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NO SECURITIES COMMISSION OF 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.

PROSPECTUS

NITHEX EXPLORATION AND DEVELOPMENT LTD. (N.P.L.)

Endako, British Columbia

March 26, 1971

NEW ISSUE

250,000

COMMON SHARES

	Price to Public	Commission	Proceeds to Company
Per Share	50¢	10¢	40¢
Total	\$125,000	\$25,000	\$100,000

THERE IS NO EXISTING MARKET FOR THE COMPANY'S SECURITIES IN THE PROVINCE OF BRITISH COLUMBIA OR ELSEWHERE.

A PURCHASE OF THE SHARES OFFERED BY THIS PROSPECTUS MUST BE CONSIDERED A SPECULATION SINCE THE COMPANY'S MINERAL CLAIMS ARE STILL ONLY IN THE EXPLORATION STAGE. REFERENCE SHOULD ALSO BE MADE TO THE CAPTION "PRINCIPAL HOLDERS OF SHARES" AND THE COMPARISON OF THE PERCENTAGE OF SECURITIES BEING OFFERED TO THE PUBLIC FOR CASH AND THOSE ALREADY ISSUED BY THE COMPANY TO ACQUIRE ITS PROPERTIES.

NO SURVEY HAS BEEN MADE OF THE COMPANY'S MINERAL CLAIMS AND THEREFORE IN ACCORDANCE WITH THE MINING LAWS OF THE PROVINCE OF BRITISH COLUMBIA, THEIR EXISTENCE AND AREA COULD BE IN DOUBT.

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NAME AND INCORPORATION OF ISSUER

The full name of the Company is NITHEX EXPLORATION AND DEVELOPMENT LTD. (N.P.L.) (the "Company"). Its registered office is 1500 - 675 West Hastings Street, Vancouver, B.C. and its head office is at Endako, B.C.

The Company was incorporated on January 26, 1970 under the laws of the Province of British Columbia by Memorandum of Association. The Company was incorporated as a private company and was converted to a public company on March 18, 1971.

PLAN OF DISTRIBUTION

The Company will sell the shares offered pursuant to this Prospectus only through brokers and/or broker dealers registered under the Securities Act of British Columbia, 1967, and will pay a commission of up to 20%, or 10¢ per share to the selling brokers and/or broker dealers so as to net the Company not less than 40¢ per share. No underwriting has been obtained by the Company and the sale of shares hereunder will be on a "best effort basis".

DESCRIPTION OF BUSINESS AND PROPERTY OF ISSUER

The principal business of the Company is mineral exploration and the acquisition and development of mining properties. So far, the Company's activities have been confined to the Endako area, Province of British Columbia.

The Company is the recorded and beneficial owner of the following 72 located mineral claims and fractional mineral claims situate in the Nithi Mountain area, approximately 5 miles south of the community of Fraser Lake, in the Omineca Mining Division, Province of British Columbia:

<u>Name of Claims</u>	<u>Record Numbers</u>	<u>Expiry Dates</u>
Pen 1 – 3 incl.	66611–66613 incl.	Feb. 24, 1973
Mint 1 – 3 incl.	33140–33142 incl.	Sept. 16, 1973
Mint 4 – 7 incl.	78763–78766 incl.	Aug. 19, 1973
Lode 1 – 6 incl.	58941–58946 incl.	April 23, 1973
Lode 9 – 10 incl.	58947–58948 incl.	April 23, 1973
M.J.M. 1 – 2 incl.	83555–83556 incl.	Nov. 26, 1972
M.J.M. 3 Fr.	83557	Nov. 26, 1972
M.J.M. 4 – 5 incl.	83558–83559 incl.	Nov. 26, 1972
M.J.M. 6 Fr. – 7 Fr. incl.	83560–83561 incl.	Nov. 26, 1972
M.J.M. 8 – 11 incl.	83562–83565 incl.	Nov. 26, 1972
Far 1 – 6 incl.	66922–66927 incl.	March 5, 1973
Far 7 – 32 incl.	68989–69014 incl.	March 25, 1973
Pine 1 Fr – 2 Fr. incl.	91002–91003 incl.	July 17, 1971
Totem 1 – 2 incl.	91045–91046 incl.	Aug. 10, 1971
Pen 1 Fr.	91047	Aug. 10, 1971
Lode 1 Fr. – 2 Fr. incl.	92862–92863 incl.	Aug. 28, 1971
Far 33 – 36 incl.	97002–97005 incl.	Feb. 12, 1972

61 of the above listed claims and fractional claims, namely, Pen 1 to Far 32, inclusive, were acquired by the Company by agreement dated March 31, 1970, from Marvin Sherman, Maurice Henry

Bibby and John Edward Bibby for the total consideration of \$25,000.00 cash and 650,000 fully paid and non-assessable shares in the Company at a deemed value of 25¢ per share, divided among the Vendors as follows:

	<u>Shares</u>	<u>Cash</u>
Marvin Sherman	216,667	\$ 8,333.00
Maurice Henry Bibby	216,667	8,333.00
John Edward Bibby	216,666	8,334.00
	<hr/>	<hr/>
Total	650,000	\$ 25,000.00

The remaining 11 claims and fractional claims were acquired by the Company by staking and recording at the cost of \$55.00, being the cost of recording.

The Vendors of the 61 claims and fractional claims, acquired by the Company by purchase, are also its directors and, therefore, insiders of the Company. They acquired these claims by staking and recording after prior prospecting of the area in which they are situated.

The cost to the Vendors of prospecting, staking, recording and thereafter maintaining the claims up to the date of disposition to the Company was \$10,385.00.

To the best knowledge of the Company, no persons or companies have received or are to receive from the Vendors a greater than 5% interest in the consideration received from the Company.

All of the Company's mineral claims (hereinafter collectively referred to as the "Property") are located approximately 5 miles south of the community of Fraser Lake. Highway 16, from Prince George to Prince Rupert, passes Fraser Lake from which all parts of the Property are accessible by logging roads.

To the best knowledge of the Company, only cursory prospecting has been done by persons and companies who previously held claims over the area now covered by the Property. The results of such work are not available to the Company. No diamond drilling or underground exploration and development has been carried out on the Property and no underground or surface plant and equipment is situated thereon.

The principle type of mineralization on the Company's Property is molybdenite (MoS₂). It occurs primarily in quartz veins which vary in width from hairline to 4 inches. The veins are not continuous over more than a few feet and their frequency varies from less than ½" apart to several feet apart.

Mineralization also occurs along fracture planes and as dissemination in Casey quartz monzonite which is the predominant rock type found on the Property.

The Company has, since June, 1970, carried out a program of geochemical soil sampling, geological mapping and trenching over selected parts of the Property.

Results of this work indicate a MoS₂ anomaly over an area of at least 6,000 feet x 4,000 feet. Soil geochemical values range from 10 ppm to 85 ppm MoS₂ against a regional background of 0-5 ppm. Parts of this anomaly were tested by extensive trenching. Despite heavy oxidization and leaching of the bedrock, MoS₂ mineralization was observed in all trenches, indicating that the anomaly is associated with areas of surface mineralization and is not caused or influenced by local drainage patterns. Depth of overburden on the Property is generally about 2' but may reach 20' in valley bottoms.

Only random grab samples and a few chip samples were taken in the trenches. It was not possible, without extensive blasting through the zone of surface oxidation and leaching, to sample the

trenches in a meaningful and systematic manner. Assays from grab samples taken by A.F. Roberts, P. Eng., in January 1971, range from 0.09% MoS₂ to 0.98% MoS₂. It is recognized that these assays have little significance beyond the fact that they confirm the presence of mineralization of economic interest within the area of the geochemical anomaly.

There is no known body of commercial ore on the Property and the work program proposed in this Prospectus is only an exploratory search for what is anticipated to be molybdenum ore.

For further particulars, reference is made to the report of A.F. Roberts, P. Eng., dated January 30, 1971, the text of which is reproduced in full and forms part of this Prospectus.

USE OF PROCEEDS

The proceeds received by the Company from the sale of the shares offered hereunder will be used to carry out Stage I (a) of the work program recommended by A.F. Roberts, P. Eng., in his report dated January 30, 1971, particulars of which are as follows:

“Stage I (a):

Air photo, and contour map	\$ 2,000.00
Geological mapping	1,500.00
Bulldozer, D4 for drill sites and moving 50 hours @ \$20/hour	1,000.00
Diamond drilling, 5,000 ft. @ \$15/foot	75,000.00
Assaying – 500 @ \$5.00	2,500.00
Consultant, supervision, reports	2,500.00
Truck rental, travelling, hotels, etc.	2,500.00
	<hr/>
Sub-total	\$ 87,000.00
15% contingencies	13,000.00
	<hr/>
Total	<u>\$ 100,000.00</u> ”

In the opinion of management, the funds on hand, at the date of this Prospectus, approximately \$7,000.00 will be sufficient to cover the Company’s administrative expenses for the current year, including the cost of this Prospectus.

The Company will commence the work contemplated under Stage I (a) as soon as funds from the sale of shares, pursuant to this Prospectus, become available. If all of the shares offered hereunder are not sold in time to complete the recommended work, the directors of the Company will attempt alternate methods to raise the required funds. In the event that such alternate financing cannot be obtained, the Company will use the funds available to complete as much of the Stage I (a) diamond drilling as possible.

The Company may, pursuant to the recommendation of a qualified Engineer, abandon any part of the Property or may alter, as work progresses, the work program recommended or may make arrangements for the performance of all or any portion of such work by other persons or companies and may use any money so diverted for the purpose of examining and acquiring other properties and conducting work thereon. The Company has no present plans in this regard. If any such event occurs during the primary distribution of the shares offered by this Prospectus, an amendment of this Prospectus will be filed.

No part of the proceeds shall be used to invest, underwrite, or trade in securities other than those that qualify as investments in which trust funds may be invested under the laws of the

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

DIRECTORS AND OFFICERS

Name and Address	Principal Occupation for past 5 years	Position with the Company
Marvin Sherman, P.O. Box 74, Endako, B.C.	Self employed in Trucking and Taxi business until Sept. 1970. Presently full time Prospector.	Director and President
Maurice Henry Bibby, P.O. Box 15, Fraser Lake, B.C.	Woodsman and Prospector, various employments.	Director
John Edward Bibby, P.O. Box 14, Fraser Lake, B.C.	Townsite Maintenance Foreman with Endako Mines Ltd., Endako, B.C.	Director
Jurgen T. Lau, 837 West 26th Ave., Vancouver 9, B.C.	Barrister & Solicitor with Bull, Housser & Tupper Solicitors for the Company.	Secretary

DESCRIPTION OF SHARE CAPITAL STRUCTURE

The share capital of the Company consists of one class of shares only. All shares issued by the Company rank equally as to dividends, voting rights and as to any distribution of assets on winding-up or liquidation. There are no indentures or agreements limiting the payment of dividends and there are no conversion rights, no special liquidation rights, pre-emptive rights, or subscription rights. The presently outstanding share capital is not subject to any call or assessment and the shares offered hereby when issued and sold as described in this Prospectus will not be subject to any call or assessment.

CAPITALIZATION

Designation of Security	Amount Authorized by Memorandum of Association	Amount Out- standing as at January 31, 1971	Amount Out- standing as at February 28, 1971	Amount Outstanding after completion of this offering
Common Shares no Par Value	3,000,000	919,371	919,371	1,169,371

SHARES SOLD FOR CASH

Since its incorporation, the Company has sold the following shares for cash:

<u>Number of Shares</u>	<u>Price per Share</u>	<u>Net cash Received</u>	<u>Commission</u>
2	.50¢	\$ 1.00	Nil
269,369	.25¢	\$67,342.25	Nil.

ESCROWED SHARES

As of the date of this Prospectus, certificates representing the 650,000 shares referred to below are held in escrow by Canada Permanent Trust Company, 455 Granville Street, Vancouver, British Columbia, subject to release only with the written consent of the Superintendent of Brokers for the Province of British Columbia. The shares may not be traded in or dealt with in any manner without the consent of the Superintendent of Brokers and in the event of the Company losing or not obtaining a good and marketable title to, or abandoning or discontinuing development of the Property for which such shares were issued, the Superintendent of Brokers may require all or any part of the escrowed shares to be surrendered to the Company.

<u>Designation of Class</u>	<u>Number of Shares Held in Escrow</u>	<u>Percentage of Class</u>
Common Shares	650,000	* 70.7%

* Calculated on the basis there being 919,371 shares outstanding as at February 28, 1971.

269,371 shares of the capital of the Company sold for cash have been voluntarily pooled by the holders thereof with the Canada Permanent Trust Company not to be dealt in any manner until 30 days after completion of the sale of the shares offered by this Prospectus.

PROMOTERS

Marvin Sherman, Maurice Henry Bibby and John Edward Bibby, acting in their capacity as directors of the Company, may be considered the Promoters of the Company. Reference is made to the caption "Description of Business and Property of Issuer" wherein the interests of the directors and vendors of 61 of the claims and fractional claims comprised in the Property, and the consideration received by them, is disclosed.

The cash consideration of \$25,000 paid by the Company for the 61 claims was determined on the basis of the cost of these claims to the promoters which, in terms of cash, was \$10,385.00, and the time and effort expended in prospecting and maintaining the claims. The 650,000 shares were allotted at an arbitrary value of 25¢ per share which, in view of the fact that the claims only represent exploration potential, does not necessarily reflect the actual worth of these claims.

PRINCIPAL HOLDERS OF SHARES

Set forth hereunder are the particulars of the principal holders of shares of the Company as of the date of this Prospectus.

<u>Name and Address</u>	<u>Designation of Class</u>	<u>Type of Ownership</u>	<u>No. of Shares Owned</u>	<u>Percentage of Class</u>
Marvin Sherman, P.O. Box 74, Endako, B.C.	Common Shares	Of Record and Beneficial	250,001	27.2%
Maurice Henry Bibby, P.O. Box 15, Fraser Lake, B.C.	Common Shares	Of Record and Beneficial	250,001	27.2%
John Edward Bibby, P.O. Box 14, Fraser Lake, B.C.	Common Shares	Of Record and Beneficial	250,000	27.2%

The following table shows the percentage holdings of the directors and senior officers of the Company as a group:

<u>Designation of Class</u>	<u>Percentage of Class</u>
Common Shares	* 81.7%

* Calculated on the basis of there being 919,371 shares issued and outstanding as at February 28, 1971.

If all of the shares offered by this Prospectus are sold to the public, the issue will represent 21.37% of the shares then outstanding as compared to 64.13% that will then be owned by the promoters, issued for cash and property.

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

No remuneration has been paid to any of the Company's directors or officers in their capacity as such for the financial year ended January 31, 1971, and no such remuneration has been or is intended.

The Company has, since its incorporation, paid a total of \$8,095.50 to the directors of the Company for the rental of their own trucks, rock drills, power saws, and other machinery used in connection with the trenching, geochemical survey and other exploration work performed by the Company on its Property. This work was to a large extent carried out by the directors of the Company, who did not receive any wages or salary. It is anticipated that some of the proposed exploration work recommended by A.F. Roberts, P. Eng., will be carried out by the directors and the Company intends to pay them for their work at competitive rates. The Company has also paid normal legal fees to Bull, Housser & Tupper, in which J.T. Lau, Secretary of the Company, is a partner. J.T. Lau holds 1,001 shares in the capital of the Company.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Reference is made to the captions "Description of Business and Property of Issuer" and "Promoters" for shares issued to the directors for property.

AUDITORS, TRANSFER AGENTS AND REGISTRARS

The Auditor of the Company is MacGillivray & Co., 550 Burrard Street, Vancouver, B.C.

The Company’s Registrar and Transfer Agent is Canada Permanent Trust Company, 455 Granville Street, Vancouver, B.C.

PURCHASER STATUTORY RIGHT OF RECISSION

Section 61 and 62 of the Securities Act, 1967 (British Columbia) 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 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 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 Act for the complete text of the provisions under which the foregoing rights are conferred.

OTHER MATERIAL FACTS

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

CERTIFICATE

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 the 26th day of March, A.D. 1971

“MARVIN SHERMAN”

Marvin Sherman
Director and Promoter

“MAURICE HENRY BIBBY”

Maurice Henry Bibby
Director and Promoter

“JOHN EDWARD BIBBY”

John Edward Bibby
Director and Promoter

**REPORT ON
THE NITHI MT. PROPERTY**

**FOR
NITHEX EXPLORATION & DEVELOPMENT LTD. (N.P.L.)**

FRASER LAKE, OMINECA M.D.

LATITUDE 53°58'N

LONGITUDE 124°50'N

**BY
A.F. ROBERTS, P.Eng.**

SUMMARY

The 67 claim Nithi Mt. property of Nithex Exploration & Development Co. Ltd. (N.P.L.) has been found to be underlain by the Casey quartz monzonite, a rock favorable for deposition of molybdenite.

Exposures in outcrops and trenches have shown molybdenite in fractures, veins and as disseminations in the country rock.

A geochemical survey indicated an anomalous area 6,000 feet by 4,000 feet, as well as several smaller areas, and surface stripping has shown molybdenite in place, in spite of obvious leaching. This indicates that the anomaly is valid.

Adjacent properties, in superficial examination have shown similar rocks and molybdenite mineralization. Working options should be obtained on these properties, particularly the Nithi 22 claim group, as the known anomaly appears to enter it.

It is recommended that a minimum program of 5,000 ft. of diamond drilling and geological mapping be carried out this year.

The cost of this program will be approximately \$100,000.00.

If funds are available, the balance of the company's claims should be mapped, and a geochemical survey costing \$23,500.00 should be done.

If the company acquires working options on the 86 adjacent claims, a further \$45,500.00 will be required for a geochemical survey.

If Stage 1(a) is successful, then a Stage II program of diamond drilling will cost approximately \$544,000.00.

Respectfully submitted.

“A.F. ROBERTS”

A.F. Roberts, P. Eng.

INTRODUCTION:

The writer first examined this property on July 24th and 25th, 1969, for another company, which did not take any action after the report.

Another report was written for the owners, after an examination between June 2nd and 10th, 1970. This report recommended a geochemical survey, which was carried out in July and August, 1970, and a report written on August 20, 1970.

A supplementary report was written after an examination done between November 24th, and 29th, 1970, to consider work on the Far Group, owned by the Company, and the advisability of optioning adjoining groups of claims.

Between January 15th and 22nd, 1971 another examination was made of attempts to trench over geochemical anomalies.

LOCATION, ACCESS, TOPOGRAPHY: ¹⁾

The property is five miles south of the community of Fraser Lake, on the north, east, and south slopes of Nithi Mt. It is accessible by pickup in dry weather, and by four-wheel drive vehicles the rest of the time.

There are numerous old logging roads cutting the area, and a number of newer roads built by the Company, which give reasonable access to all parts of the property.

It is possible to work all year round in the area, as the summers are warm and reasonably dry, and the winters are not too cold, nor the snowfall too heavy to prevent any operations.

Timber cover varies from logged over and bare areas to commercial size timber. Overburden is generally about 2 feet, but can be over 20 feet in valley bottoms.

Elevations are between 4,100 and 2,500 feet; at C14S + 8W, it is 4,100 feet; and the South showing is 700 feet lower. Slopes on the north and east claims are 20° - 25°, on the south, approach 30°.

There will be sufficient water on the property for diamond drilling, but major water supplies will have to be obtained from the numerous lakes in the area.

The main power supply to Endako Mines Ltd. passes the property about four miles north. The Prince Rupert branch of the C.N. Railway passes through Fraser Lake. The area is well served by truck and bus lines on Highway 16.

CLAIM GROUP:

There are now 67 claims and fractions in the property as follows:

Pen 1 - 3 incl.	66611 - 66613 incl.
Mint 1 - 3 "	33140 - 33412 "
Mint 4 - 7 "	78763 - 78766 "
Lode 1 - 6 "	58941 - 58946 "
Lode 9 - 10 "	58947 - 48948 "
MJM 1 - 2 "	83555 - 83556 "
MJM Frac.	83557
MJM 4 - 5 "	83558 - 83559 "
MJM 6 Frac.	83560
MJM 7 Frac.	83561
MJM 8 - 11 "	83562 - 83565

1) Location Map (front pocket) Not reproduced in this Prospectus.

Far 1 - 6 "	66922 - 66927
Far 7 - 32 "	68989 - 69014
Totem 1 - 2 "	Staked October 1970
Lode 1 & 2 Frac.	Staked October 1970
Pine 1 & 2 Frac.	Staked October 1970

Work filed will keep all claims in good standing for one to two years, and \$6,000 worth of work remains to be filed as soon as completed in January-February, 1971.

GENERAL GEOLOGY AND MINERALIZATION:

The area of the claim group is underlain by the Casey quartz monzonite. ^{2), 3), 4)}

In its unaltered phase it appears fine grained, with all minerals about 1 mm, and consists of 40% white to black quartz, 30% pink K-feldspar, 30% white to very pale green plagioclase. Dark minerals are generally absent, although a few specimens have shown less than 1% biotite.

Moderately altered rock has the K-feldspar bleached to a pale pink, and the plagioclase assumes an apple green colour, and grain sizes are 1 mm to 5 mm.

In severely altered rock, both the feldspar and plagioclase are completely kaolinized, leaving only the quartz crystals. This is usually in fault areas.

Sericitic alteration on fractures is fairly frequent.

Quartz veins, from hair line to 4" wide are seen in the surface exposures, and in stripped areas. Frequency of the vines can be from less than ½" apart to several feet. They are not continuous over more than a few feet, and may be in any of the fracture sets. Molybdenite mineralization is most often found in the set bearing N 70° E, sometimes in S 20° E fractures, and rarely in a set bearing N 30° E.

Very often molybdenite is found in the wall rocks adjacent to the veinlets up to several feet across, varying in size from specks that can hardly been seen with a 14X mineral glass, to ¼" rosettes.

Some fractures will carry both iron pyrite and MoS₂ together, but pyrite is not overly abundant on the surface exposures on the property. Manganese stain is heavy in most areas of the property.

MoS₂ has been found in fractures without any apparent quartz, in the interior of quartz veinlets, and only on the walls between the quartz and the wall rock. In general, it is the darker quartz that is mineralized.

Some veins carry an appreciable amount of specular hematite.

Overall, the surface rock has been weathered and leached too heavily to give a good sample. Therefore, sampling has been confined to grabs that indicate only that mineral is present, with a few exceptions where conditions were favourable over short lengths.

Small aplite dikes were noted in the January stripping, and on the S. showing.

STRUCTURE:

Generally, little can be seen on the property that indicates a major structure.

The aero-magnetic maps ^{5) 6)} indicate a fault along the easterly boundary of the claim group at 124°53' W striking slightly east of north. This could be a major structural feature.

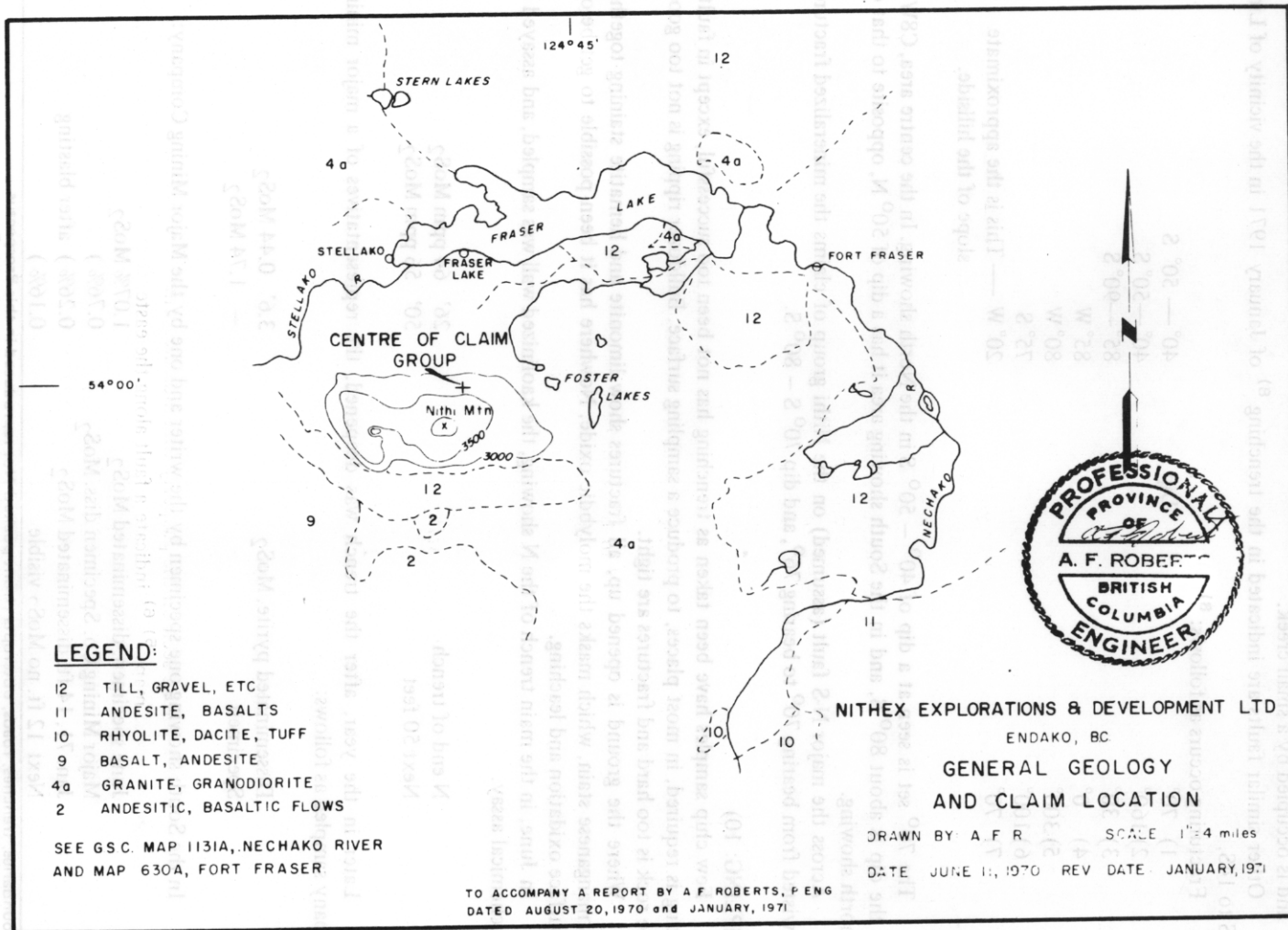
2) B.C. Department of Mines & Petroleum Resources, Minister of Mines Reports, 1964, 1965, Ednako Area.

3) Map Detail Geology, adapted from B.C. Department of Mines & Petroleum Resources, Endako, East, April 1966, by M. Carr (front Pocket) Not reproduced in this Prospectus.

4) General Geology, adapted from G.S.C. Maps 1131A and 630A. (follows page 12)

5) B.C. Department of Mines & Petroleum Resources, Aero-Magnetic Maps 1590G, 1589G.

6) Partial Magnetic Contour Map (follows page 14)



7) ⁸⁾ Within the property, a fault bearing N70° E lies at the N end of the North showing trenches, and is occupied by a small creek.

Other similar faults are indicated in the trenching ⁸⁾ of January 1971 in the vicinity of Line C, 8S to 14S.

Fracturing occurs as follows: ⁸⁾

1) 70°	Dip	40° — 50° S
2) 160°		40° — 50° S
3) 30°		85° — 90° S
4) 0°		85° W
5) 300°		80° W
6) 100°		75° S
7) 70°		20° W — This is the approximate slope of the hillside.

The 70° set is seen at a dip of 40° — 50° S in the North showing. In the centre area, C8W + 14S, the dip is about 80° S, and in the South showing area it has a dip of 50° N, opposite to that of the north showing.

Across the major N-S fault (assumed) on the Nithi group of claims the mineralized fractures are twisted from bearing 70° to bearing 76°, and dip 70° S — 80° S.

SAMPLING: 10)

Few chip samples have been taken as trenching has not been too successful, except in faults. Blasting is required, in most places, to produce a sampling surface. Bulldozer ripping is not too good, as the rock is too hard and fractures are tight.

Where the ground is opened up, all fractures show limonite and hematite staining together with manganese stain, which masks the molybdic oxide. Nowhere has it been possible to get below the surface oxidation and leaching.

In June, in the main trench of the N showing, the kaolinized wall was sampled, and assayed as a geochemical assay.

N end of trench	26'	64 ppm MoS ₂
Next 50 feet	50'	56 ppm MoS ₂

Later in the year, after the trench was deepened, the representatives of a major mining company sampled as follows:

Disseminated pyrite, MoS ₂	3.6'	0.44 MoS ₂
Specimen	—	1.74 MoS ₂

In the South showing one specimen by the writer and one by the Major Mining Company:

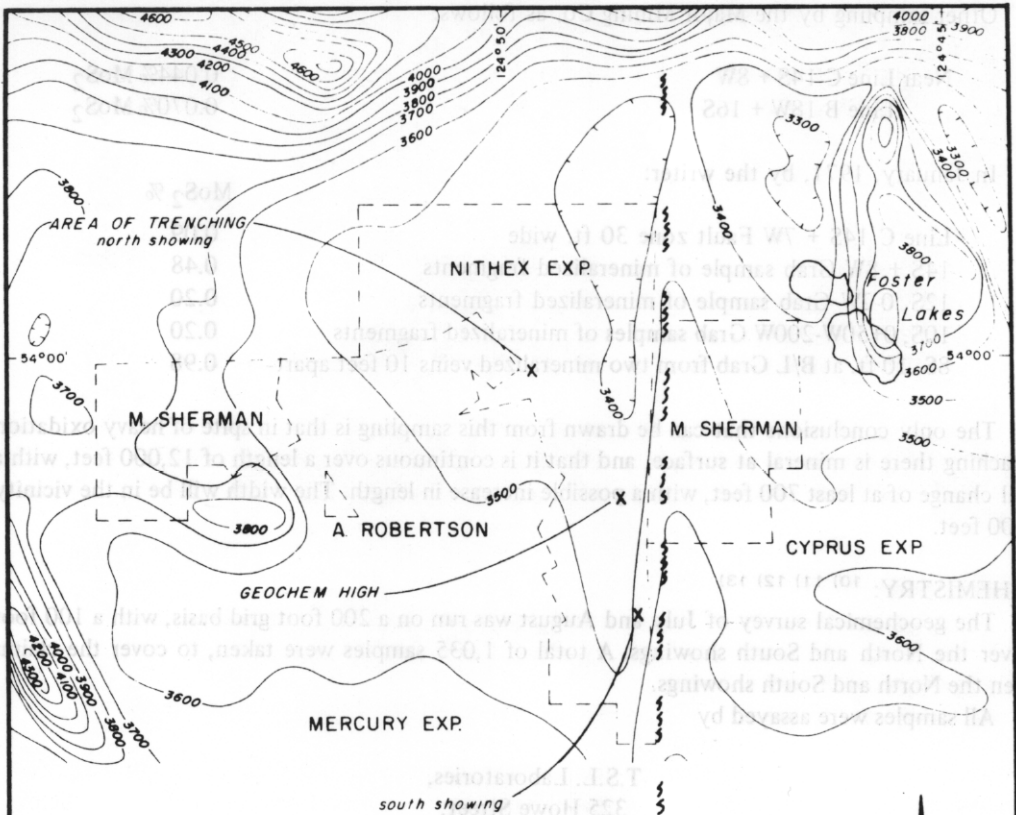
June specimen, disseminated MoS ₂	1.07% MoS ₂
Major Mining Co. Specimen diss. MoS ₂	0.76%)
Jan. 71, 14 ft. disseminated MoS ₂	0.26%) after blasting
Next 12 ft. no MoS ₂ visible	0.16%)

7) Boundaries, trenches, roads, outcrops (front pocket) Not reproduced in this Prospectus.

8) Partial Detail of Trenching, North Showing (front pocket) Not reproduced in this Prospectus.

9) Stripping, January 1971 (follows page 16)

10) Assay Certificates at back of report - Not reproduced in this Prospectus.



NOTE: ADAPTED FROM MAG MAPS
1589G-HALLETT LAKE, 1590G-FRASER LAKE

NITHEX EXPLORATIONS & DEVELOPMENT LTD
ENDAKO, BC

PARTIAL MAGNETIC CONTOUR MAP
TO SHOW RELATIONSHIP OF
CURRENT WORK TO MAGNETIC LOWS
AND ASSUMED FAULT

DRAWN BY: A F R

SCALE: 1" = 1 mile

DATE: JUNE 10, 1970

REV DATE: JANUARY, 1971

REFERENCE: GEOPHYSICS PAPERS 1590, B 1589



TO ACCOMPANY A REPORT BY
BY A F ROBERTS DATED
JUNE 11, 1970 and JANUARY, 1971

Other sampling by the Major Mining Co. as follows:

Near Line C 14S + 8W	0.044% MoS ₂
Line B 18W + 16S	0.070% MoS ₂

In January, 1971, by the writer:

	MoS ₂ %
Line C 14S + 7W Fault zone 30 ft. wide	0.09
14S + 8W Grab sample of mineralized fragments	0.48
12S, 0-2W Grab sample of mineralized fragments	0.20
10S, 0+50W-200W Grab samples of mineralized fragments	0.20
8S, 10 ft. at B/L Grab from two mineralized veins 10 feet apart	0.98

The only conclusions that can be drawn from this sampling is that in spite of heavy oxidation and leaching there is mineral at surface, and that it is continuous over a length of 12,000 feet, with a vertical change of at least 700 feet, with a possible increase in length. The width will be in the vicinity of 5,000 feet.

GEOCHEMISTRY: 10) 11) 12) 13)

The geochemical survey of July and August was run on a 200 foot grid basis, with a 100 foot grid over the North and South showings. A total of 1,035 samples were taken, to cover the claims between the North and South showings.

All samples were assayed by

T.S.L. Laboratories,
325 Howe Street,
Vancouver 1, B.C.

Their method is to dry and screen off the 80 mesh portion and treat it with hot aqua regia. Analysis was colour-metric, reporting in ppm. Every tenth sample is checked against a control sample. A batch of 204 samples was sent to:

Warnock Hersey International Ltd.,
124 East 4th Avenue,
Vancouver 10, B.C.

They received a split of the field sample, to check on the T.S.L. work, and as the check was satisfactory, the work was completed by T.S.L.

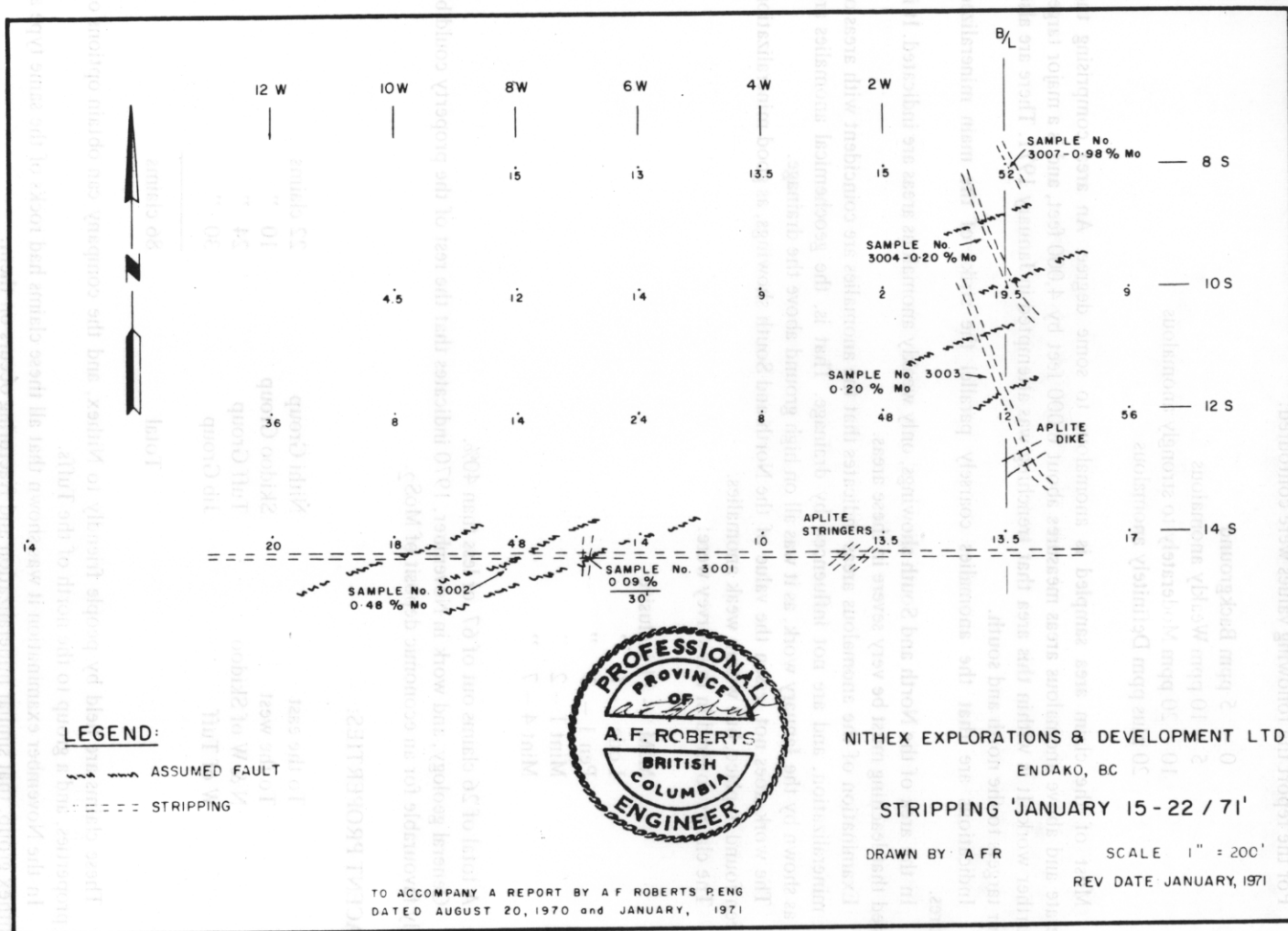
The Warnock Hersey method is to treat the 80 mesh fraction with HNO₃/H₂ SO₄ - HCl, followed by colourmetric analysis, reporting in ppm.

10) Geochemical Contours, Map (back pocket) Not reproduced in this Prospectus.

11) Sampling Horizon Map (back pocket) Not reproduced in this Prospectus.

12) Distribution Curve, Geochemical Survey (back pocket) Not reproduced in this Prospectus.

13) Geochemical Survey Report on the Nithi Mt. Group for Nithex Exploration & Development Ltd., Fraser Lake, Omineco M.D., by A.F. Roberts, P. Eng., August 20, 1970



For the report the following values were contoured:

- 0 – 5 ppm Background
- 5 – 10 ppm Weakly anomalous
- 10 – 20 ppm Moderately to strongly anomalous
- 20 plus ppm Definitely anomalous

Most of the claim area sampled is anomalous to some degree. An area comprising the moderate and above anomalous areas measures about 6,000 feet by 4,000 feet, and is a major target for further work. It is within this area that trenching was attempted in January 1971. There are also smaller targets to the north and south.

Indications are that the anomalies coarsely parallel the strike of the main mineralized fractures.

In the area of the North and South showings, only weakly anomalous areas are indicated. It is assumed that leaching must be very severe in these areas.

Examination of the anomalous areas indicates that the anomalies are coincident with areas of better mineralization, and are not influenced by drainage. That is, the geochemical anomalies are valid, as shown by the January work, as it was all on high ground above the drainage.

The work does not lessen the value of the North and South showings, as good mineralization has been found in place, but within weak anomalies.

The claims covered in this survey were:

- MJM 1 - 11 inclusive
- Lode 1 - 6 "
- Pen 1 - 3 "
- Mint 1 - 2 "
- Mint 4 - 7 "

A total of 26 claims out of 67, or less than 40%.

General geology, and work in November, 1970 indicates that the rest of the property could be equally favourable for an economic deposit of MoS₂.

ADJACENT PROPERTIES:

To the east	Nithi Group	22 claims
To the west	Skidoo Group	10 "
N & W of Skidoo	Tuff Group	24 "
W of Tuff	Jib Group	30 "
	Total	<hr/> 86 claims

These claims are held by people friendly to Nithex, and the company can obtain options on these properties, and a group to the north of the Tuffs.

In the November examination it was shown that all these claims had rocks of the same type as the Nithex group, that similar mineralization and fracturing occurs on them.

As the few trenches on them were not clear, and were frozen, it was impossible to chip

sample. Therefore, samples were made up of altered and weather rock from the walls, and assayed geochemically. Some molybdenite was noted on these claims.

Nithi claim No. 3	Mo. 8 ppm
Nithi claims No. 2 & No. 4	Mo. 11 ppm
Nithi claim No. 2	Mo. 10 ppm
Tuff, at junction of No. 6, 7, 8, 5	Mo. 22 ppm

On the basis of the examination, and the assays, it was recommended that Nithex negotiate a working option, and conduct a geochemical survey over these claims and at the same time complete the work on its own property.

CONCLUSION:

The claim group of Nithex Exploration & Development Ltd., has been shown to lie within a group of rocks favourable for molybdenum mineralization, and molybdenum has been found in place.

Within the group there are indications of a major N-S fault, and numerous faults at bearing 70°, with consequent fracturing of the rocks. This is borne out by the numerous fractures and veinlets seen in the surface rocks, and the mineralized veinlets and fractures parallel to the assumed faulting.

Geochemistry indicates an anomalous area approximately 6,000 feet by 4,000 feet, and stripping of the surface has revealed molybdenite in place. Therefore, it can be assumed that the anomalies are valid. There are also several small anomalies to be considered within the group.

Both grab and chip samples have shown values of economic interest in the area investigated, and in areas that were not anomalous by geochemistry.

Oxidation and leaching of surface rocks prevent effective and meaningful sampling in most places.

The balance of the claim group has the same rock types, and should be investigated by geochemistry.

Adjacent claim groups are believed to be of value to the company in that they have shown similar rocks and mineralization. The Nithi Group may have an extension of the known molybdenum anomaly.

RECOMMENDATIONS:

It is recommended:

- a) That the Company proceed to drill five 1,000 foot holes spaced 400 feet apart to crosscut the main anomaly. These holes to be drilled at -45°, bearing S 20° E to cross the known mineralized fractures. ¹⁴⁾
- b) That the Company proceed to carry out a geochemical survey over the balance of its property.
- c) That the Company have a 1,000 scale topographic map, and 1,000 scale composite photograph made of its property.
- d) That the Company have the property mapped for geology using the 1,000 scale topographic map as a base.

14) Diamond Drill Hole Location Map (back pocket) Not reproduced in this Prospectus.

- e) That the Company consider acquiring a working option on the adjacent claim groups, particularly of the Nithi 22 claim group, and carry out a program of geological mapping and geochemical surveys of these claims.

If the funds are limited, then parts a), c) and d) should have priority.

ESTIMATE OF COSTS:

This estimate is broken down into three parts for Stage I, so that the Company can fit the work to its financing, but Stage I(a) is considered the minimum for this year.

Stage I(a):

Air photo, and contour map	\$ 2,000.00
Geological mapping	1,500.00
Bulldozer, D4 for drill sites and moving 50 hours @ \$20/hour	1,000.00
Diamond drilling, 5,000 ft. @ \$15/foot	75,000.00
Assaying – 500 @ \$5.00	2,500.00
Consultant, supervision, reports	2,500.00
Truck rental, travelling, hotels, etc.	2,500.00
	<hr/>
Sub-total	\$ 87,000.00
15% contingencies	<hr/> 13,000.00
	<hr/>
Total	<u><u>\$ 100,000.00</u></u>

Stage I(b)

Geochemical survey, balance of Nitex property, 41 claims @ \$150/claim	\$ 6,150.00
Line cutting for survey 41 miles @ \$125/mile	5,125.00
Assaying 50 samples/claim @ \$3.00	6,150.00
Consultant, report, travelling, etc.	3,000.00
	<hr/>
Sub-total	\$ 20,425.00
15% contingencies	<hr/> \$ 3,000.00
	<hr/>
Total, say	<u><u>\$ 23,500.00</u></u>

Stage I(c)

Geochemical survey of 86 optioned claims	\$ 12,900.00
Line cutting 86 claims	10,750.00
Assaying	12,900.00
Consultant, report, travelling, etc.	3,000.00
	<hr/>
Sub-total	\$ 39,550.00
15% Contingencies	\$ 5,900.00
	<hr/>
Total, say,	<u>\$ 45,500.00</u>

If Stage I(a) is successful, further diamond drilling will be required, to extend the anomaly and fill in between first holes, and investigate the North and South showings.

Stage II:

Diamond drilling, 30,000 ft. @ \$15.00	\$450,000.00
Assaying – 3,000 @ \$5.00	15,000.00
Supervision, consultant, reports	5,000.00
Rentals, travel, hotels, etc.	3,000.00
	<hr/>
Sub-total	\$473,000.00
15% Contingencies	71,000.00
	<hr/>
Total	<u>\$544,000.00</u>

Respectfully submitted,

“A.F. ROBERTS”
A.F. Roberts, P.Eng.

CERTIFICATE

I, A.F. Roberts of 812 Fairbrook Crescent, Richmond, B.C., do hereby certify that:

- 1) I am a graduate of the University of British Columbia, (B.Ap.Sc.) in Mining Engineering, 1951.
- 2) I am registered as a Professional Engineer of the Province of British Columbia, and am a member of the Canadian Institute of Mining and Metallurgy.
- 3) I have practiced my profession since 1951 with Quatsino Copper Gold Mines Ltd., Giant Mascot Mines Ltd., Cochenour Willans Gold Mines Ltd., Mogul Mines Ltd., Kerr Addison Gold Mines Ltd., Atlantic Coast Copper Corporation Ltd., Wasamac Mines Ltd., Brenda Mines Ltd., and T.C. Explorations Ltd.

I am Vice-President, and a Director of Bathurst Inlet Mining Corporation Ltd., Vice-President of Bathurst Norsemines Ltd., and a Director of Central Arctic Copper Mines Ltd. Previous to University I had worked underground as a miner.

- 4) The accompanying report is based on a personal examination of the property between July 24, 25, 1969; June 2nd and June 10th, 1970; November 24th and November 29th, 1970; and January 15 - 23, 1971.
- 5) I have not, nor do I expect to receive, any interest, directly or indirectly in these properties, or any of their securities.
- 6) I consent to the use of this report in, or in connection with a prospectus, or a statement of material facts relating to the raising of funds for this project.

DATED at Vancouver, B.C., this thirtieth day of January, 1971.

“A.F. ROBERTS”
A.F. Roberts, P.Eng.

VANCOUVER
CALGARY
TORONTO
HAMILTON
BRAMPTON
ST. CATHARINES
PORT COLBORNE
MONTREAL

MacGillivray & Co.
SUCCESSORS TO: BROWN, STEELE, JOHNSTONE & COMPANY
Chartered Accountants
550 BURRARD STREET, VANCOUVER 1, CANADA

NITHEX EXPLORATION AND DEVELOPMENT LTD. (N.P.L.)

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the Balance Sheet of Nithex Exploration and Development Ltd. (N.P.L.) as at January 31st, 1971 and the Statement of Source and Application of Funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of the 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 Offices. We have obtained a letter from the Company's solicitors stating that the Company is the recorded holder of all claims shown in their books of account and that all such mineral claims are in good standing.

In our opinion, subject to the foregoing, these financial statements present fairly the financial position of the Company as at January 31st, 1971 and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles.

"MacGILLIVRAY & CO."

MacGillivray & Co.
Chartered Accountants

Vancouver, Canada
February 24th, 1971

NITHEX EXPLORATION AND DEVELOPMENT LTD. (N.P.L.)

BALANCE SHEET

As at January 31st, 1971

ASSETS

CURRENT ASSETS

Bank		\$ 10,072
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MINERAL PROPERTIES, at cost (Note 1)

Mineral claims		187,535
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DEFERRED COSTS

Exploration and development expenses per Schedule "1"	\$ 30,590	
Administration expenses per Schedule "1"	2,305	
Incorporation expense	970	33,865
		<u>\$ 231,472</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts payable		\$ 1,628
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SHAREHOLDERS' EQUITY

Share Capital (Note 2)

Authorized:

3,000,000 shares of no par value

Issued:

269,371 shares for cash	\$ 67,344	
650,000 shares for properties	162,500	229,844
		<u>\$ 231,472</u>

APPROVED ON BEHALF OF THE BOARD:

"M. SHERMAN"	Director
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"M.H. BIBBY"	Director
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NITHEX EXPLORATION AND DEVELOPMENT LTD. (N.P.L.)

NOTES TO THE FINANCIAL STATEMENTS

As at January 31st, 1971

1. MINERAL PROPERTIES:

During the year the Company purchased 61 claims situate on Nithi Mountain in the Omineca Mining Division of the Province of British Columbia for a cash consideration of \$25,000 and 650,000 shares at a deemed value of \$162,500

\$ 187,500

The Company staked an additional 7 claims in the Omineca Mining Division which have been recorded at a nominal cost of \$5.00 per claim

35

\$ 187,535

2. SHARE CAPITAL

Shares issued during the year are classified as follows:

	<u>No. of Shares</u>	<u>Value</u>
Issued for cash	269,371	\$ 67,344
Issued for properties	<u>650,000</u>	<u>162,500</u>
	<u>919,371</u>	<u>\$ 229,844</u>

NITHEX EXPLORATION AND DEVELOPMENT LTD. (N.P.L.)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the year ended January 31, 1971

SOURCE OF FUNDS

Issue of shares		\$ 67,344
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APPLICATION OF FUNDS

Purchase of mineral properties	\$ 25,035	
Deferred exploration and development expense	30,590	
Deferred administration expense	2,305	
Incorporation expense	970	58,900
	<u> </u>	<u> </u>

WORKING CAPITAL, at end of year		<u><u>\$ 8,444</u></u>
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NITHEX EXPLORATION AND DEVELOPMENT LTD. (N.P.L.)
STATEMENT OF EXPLORATION, DEVELOPMENT AND ADMINISTRATION EXPENSES

For the year ended January 31st, 1971

EXPLORATION AND DEVELOPMENT EXPENSES

Recording and licences	\$ 1,019
Engineering fees	2,973
Bulldozing and trenching	10,022
Supplies	633
Assays	2,418
Telephone	855
Equipment operation	695
Equipment rental	8,474
Travel	1,469
Drafting	335
Wages and wage assessments	1,697
	<hr/>
TOTAL, to Exhibit "A"	<u><u>\$ 30,590</u></u>

ADMINISTRATION EXPENSES

Travel	\$ 250
Interest and bank charges	87
Legal	788
Office	131
Accounting and audit	850
Telephone	199
	<hr/>
TOTAL, to Exhibit "A"	<u><u>\$ 2,305</u></u>