰/o or more of the issued shares of the Company:

| Name and Address | Designation of Class | Type of Ownership | Number of Shares Owned | Percentage of Class |
|---|-----------------------------|--------------------------------------|-------------------------------|----------------------------|
| Robert Harold Anderson 2955 Spurway Drive Port Coquitlam, B. C. | Common | Direct, of Record & Beneficial | 321,875 | 26.82 |
| Lorry Burden 11176 Bond Boulevard Delta, B. C. | Common | Direct, of Record & Beneficial | 321,875 | 26.82 |

The number and percentage of the shares of the Company beneficially owned directly or indirectly by all Directors and senior Officers of the Company as a group is as follows:

| Designation of Class | Number of Shares | Percentage of Class |
|-----------------------------|-------------------------|----------------------------|
| Common Shares | 700,000 | 58.33 % |

ESCROWED SHARES AS AT DECEMBER 8th, 1969

| Designation of Class | Number of Shares Held in Escrow | Percentage of Class |
|-----------------------------|--|----------------------------|
| Common Shares | 700,000 | 58.33 % |

The said 700,000 shares represent a portion of 750,000 shares which were issued for the mineral claims described under the heading "Business & Property" and are held in escrow with The Canada Trust Company, Registrar & Transfer Agent of the Company pursuant to an escrow agreement providing inter-alia that except with the written consent of the British Columbia Securities Commission holders of escrow shares will not sell, assign or transfer the said shares and if the Company loses or does not obtain a good and marketable title to or abandons development of any property which was or formed part of the consideration for any of the shares in escrow there shall be surrendered by way of gift to the Company for cancellation such number of the said shares as the British Columbia Securities Commission in its sole discretion deems fair and equitable and in such manner or proportion as it may direct.

Subsequently, in order to enable the Company to enter into the Agreement with Smith, 50,000 shares in the capital stock of the Company have been gifted back to the Company by Robert Harold Anderson and Lorry Burden such shares being cancelled by a certificate of the Registrar of Companies on December 8, 1969.

PRELIMINARY EXPENSES

The expenses incurred in the formation and incorporation of the Company, administration, exploration and development expenses of the property to date are as follows:

| | |
|--|------------|
| Formation and Incorporation of the Company | \$1,200.00 |
| Administrative Expenses | 1,562.12 |
| Exploration and Development Expenses | 5,924.00 |

It is not expected there will be any further expenses on preliminary matters.

MATERIAL CONTRACTS

There are no material contracts except as disclosed in this Prospectus all of which may be inspected at the registered office of the Company during normal business hours while primary distribution of the shares offered hereunder is in progress.

AUDITORS

Liverant, Yip & Company
845 West Pender Street
Vancouver, British Columbia

PURCHASER'S STATUTORY RIGHT OF WITHDRAWAL AND RESCISSION

Sections 61 and 62 of the British Columbia Securities Act provides in effect, that where a security is offered to the public in the course of primary distribution:

- (a) A purchaser has a 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 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of service of such notice.
- (b) A purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the Prospectus or any amended Prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in 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 90 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 Acts for the complete text of the provisions under which the foregoing rights are conferred.

CERTIFICATES

The foregoing constitutes full, true and plain disclosures of all material facts relating to the securities offered by this Prospectus as required by Part V11 of the British Columbia Securities Act, 1967 and the regulations thereunder.

“ ROBERT HAROLD ANDERSON”
ROBERT HAROLD ANDERSON, *Director,*
President and Promoter

“LORRY BURDEN”
LORRY BURDEN, *Director,*
Secretary and Promoter

“JOSEPH WILLIAM CAMPBELL”
JOSEPH WILLIAM CAMPBELL, *Director,*
Vice-President and Promoter

FORTUNE CHANNEL MINES LTD. (N.P.L.)

AUDITORS' REPORT

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

We have examined the Balance Sheet of Fortune Channel Mines Ltd. (N.P.L.) as at June 30, 1969 and the Statements of Exploration and Administrative Expenses and Source and Application of Funds from incorporation on May 27, 1969, to June 30, 1969. 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 June 30, 1969, and the results of its operations and the source and application of its funds for the period then ended in accordance with generally accepted accounting principles applied on a consistent basis throughout the period.

Liverant, Yip & Co.
CHARTERED ACCOUNTANTS

Vancouver, B. C.
July 18th, 1969

FORTUNE CHANNEL MINES LTD. (N.P.L.)
BALANCE SHEET
AS AT JUNE 30, 1969

EXHIBIT "A"

A S S E T S

| | | |
|--|-------------|---------------------|
| Current Assets | | |
| Bank | | \$ 10,681.87 |
| Mining Properties – at cost | | |
| Mining claims in the Omineca Mining Division, acquired for \$6,000.00 cash and 750,000 shares at 10¢ per share | | 81,000.00 |
| Deferred Charges | | |
| Incorporation Expense | \$ 1,200.00 | |
| Exploration and Administrative Expenses | 7,485.12 | 8,685.12 |
| | | <u>\$100,366.99</u> |

LIABILITIES AND SHAREHOLDERS' EQUITY

| | | | |
|-------------------------------|--------------|-----------------------|---------------------|
| Current Liabilities | | | |
| Accounts Payable | | | 366.99 |
| Shareholders' Equity | | | |
| Share Capital – (Note 1) | | | |
| Authorized: | | | |
| 3,000,000 Shares at 50¢ each | | <u>\$1,500,000.00</u> | |
| Issued: | | | |
| 250,000 Shares for Cash | \$125,000.00 | | |
| Less: Discount | 100,000.00 | 25,000.00 | |
| 750,000 Shares for Properties | 375,000.00 | | |
| Less: Discount | 300,000.00 | 75,000.00 | 100,000.00 |
| <u>1,000,000</u> | | | <u>\$100,366.99</u> |

APPROVED ON BEHALF OF THE BOARD:

“R. H. ANDERSON” Director

“LORRY BURDEN” Director

This is the Balance Sheet referred to
in our Report dated July 18, 1969.

FORTUNE CHANNEL MINES LTD. (N.P.L.)

EXHIBIT "B"

STATEMENT OF EXPLORATION AND ADMINISTRATIVE EXPENSES

FOR THE PERIOD FROM MAY 27, 1969
(Date of Incorporation) TO JUNE 30, 1969**Exploration:**

| | | |
|-------------------------------|---------------|-------------|
| Assaying | \$ 618.75 | |
| Engineering | 1,025.00 | |
| License | 200.00 | |
| Linecutting and Soil Sampling | 3,700.00 | |
| Travelling | <u>380.25</u> | \$ 5,924.00 |

Administrative:

| | | |
|-------------------|---------------|-----------------|
| Management Salary | 900.00 | |
| Office Expense | 436.12 | |
| Rent | <u>225.00</u> | <u>1,561.12</u> |

Total Exploration & Administrative Expenses to Exhibit "A" \$ 7,485.12

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

EXHIBIT "C"

FOR THE PERIOD FROM MAY 27, 1969
(Date of Incorporation) TO JUNE 30, 1969**Source of Funds**

| | | |
|------------------------------|--|-------------|
| Proceeds from Sale of Shares | | \$25,000.00 |
|------------------------------|--|-------------|

Application of Funds

| | | |
|---|------------------|------------------|
| Acquisition of Mineral Properties | \$81,000.00 | |
| Less: Paid by issuance of shares | <u>75,000.00</u> | \$6,000.00 |
| Exploration and Administrative Expenses – Exhibit "B" | 7,485.12 | |
| Incorporation Expense | <u>1,200.00</u> | <u>14,685.12</u> |

Increase in Working Capital\$10,314.88

Represented by:

| | | |
|---------------------|--|---------------------------|
| Current Assets | | \$10,681.87 |
| Current Liabilities | | <u>366.99</u> |
| | | <u><u>\$10,314.88</u></u> |

FORTUNE CHANNEL MINES LTD. (N.P.L.)
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE PERIOD FROM JULY 1, 1969
TO SEPTEMBER 23, 1969

| | | | |
|--|------------|-------------|-------------|
| Source of Funds | | | NIL |
| Application of Funds | | | |
| Exploration: | | | |
| Assaying | \$1,028.00 | | |
| Line Cutting | 200.00 | | |
| Option payment on property | 500.00 | | |
| Surveying | 2,822.86 | | |
| Travelling, including aircraft charters and gas and oil | 2,246.80 | \$6,797.66 | |
| Administrative: | | | |
| Audit and Legal | \$1,000.00 | | |
| Management Salary | 1,800.00 | | |
| Office Expenses and Sundry | 738.82 | | |
| Rent | 300.00 | | |
| Transfer Agent | 312.50 | \$4,151.32 | \$10,948.98 |
| Decrease in Working Capital | | | \$10,948.98 |
| Working Capital – Beginning of Period | | | 10,314.88 |
| Working Capital Deficiency – End of Period | | | \$ 634.10 |
| Represented by: | | | |
| Current Liabilities | | \$ 1,898.36 | |
| Current Assets | | 1,264.26 | |
| | | \$ 634.10 | |

NOTES TO FINANCIAL STATEMENTS

AS AT JUNE 30, 1969

1. 750,000 of the shares issued for mining claims are held in escrow, subject to the order of the Superintendent of Brokers of British Columbia.
2. During the period under review, remuneration paid to officers and directors amounted to \$900.00.

L. J. MANNING & ASSOCIATES LTD.

CONSULTING MINING ENGINEERS

610-890 West Pender St. Vancouver 1, B. C.

Office Phone:

683-5861

Residential Phone:

L. J. Manning - 985-5690

September 30, 1969

The Superintendent of Brokers,
B. C. Securities Commission,
Law Courts Building,
Victoria, B. C.

Dear Sir:

I, Malcolm K. Lorimer, of the City of Vancouver, B. C.
hereby give my consent to Fortune Channel Mines Ltd. to use all or part
of my report on the Bulkley River Property dated 29 September, 1969,
for the purpose of producing a prospectus.

Yours very truly,

L. J. MANNING & ASSOCIATES LTD.

"M. K. LORIMER"

M. K. Lorimer, P. Eng.

MKL:mjb

**REPORT ON THE
BULKLEY RIVER PROPERTY
OMINECA M.D.
FOR
FORTUNE CHANNEL MINES LTD.
by
M. K. Lorimer, P. Eng.**

September 29, 1969.

The President and Directors,
Fortune Channel Mines Ltd.,
Vancouver, B. C.

Dear Sirs:

The following report is based on geophysical interpretations made by Mr. R. O. Crosby, on two visits made to the property by the writer, on the results of a soil sampling programme carried out by Fortune Channel Mines Ltd., and on a study of three reports by Amax Exploration Inc.

SUMMARY:

The Bulkley River Property of Fortune Channel Mines Ltd. is situated about 25 miles south-east of Smithers. The area is almost entirely covered by overburden.

The original claims were located on the strength of interpretations made by Mr. R. O. Crosby of Seigel Associates Limited on data presented on Map 5308G of the Aeromagnetic Series. An adjacent block of 43 claims, on which Amax Exploration Inc. located copper and molybdenum, was later optioned to make a total of 173 claims.

The aeromagnetic information now available indicates that the Amax work was done in an area north and east of an interpreted contact zone of possible importance.

The available information from the map and from the Amax work appears to justify a phased exploration programme of geochemical and geophysical surveys followed, if warranted, by diamond drilling.

The total estimated cost, allowing for 5,000 feet of drilling, is \$93,740.

LOCATION:

The Bulkley River property is located on the west side of the Bulkley River about 25 miles southeast of Smithers in the Omineca Mining Division. The river roughly forms the eastern boundary with the claims extending westward approximately five miles up the western slopes of the Bulkley Valley. Map 1.

The elevations range from 1,800 feet at the river to 4,100 feet at the western boundary.

The geographic location is 54°26'N, 126°52'W and the map area is 93-L-7W of the National Topographic System.

TITLE:

The property consists of 173 located claims and fractions. Since it is an amalgamation of two separate properties on which some overstaking had taken place, the total area is considerably less than indicated by the number of claims.

The details of the claims, as far as can be ascertained by checking the records in the Vancouver Mining Recorder's office and documents in the possession of Fortune Channel Mines Ltd. are:

| <u>CLAIMS</u> | <u>RECORD NOS.</u> | <u>EXPIRY DATE</u> | <u>OWNER</u> |
|---------------|--------------------|--------------------|----------------|
| BA 1-24 | 75291-314 | 20 May/70 | R. H. Anderson |
| LB 1-20 | 75315-34 | 20 May/70 | L. Burden |
| CU 1-32 | Not available | 9 June/70 | L. Burden |
| Mag 1-44 | 75417-60 | 13 June/70 | R. H. Anderson |
| Jane 1-10 | Not available | 16 Sept./70 | W. Magnusson |
| Lybdenum 1-3 | 25790-2 | 24 July/70 | W. H. Smith |
| Barr 4 | 28811 | 16 March/70 | W. H. Smith |
| Barr 6 | 28813 | 16 March/70 | W. H. Smith |
| Barr 8 | 28815 | 16 March/70 | W. H. Smith |
| Barr 10 | 28817 | 16 March/70 | W. H. Smith |
| Barr 12 | 28819 | 16 March/70 | W. H. Smith |
| Barr 15-25 | 28822-32 | 16 March/70 | W. H. Smith |
| Barr 29 | 28836 | 16 March/70 | W. H. Smith |

| <u>CLAIMS</u> | <u>RECORD NOS.</u> | <u>EXPIRY DATE</u> | <u>OWNER</u> |
|---------------|--------------------|--------------------|--------------|
| Barr 31 | 18838 | 16 March/70 | W. H. Smith |
| Barr 33-39 | 28840-46 | 16 March/70 | W. H. Smith |
| Barr 40-52 | 49341-53 | 9 June/70 | W. H. Smith |
| Barr 53 Fr. | 54237 | 6 Sept./70 | W. H. Smith |
| Van Doo | 65437 | 2 Jan./70 | W. H. Smith |

The writer checked several claims and found them to be staked in accordance with the requirements of the Mineral Act, except that there appeared to be some overstaking of the Barr claims along the northern boundary of the BA group in the south central part of the property. A subsequent stadia survey confirmed this situation. However, since the Barr claims have been optioned there is now no reason for dispute. Map 2.

TRANSPORTATION:

The area is readily accessible by road from Highway 16, the turn-off being made near Quick where there is a bridge across the Bulkley River. From this point a gravel and dirt all-weather road leads 10 miles south to the property. Within the property itself, good logging roads, with only an occasional poor section, give access to most of the area.

The Canadian National Railways line runs along the eastern edge of the claims. There is a station at Walcott about five miles north and another at Quick.

TOPOGRAPHY:

The topography is of gentle relief with a gradual rise averaging about four degrees to the west. Within the area there are several streams which have cut shallow valleys and there are extensive areas of flat, boggy ground.

There are few outcrops. The area is almost entirely covered by overburden carrying a thick forest growth of small-to-medium-sized trees, some of commercial size. On the eastern claims, near the railway and river, several open areas appear to be former agricultural or grazing lands.

CLIMATE:

The climate is moderate in winter with a fairly heavy snowfall but only occasional cold spells. The summers range from rainy to extremely hot. Operations can be carried out throughout the year although mud is a problem in the spring.

HISTORY:

As far as can be ascertained the history of this property began with the staking of the three Lybdenum claims by Mr. W. H. Smith of Houston on the basis of molybdenum showings in the bank of a logging road.

In 1965 the claims were optioned by Southwest Potash Corporation and transferred to Amax Exploration Inc. in 1967. Additional claims were staked and some were dropped resulting in a total of 42 claims and one fraction by the end of 1968.

During this period, geochemical, magnetometer, and induced polarization surveys, surface trenching and diamond drilling were carried out.

Although molybdenum and copper mineralization proved to be widespread, the values were low. As a result the option was dropped and the claims reverted to W. H. Smith.

In 1967, an aeromagnetic survey was made of the area by the B. C. Department of Mines and Mineral Resources and the Geological Survey of Canada. The results were published as Map 5308G. As a result of interpretations made on this data, 120 claims were staked in the spring of 1969 along an interpreted contact to the west, south and east of the Smith claims.

In the summer of 1969 a geochemical survey of the eastern claims was made and a stadia survey was carried out to establish the claim boundaries in the south central region. Later a further 10 claims were staked to the south and an option agreement made with Mr. W. H. Smith.

GEOLOGY:

The claims area has been mapped by the Geological Survey of Canada, Map 671A, as being almost completely covered by heavy overburden. To the west there is an extensive area of individed volcanic rocks, and lesser areas of the same rocks appear within a few miles to the north, east and south. The only mapped exposure near the property is a small body of fossiliferous tuff along the banks of the Bulkley River.

Within the Barr group of claims there is an outcrop of highly altered granodiorite which coincides with a magnetic depression. The presence of other magnetic depressions in the region suggests that there has been extensive intrusive activity, the evidence of which is now masked by overburden.

GEOPHYSICS:

The geophysical interpretations which led to the staking of the Fortune Channel claims were made by Mr. R. O. Crosby, P. Eng., of Seigel Associates Limited. His comments are included as an appendix to this report and his interpretations are indicated on Map 3.

According to these interpretations, the contact zone, with its intersecting faults, lies about 3,000 feet south of the area where Amax was active. The east-west fault frequently mentioned in the Amax reports is shown on Map 3, although somewhat north of the described location.

Geophysical surveys conducted by Amax showed that induced polarization surveys added little useful information to that already obtained by ground magnetometer work. The omnipresent pyrite apparently gave inconclusive results. The same condition will probably apply farther south.

GEOCHEMICAL:

Amax carried out extensive geochemical surveys. The results were generally low, probably due to the deep and impervious, clayey nature of the soil.

Fortune Channel Mines Ltd. ran a similar survey over an area of approximately 30 claims on the west. Here also, the results were generally low in copper and molybdenum. However, there was one area on a topographic ridge where readings several times background were obtained. These results could be due to an increase in metallic content of the underlying rocks or to the fact that, on a ridge, the soil could be shallow and less impervious than elsewhere.

DIAMOND DRILLING:

Amax drilled four holes of 979, 440, 660 and 1,000 feet. In all cases molybdenum and copper were obtained throughout the entire lengths. The values were consistent but low, the average molybdenum (Mo) assay being less than 0.01 per cent and the copper about 0.02 per cent. The pyrite content did not change appreciably with depth and there were occasional occurrences of galena and sphalerite.

CONCLUSIONS:

The property covers several magnetic features which have been interpreted as being favourable for the deposition of metallic minerals, an interpretation which is strengthened by the presence of metallic mineralization in geophysically less favourable areas.

Because of the extent of the features and the deep overburden, preliminary exploration will have to be based on geochemical and magnetometer surveys in an effort to locate target areas for diamond drilling.

The most promising areas for attention are to the west where there is an interpreted conjunction of three faults and also a contact zone, and to the south where the contact zone runs easterly.

RECOMMENDATIONS:

In accordance with the foregoing discussion and conclusions it is recommended that the preliminary exploration of this property be carried out in two phases, the second to be dependent on the results of the first.

Phase 1:

- (1) Carry out a soil sampling programme over all the Mag claims, the southern quarter of the Barr claims and the southwestern BA claims, a total of about 40 claims. Samples should be taken at 200-foot intervals along lines 500 feet apart. Lines need not be cut but they should be blazed or flagged with sample locations clearly marked. Samples should be tested for molybdenum and copper.
- (2) Conduct a ground magnetometer survey over the same area with readings every 100 feet on lines 500 feet apart. Where anomalies are indicated, detailed work should be done to definitely locate faults and contact zones.

Phase 11:

Diamond drill target areas indicated by the preceding work.

COSTS:

The cost of the recommended program can only be roughly estimated at present although the costs of Phase 1 can be regarded as fairly accurate.

Phase 1

| | |
|--|-----------------|
| Geochemical survey: 40 claims with 22 samples per claim at \$8.00 per sample including all costs | \$ 7,040 |
| Ground magnetometer survey at \$200 per claim including all costs | 8,000 |
| Engineering and supervision | 2,000 |
| Miscellaneous and contingencies at 10 ⁰ /o | <u>1,700</u> |
| TOTAL PHASE 1 | <u>\$18,740</u> |

Phase 11

| | |
|--|------------------------|
| Allowance for 5,000 feet of diamond drilling at \$15.00 including all costs | <u>\$75,000</u> |
| TOTAL BOTH PHASES | <u>\$93,740</u> |

L. J. MANNING & ASSOCIATES LTD.

“M. K. LORIMER”

M. K. Lorimer, P. Eng.

MKL:mjb

CERTIFICATE OF QUALIFICATIONS

I, MALCOLM KEITH LORIMER, of the City of Vancouver, Province of British Columbia, Mining Engineer, hereby certify:

1. THAT I am a practicing Mining Engineer and reside at 3082 West 27th Avenue, Vancouver, B. C.
2. THAT I am a graduate in Mining Engineering of the University of British Columbia, Bachelor of Applied Science, 1950 and have been practicing my profession for over sixteen years.
3. THAT I am a member of the Association of Professional Engineers of the Province of British Columbia.
4. THAT I am a member of the Canadian Institute of Mining and Metallurgy.
5. THAT I am an associate of the firm of Hill, Manning & Associates Ltd., Consulting Mining Engineers, of 610 – 890 West Pender Street, Vancouver, B.C.
6. THAT the following is a true record of my employment and experience:

| | |
|---------|---|
| 1950-52 | General engineering, Consolidated Mining and Smelting Company of Canada Limited, Kimberley, B. C. |
| 1952-56 | Chief Engineer, Pioneer Gold Mines of B. C. Ltd., Pioneer Mines, B. C. |
| 1956-57 | Chief Engineer, Buchans Mining Co. Ltd., Buchans, Nfld. |
| 1957-59 | Chief Engineer and Mine Superintendent, Cowichan Copper Co. Ltd., Cowichan Lake, B. C. |
| 1959-65 | General Exploration work for various companies mostly in southern British Columbia. |
| 1965-69 | Associate, Hill, Manning & Associates Ltd., Vancouver. |
7. THAT I have no direct or indirect interest in the properties or securities of Fortune Channel Mines Ltd. nor do I expect to acquire any.

DATED at Vancouver, British Columbia, this 29th day of September, 1969.

“M. K. LORIMER”
M. K. Lorimer, B.A.Sc., P.Eng.

SEIGEL ASSOCIATES LIMITED
GEOPHYSICAL CONSULTANTS & CONTRACTORS
A DIVISION OF SCINTREX LIMITED

June 18, 1969.

L. J. Manning & Associates Ltd.
610 - 890 West Pender Street
Vancouver, B. C.

Attention: Mr. M. K. Lorimer

Dear Sirs:

Re: Fortune Channel Mines Ltd.

The 120 mineral claims staked by the above company are located on the eastern and southern flank of a magnetic feature whose source is interpreted as an acidic intrusive. Local negative anomalies within the interpreted intrusive suggest zones of alteration which could be favourable for the accumulation of copper mineralization. Amax Exploration Inc. reportedly drilled one of these alteration zones and encountered low copper values. Inspection of Sheet 93 L/7 Aeromagnetic Series suggests the presence of major faulting across the intrusive, primarily in a northeasterly and easterly direction and also in a northwest direction.

The claim group includes the interpreted southern and eastern limits of the intrusive and areas of interpreted faulting.

It is recommended that a program of geochemical sampling be commenced to check for heavy metal anomalies. Particular attention should be afforded to the extreme northwestern claims where the magnetic map indicates a disturbed situation. In conjunction with, or following the geochemical survey, a ground magnetometer survey should be completed over the entire claim group to define, in detail, the magnetic field in the area. Additional geophysics, i.e. induced polarization surveys, and drilling will be dependent upon the results of the geochemical and magnetic surveys.

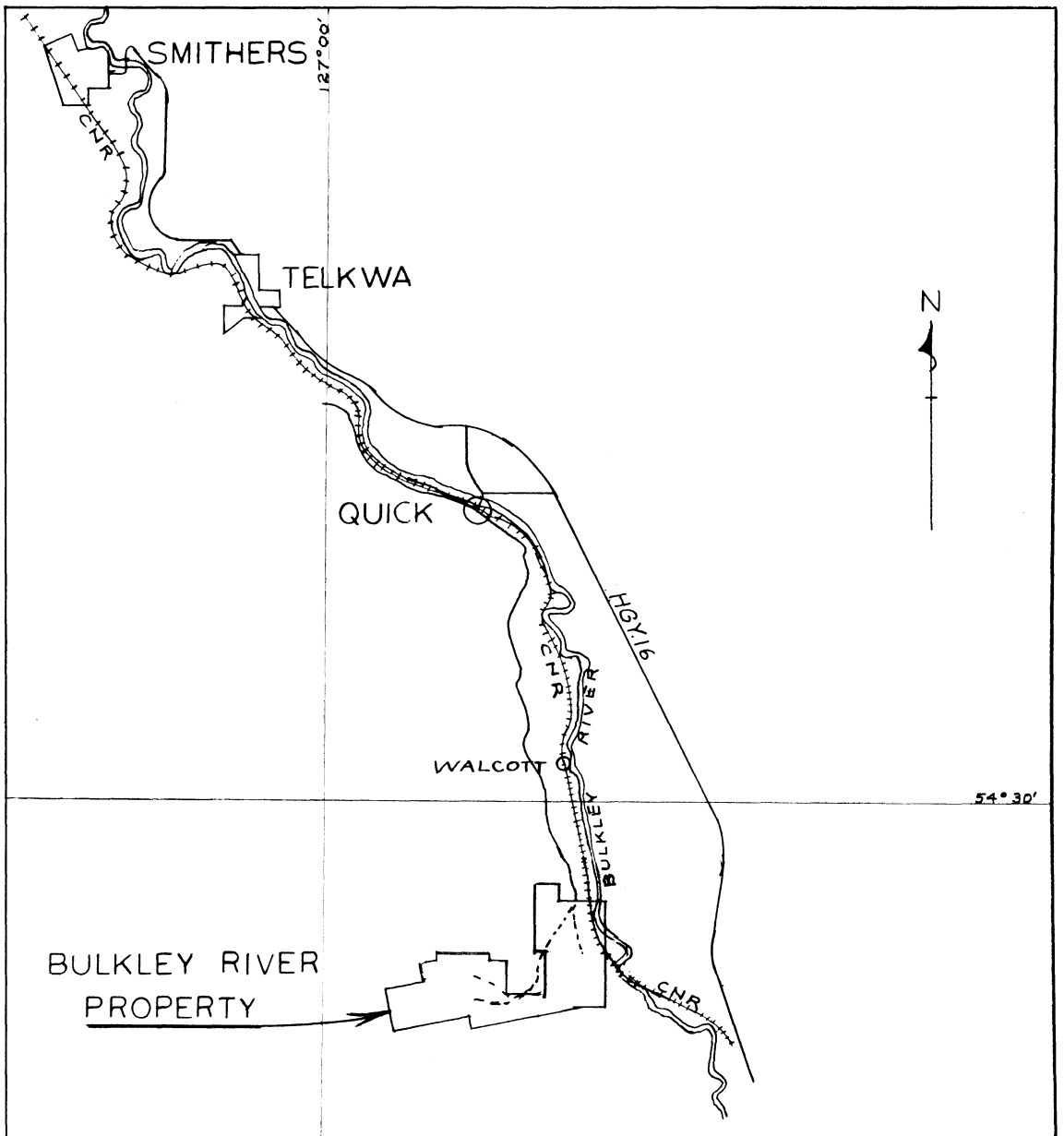
Respectfully submitted,

SEIGEL ASSOCIATES LIMITED

"Richard O. Crosby, P. Eng."

Western Manager

ROC/ef



MAP 1

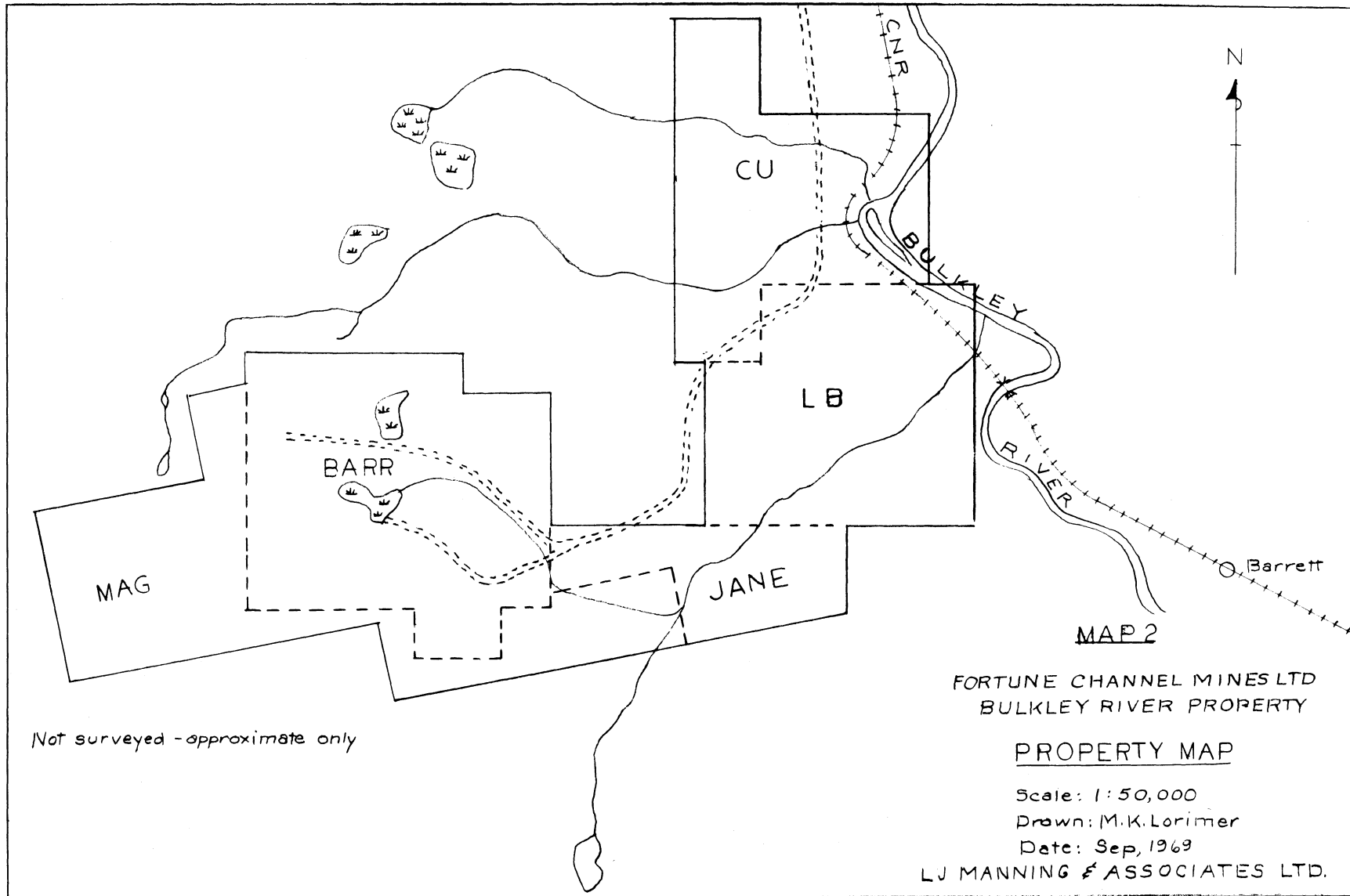
FORTUNE CHANNEL MINES LTD
 BULKLEY RIVER PROPERTY
LOCATION MAP

Scale: 1:250,000

Drawn: M.K. Lorimer

Date: Sept, 1969

LJMANNING & ASSOC. LTD.



Not surveyed - approximate only

MAP 2

FORTUNE CHANNEL MINES LTD
BULKLEY RIVER PROPERTY

PROPERTY MAP

Scale: 1:50,000

Drawn: M.K. Lorimer

Date: Sep, 1969

LJ MANNING & ASSOCIATES LTD.

