

## "SECURITIES ACT, 1967"

STELLAR METALS LTD. (N.P.L.)

Vancouver, B. C.

P R O S P E C T U S

NEW ISSUE

200,000

COMMON SHARES

	<u>Price to Public</u>	<u>Commissions</u>	<u>Proceeds to Issuer</u>
Per Unit	90¢	22½¢	67½¢
Total	\$180,000.00	\$45,000.00	\$135,000.00

THERE IS PRESENTLY NO EXISTING OVER-THE-COUNTER 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 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.

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

"SECURITIES ACT, 1967"

FORM 10

STELLAR METALS LTD.  
(Non-Personal Liability)

P R O S P E C T U S

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.

A purchase of the shares offered by this Prospectus must be considered a speculation and the factor which makes this offering a speculation is the present undeveloped state of the mineral claims held by the company.

1. INCORPORATION

The full name of the company is "Stellar Metals Ltd. (Non-Personal Liability)" which company was incorporated as a private company under the laws of the Province of British Columbia by Memorandum of Association dated the 17th day of June, 1966 and was converted to a public company by amendment to the Memorandum of Association made the 23rd day of February 1968. The registered office of the company is Room 520 - 475 Howe Street, Vancouver 1, B.C.

2. DIRECTORS

The full name, occupation, and home address of each director of the company, and the principal business in which each has been engaged during the preceding five years are:

Don A. Donaghan - PRESIDENT  
1609 Harwood Street  
Vancouver, B.C.

1962 to date - self-employed  
Financial Writer; 1965-1967  
Director of Bayonne Mines Ltd.  
(N.P.L.); 1966-1967 Director  
Stellar Metals Ltd. (N.P.L.)  
1967 Director of Midnight Con-  
solidated Mines Ltd. (N.P.L.)

<p>Frank R. Haar - SECRETARY Granville Road Summerland, B.C.</p>	<p>1957 to date - self-employed Barrister and Solicitor</p>
<p>William G. Raptis 314 Main Street Penticton, B.C.</p>	<p>1957 to date - Manager of Sands Restaurant Ltd. in Penticton, B.C.</p>
<p>Harry L. Williams 387 Park Avenue Kelowna, B.C.</p>	<p>March 1961 to April 1964 - salesman for Texas Refinery Corp. Ltd.; April 1964 to September 1965 - salesman for West Chemical Products Ltd.; September 1965 to July 1966 - Security Salesman for United Investment Services Ltd.; July 1966 to date - field man- ager for Spa Mines Ltd. (N.P.L.)</p>
<p>Charles Fix, Sr. 1442 Montreal Street Penticton, B.C.</p>	<p>1958 to date - President of Coral Beach Motor Court in Penticton, B.C.</p>

No remuneration has been paid to the Directors of the company since its incorporation nor is any remuneration proposed or expected to be paid to them as Directors or to them in any other capacity.

### 3. AUDITORS AND TRANSFER AGENTS

(a) The auditors of the company are Liverant, Yip & Co., Chartered Accountants, 845 West Pender Street, in the City of Vancouver, in the Province of British Columbia.

(b) The Transfer Agent and Registrar of the Company is Guaranty Trust Company of Canada, 624 Howe Street, Vancouver, B.C.

### 4. CAPITALIZATION AND PRIOR SHARE DISPOSITION

There are no bonds or debentures outstanding or intended to be issued and the share structure is as follows:

Security Designation	Amount Authorized	Amount Outstanding at Balance Sheet	Amount Outstanding Jan. 31, 1968	Amount to be outstanding if all Securities being issued are sold
Common Shares without nominal or par value	3,000,000	1,537,585	1,537,585	1,737,585

5. SECURITIES SOLD

To date particulars of the securities sold for cash are as follows:

778,685	@	10¢
158,400	@	25¢
50,500	@	50¢

The total cash received resulting from such sales was \$142,718,50 and no commissions have been paid or allowed on the sale of shares nor have there been any securities other than said shares sold for cash.

6. PROMOTERS

Promoter of the company is Don A. Donaghan and the value received by him is 76,667 shares. These shares were issued for cash and the Rap, Tap, Cap and Moll Group of mineral claims. The Promoter received 600,000 vendor shares but subsequently re-allocated 565,000 of these and retained 35,000 vendor shares. William G. Raptis and Herman Heyer hold the balance of the vendors shares of 100,000 and 50,000 shares respectively. The number of Vendors shares was reduced from 750,000 shares aforesaid to 550,000 shares by the surrender of 200,000 shares by way of gift to the company.

7. ESCROW PROVISIONS

Certificates representing 550,000 shares are held in escrow by the Guaranty Trust Company of Canada under the direction and control of the Superintendent of Brokers of British Columbia. The escrow restrictions provide that the shares may not be traded in, dealt with in any manner whatsoever, or released, nor may the company, its transfer agent or Escrow Holder, make any transfer or record any trading in the share without the

consent of the Superintendent. In the event of the Company losing or not obtaining a good marketable title to or abandoning or discontinuing the development of any property which was or formed part of the consideration for any of these shares presently in escrow, or in the event of the property not being as represented the Superintendent may require a surrender, by way of gift, to the company for cancellation of such number of shares as the Superintendent in his sole discretion deems fair and equitable, in such manner or proportion as the Superintendent may direct. The vendors shares represent approximately 36.7% of the issued capital.

Designation of Class	Number of Shares held in Escrow	Percentage of Class
Common	550,000	18.7% of authorized Capital

982,085 shares of the capital of the company which were sold for cash have been voluntarily pooled with the solicitor for the company, Robert E. Eades, not to be sold or dealt with until 30 days after completion of the sale of the shares offered by this prospectus or until abandonment of the right to sell same.

8. PRINCIPAL HOLDERS OF SECURITIES

Apart from the shares owned by the Directors and senior officers which total 566,167 and represent approximately 37.7% of the shares issued the principal holders of securities are:

<u>Name of Holder</u>	<u>Address of Holder</u>	<u>Class of Security</u>	<u>Type of Ownership</u>	<u>No. of Shares</u>	<u>%</u>
Victor C. Smith	Summerland, B.C.	common	beneficial and record and record	210,752	14%
Kerex Mines Ltd. (NPL)	407-475 Howe St. Vancouver, B.C.	common	record and beneficial	250,000	16.7%
William G. Raptis	314 Main Street Penticton, B.C.	common	record and beneficial	274,000	18%

% indicates Approximate Percentage of Class

9. SHARE RIGHTS

All the shares (also herein referred to as securities)

of the company are of one kind and class and carry the normal dividend rights, in the event of declaration of such and also carry one vote per share, all shares rank equally with all others. The shares have no par value, a maximum selling price of 50¢ and will be issued as fully paid and non-assessable. There have been no dividends or other distributions paid by the company since its incorporation.

#### 10. PROPERTY AND ACQUISITION

As the company is in the business of exploration and development of mineral properties in the Province of British Columbia, the company obtained and presently holds located mineral claims known as the Mraz Silver Group, the Rap, Tap, Cap and Moll claims and other located and crown granted mineral claims as known as the Mollycot group. The latter two groups of claims are considered in reports of Allen Geological Engineering Ltd. dated July 27th, 1967 and May 30th, 1967 respectively, which reports are attached hereto and form an integral part of this Prospectus. For the purposes of this Prospectus each of the three groups of claims will be dealt with separately.

(a) Mraz Silver Group - These claims were purchased for \$13,500.00 from Norman and Ronald Mraz of R.R. #1, Summerland, B.C. Messrs. Mraz performed some stripping on the property prior to the company's acquisition but no other history is known. The claims lie approximately 3 miles west of Olalla, in the Osoyoos Mining Division of British Columbia, and access is by secondary road from Highway #3 approximately 100 yards south of Olalla. The 16 located mineral claims and 2 crown granted mineral claims known as the Mraz Silver Group of which

the company is the holder, are described as follows:

C.G. Star of Hope	L.2671	Star # 1	15794
C.G. Eclipse	L.2670	Star # 2	15795
Star # 7	Record # 15787	Star # 3	15796
Star # 8	15788	Star # 5	15797
Star # 9	15789	Star # 6	15798
Star #10	15790	Star #14	15799
Star #13	15791	Star #16	15800
Star #17	15792	Star #19 Fr.	15801
Star #18	15793	Star #20 Fr.	15802

(b) Rap, Tap, Cap and Moll Group - The original vendors of this property were William G. Raptis of 314 Main Street and Herman Heyer of 1129 Penticton Avenue, both of Penticton, B.C. William G. Raptis is presently a director of the company as well as Charles Fix Sr., Harry Williams, Frank R. Haar and Don A. Donaghan, all of who participated in the vendors shares allotted for these claims. The claims are contiguous to the Mollycot Group and to the west. The persons and companies with a greater than 5% interest in the vendors shares are:

Frank R. Haar	Granville Road, Summerland, B.C.	87,500 shares
William G. Raptis	314 Main St., Penticton, B.C.	75,000 shares
Mollycot Mines Ltd. (N.P.L.)	470 Granville Street Vancouver, B.C.	100,000 shares
Shane Chambers	2366 W. 18 Ave. Vancouver, B.C.	56,250 shares
Edward A. Little	6203 Kirkland St. Vancouver, B.C.	56,250 shares
Charles Fix Sr.	1442 Montreal St. Penticton, B.C.	30,000 shares
Harry L. Williams	387 Park Ave. Kelowna, B.C.	30,000 shares
Herman Heyer	1129 Penticton Ave. Penticton, B.C.	50,000 shares
Norman Mraz	R.R. #1, Summerland, B.C.	30,000 shares
Don A. Donaghan	1609 Harwood St. Vancouver, B.C.	35,000 shares

(c) Mollycot Group - This property is held under option agreement dated April 15th 1967 and subsequently amended September 8th 1967 between Mollycot Mines Ltd. (N.P.L.) of 801 - 470 Granville Street, Vancouver, B.C. to the company. Under the agreement payments are to be made in the total sum of \$300,000.00 payable as follows:

April 15, 1967	\$ 5,000.00
May 15, 1967 to September 1, 1967	15,000.00
August 20, 1967	25,000.00
September 8, 1967	25,000.00
March 28, 1968	40,000.00
April 15, 1968	25,000.00
July 15, 1968	25,000.00
November 15, 1968	25,000.00
March 15, 1969	25,000.00
July 15, 1969	25,000.00
November 15, 1969	25,000.00
March 15, 1970	25,000.00
July 15, 1970	15,000.00

All payments have been made up to and including September 8th, 1967. The agreement also provides for certain payments to Mollycot Mines Ltd. (N.P.L.) for the use of the mill on the property but these payments are relatively nominal as it is intended to use the present mill as a pilot mill and for bulk sampling purposes only. The agreement further provides that Mollycot Mines Ltd. (N.P.L.) shall retain a 10% interest in the property which interest may be liquidated by a payment by the company of \$250,000.00.

The sum of three hundred thousand (\$300,000.00) dollars above mentioned represents \$235,000.00 for the purchase of the claims and \$65,000.00 for the purchase of the equipment and assets located on the property. Apart from the buildings, storage sheds and concentrater the equipment consists of several electric motors and pumps, three drills, three one ton ore cars, a 10 x 20 Pacific Jaw Crusher, a 4 x 4 Union Iron Works Ball Mill, a 15 foot by 30 inch classifier and numerous other items used for the extraction and reduction of ore into saleable concentrates. The mill has a capacity of approximately thirty tons per day and was constructed by the previous owners and improved by the present management. It was mainly constructed in 1958 and the majority of the equipment is ten years old or newer.



The Mollycot Group of Claims lie approximately one mile west of Olalla in the Osoyoos Mining Division of British Columbia; access is by secondary road from Highway #3 approximately 100 yards south of Olalla.

11. PROPERTY DEVELOPMENT, EXPLORATION & APPROPRIATION OF FUNDS

To date the Company has authorized some stripping and trenching on the Mraz Silver Group which work exposed some silver mineralization but at this time no examination has been made by a qualified geologist. The only work done on the Rap, Tap, Cap, and Moll Group of Claims has been preliminary prospecting. From the Mollycot group ore has been processed from the main workings and copper concentrates are stock-piled at the mill site. Mollycot molybdenum concentrates have also been stock-piled at the mill site but require further removal of impurities before they would have any commercial value. The value of stock-piled concentrates has not been determined. In addition the company is currently drifting an adit 275 feet below the main workings and mill-site and although mineralization has been encountered the results have not yet been assessed by qualified personnel. The workings, both underground and surface, are described in the May 30th, 1967 report of Allen Geological Engineering Ltd.

In order to conduct a further exploratory search for ore in connection with the company's mineral claims and as no options have been granted or are to be given and no underwriting agreements have been or are to be entered into by the company, the company offers by this Prospectus, 200,000 of its treasury shares at a price of 90¢ per share subject to the payment or allowance of commissions not to exceed 22½¢ per share, to net the treasury \$135,000.00. The securities offered

by this Prospectus are to be distributed by the company.

Particulars of the company's plans for future exploration and development are to carry out the recommendations of Alfred R. Allen, P. Eng. of Allen Geological Engineering Ltd., as set forth in his letter of January 5th 1968, his reports dated May 30th and July 27th 1967 and such other work that may be recommended in the course thereof. The company proposes to expend proceeds of the sale of shares offered by this Prospectus as follows:

	<u>Est. Cost</u>
Have a chain and transit survey made of the Mollycot workings and surrounding area, and make a plan map with contours sketched at 20 foot intervals	\$ 2,500.00
Advance the new number 4 adit tunnel southwesterly	10,000.00
Drift northwest and southeast on the mineralized zone encountered in the adit between 574 and 604 feet from the portal	17,500.00
Cut a diamond drill station about 200 feet from the present face of the lower adit tunnel and drill two holes to intersect the mineralized zone 125 and 250 feet below the level. If satisfactory mineralization is encountered fan holes to the right and left to intersect the zone one hundred feet to the right and left of each of the first two holes are proposed.	25,000.00
Prospect the Rap, Tap, Cap, and Moll claims and make a preliminary geological survey of the entire property.	10,000.00
Office, legal, accounting and overhead	15,000.00
Contingencies fund	15,000.00
Provision for property payment	40,000.00
	<hr/>
	\$135,000.00
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Should the proceeds of this issue be insufficient to accomplish the foregoing purposes it is anticipated that the deficiency will be met by subsequent issues of share capital.

An agreement dated the 18th day of August, 1967 was entered into with Kerex Mines Ltd. (N.P.L.) of 407 - 475 Howe Street, Vancouver, B.C. This agreement provided that for the sum of \$25,000.00 Kerex acquired 250,000 shares of the capital stock of the company and 25% of the company's interest in the Mollycot group. This interest may be increased to 50% by Kerex Mines Ltd. (N.P.L.) advancing further funds for development on a proportional basis with the company. Although there may be sums advanced to the company to increase Kerex's interest in the Mollycot group, as these sums are only payable at the option of Kerex, such amounts cannot be determined at this time

12. PURCHASER'S STATUTORY RIGHTS OF RESCISSION

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.

13. MATERIAL CONTRACTS AND FACTS

The particulars of every material contract, and more particularly the contract between Mollycot Mines Ltd. (N.P.L.) and Stellar Metals Ltd. (N.P.L.) as set out in paragraph eleven herein, and the agreement between the company and Kerex Mines Ltd. (N.P.L.), as also set out in paragraph eleven herein, may be inspected during the primary distribution of the securities being offered at any time between the hours of 10:00 o'clock A.M. and 3:00 o'clock P.M. at the office of Stellar Metals Ltd. (N.P.L.) on normal business days, at 520 - 475 Howe Street, Vancouver, British Columbia, which said address is also the address for service of the company.

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

14. CERTIFICATE

The foregoing constitutes a full 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 the City of Vancouver, in the Province of British Columbia, on the 15th day of February, A.D. 1968.

"D. A. Donaghan"  
DON. A. DONAGHAN      DIRECTOR

"F. R. Haar"  
FRANK R. HAAR      DIRECTOR

"William G. Raptis"  
WILLIAM G. RAPTIS      DIRECTOR

"H. L. Williams"  
HARRY L. WILLIAMS      DIRECTOR

"Charles Fix"  
CHARLES FIX SR.      DIRECTOR

REPORT ON THE HOLDINGS OF  
STELLAR METALS LTD. (N.P.L.)  
OSOYOOS MINING DIVISION  
BRITISH COLUMBIA

by

ALLEN GEOLOGICAL ENGINEERING LTD.  
1115 - 409 Granville Street  
Vancouver, B.C.

July 27, 1967

A. INTRODUCTION

This report is based on an examination of known surface showings on the Rap, Tap, Cap and Moll claims of Stellar Metals Ltd., by R. L. Roscoe, P. Eng., on May 17, 18, and 19, 1967.

Previously, Stellar Metals' Mollycot Property had been examined by Alfred R. Allen, P. Eng., and R. L. Roscoe, P. Eng. A report on the Mollycot was submitted by A. R. Allen, P. Eng. on May 30, 1967.

B. LOCATION AND ACCESSIBILITY

The Rap, Tap, Cap and Moll group of claims adjoins the Mollycot property to the north and west. It extends three miles up the valley of the west branch of Olalla Creek to an elevation of over 6,000 feet above sea level; and up the valley of Olalla Creek about 1-3/4 miles above its junction with the west branch. Gravelled jeep roads lead part way up both valleys from Olalla on Highway #3. This is 230 miles by paved highway from Vancouver and 340 miles from Tacoma. Latitude 49 - 30° north and longitude 119 - 53° west pass through the property.

C. HISTORY

Previous work done on the Rap, Tap, Cap and Moll claims consisted of a tunnel, raise and open cuts on a manganese showing

on Tap #2 claim. This is 1,000 feet above the west branch of Olalla Creek. The work was carried out sporadically over the past fifty years by a succession of owners. The showings are known as the Iron King and were described in the 1949 B.C. Minister of Mines Report.

D. PROPERTY

The Stellar Metals holdings consist of the eleven Mollycot claims, previously described in A. R. Allen's May 30th Report, plus the following:

Rap #1 to Rap 20 inclusive	20	Claims
Tap #1 to Tap #4	4	"
Cap #21 to Cap #40	20	"
Moll #1, #3, & #5	3	"
Moll #2, #4, & #6 Fractions	3	"
		<hr/>
		50 Claims
		<hr/>

E. GEOLOGY

The Rap, Tap, Cap and Moll group is underlain largely by dark blue-grey chert of the Triassic of Permian Shoemaker formation. On Rap #19 & #20 claims, the Shoemaker formation is intruded by post-Triassic diorite. On Cap #29 to Cap #40 inclusive, Tap #1, Tap #2, Cap #21 and Cap #23 the Shoemaker formation is overlain conformably by volcanic rocks of the Triassic Old Tom formation. Post-Triassic diorite intrudes the Old Tom formation on the Cap #32 claim. The manganese showing on Tap #2 is about one claim length to the east of the diorite-Old Tom Contact.

F. PREVIOUS WORK

The only known previous work done on this claim group was carried out over many years, by several owners, on the Iron King

manganese showing; the 1949 British Columbia Minister of Mines Report describes this showing as:

"Rhodonite veins in red chert, merging laterally into zones of hard, black, siliceous manganese ore, containing small, irregular masses of rhodonite and chert."

The red chert zone is about 30 feet wide and extends several hundred feet up the hillside. Zones containing manganese in any quantity range from 12 inches to 10 feet in width. Representative assays as listed in the above mentioned 1949 Report were:

<u>PLACE</u>	<u>WIDTH</u>	<u>% Mn.</u>	<u>% Si.</u>
No. 1 Cut	2'-2"	16.8	53.5
No. 1 Cut	5'-0"	13.8	57.4
No. 2 Cut (50' N.)	1'-7"	34.2	21.4
No. 3 Cut (30' N.W.)	1'-11"	48.3	15.3
No. 5 Cut (190' N.W.)	5'-0"	18.5	55.3
No. 7 Cut (45' N.W.)	6'-4"	7.1	68.0
No. 7 Cut (45' N.W.)	5'-0"	18.5	55.5

#### G. UNDERGROUND WORKINGS

A tunnel was driven into the lower part of the manganese showing in 1956 by Mr. Geminder. At the time of the writer's visit the adit was caved so badly that entry was impossible, so no examination was carried out on the underground workings. A current of cool air was blowing from the caved adit, indicating the existence of a raise and/or another opening. A search of the cuts on the hillside above the adit failed to reveal the second opening.

#### H. DIAMOND DRILLING

Diamond drill set-ups were found in the vicinity of the manganese showings and some drill core was seen near the adit. Most of the core examined was dark-grey to red chert, some of the latter contained small veinlets of rhodonite.



I. MOLL SHOWINGS

An area about 100 feet wide by 200 feet long of grey chert, lightly mineralized with pyrite was examined by the writer on the Moll #2 and #4 claims. Diorite outcrops further up the hill, indicating the pyritized area is probably a contact zone. This is, however, about fifteen hundred feet west of the previously mapped contact between the diorite and Shoemaker formation.

J. SUMMARY AND CONCLUSIONS

The claim group has not been prospected to any great extent. A manganese showing has been sporadically explored, but it is doubtful if it is of commercial quality at present manganese market prices and conditions. Some further work could be done to determine the extent and grade of the manganese showings, should manganese prices warrant this in the near future. With the limited prospecting done on this group, no conclusions can yet be made on its potential value.

K. RECOMMENDATIONS

Because of the known copper, molybdenum and gold mineralization in this area, and because of the favourable geological conditions within the boundaries of the claim group, it is recommended that more detailed prospecting be done. Should prospecting result in discovery of additional mineralized areas, soil sampling and/or magnetometer surveys should then be used to outline possible anomalous areas for more detailed exploration. Particular emphasis should be placed on prospecting near the contacts between the intrusive diorite and the volcanic and sedimentary formations.

Respectfully submitted,

July 27, 1967

"Robert L. Roscoe" P. Eng.  
ROBERT L. ROSCOE

REPORT ON  
THE MOLLYCOT PROPERTY  
OSOYOOS MINING DIVISION

B.C.

for

STELLAR METALS LTD. (N.P.L.)  
215 - 543 Granville Street  
Vancouver, B. C.

by

ALLEN GEOLOGICAL ENGINEERING LTD.  
United Kingdom Building  
Vancouver, B. C.

May 30, 1967

A. INTRODUCTION

The property was examined by Allen Geological Engineering Ltd. on behalf of Stellar Metals Ltd., on four occasions this year. Alfred R. Allen, P. Eng., examined the underground workings February 1st, and followed up with a detailed examination and survey of the workings and an examination of surface showings on April 25th. Robert Roscoe, P. Eng., on May 3rd and 4th, examined the surface and underground, completed the sampling of the main adit tunnel and conducted preliminary magnetometer investigation over a portion of the property in the vicinity of the main workings. Finally, from May 17th to 19th, Robert Roscoe examined all known surface mineralized zones that had previously been snow-covered.

Considerable data has been acquired from the maps and reports of the British Columbia Department of Mines and the Geological Survey of Canada.

The purpose of this report is to present a compilation of all available data and an appraisal of the potential of the Mollycot Property.

## B. LOCATION AND ACCESSIBILITY

The property is located in south-central British Columbia, one mile west of the small settlement of Olalla, which via Highway #3 is 4 miles north of Keremeos and 25 miles southwest of Penticton. This is 230 miles via main highway from Vancouver, and 340 miles from the Tacoma smelter.

From the highway at Olalla, a one and one-half mile secondary road leads to the main tunnel portal, 1000 feet above the town at an elevation of 2,700 feet above sea level.

Latitude 49° - 16' North and Longitude 119° - 52' West pass through the property.

## C. HISTORY

At the turn of the century, considerable handwork had been done by different groups on adjoining claims which now make up the Mollycot Property. The Copper King was then owned by Stevens & Buchan, and the present Mollycot workings were known as the Golconda, owned by the McEachran brothers. On the Northwest, the Flower Group was owned by Messrs. Courtney, Shatford & Mangott.

Over the years, iron and copper mineral deposits were explored by surfact stripping and short tunnels and shafts on the Copper King. Two adit tunnels, one 125 feet above the other, were driven on the Golconda.

In 1957, a mill with rated capacity of 45 tons per day was constructed on the Golconda by W. W. Geminder, who headed Olalla Mines Ltd., and attempts were made to separate, by selective flotation, the chalcopyrite from the molybdenite. Previously, sample shipments had been made to Trail and Ottawa, and, on several occasions the lower tunnel and stopes were sampled in detail by staff members of the B.C. Department of Mines, the Geological Survey of Canada and independent Consulting Engineers. These

are detailed elsewhere in this report.

Recently, under the ownership and management of Mr. M. Tandler, attorney, of Los Angeles, California, stoping has been carried out between the two main adit tunnels, and a newly designed pilot mill put into operation to conduct on-site tests regarding the feasibility of producing a copper concentrate and a marketable molybdenum concentrate.

Stellar Metals Ltd. acquired the property April 15th, 1967, by option agreement from M. Tandler and Associates.

#### D. PROPERTY

The Mollycot property is composed of the following mineral claims:

Copper King	Lot 3065	C.G.
Voight -	Record Number	6052
North Star Fraction -	" "	6053
Trout Fraction -	" "	6422
Alma #1 Fraction -	" "	8067
Alma #2 Fraction -	" "	8068
Alma #3 -	" "	8069
Alma #4 -	" "	8085
Alma #5 -	" "	8086
Alma #6 -	" "	8065
Alma #7 -	" "	8066

These claims are shown outlined in red on the claims map accompanying this report.

#### E. GEOLOGY

The area is underlain by Permian to Triassic sedimentary and volcanic rocks which have been intruded by diorite, quartz diorite and alkaline rocks in and around a body of pyroxenite; and over large areas there is a cover of late Eocene andesitic and basaltic rocks with associated tuffs and sediments.

The oldest formation is the Shoemaker, believed to be Triassic or Permian and characterized by being almost wholly composed of dark blue-grey chert, with minor argillite and silicified limestone bands. Overlying conformably is the Old

Tom formation, composed largely of andesitic and basaltic rocks, with diorite intrusives.

A body of Post-Triassic pyroxenite is exposed by the valleys of Keremeos and Olalla creeks. It is over 2 miles wide in an East-West direction, and about  $1\frac{1}{2}$  miles North-South. Within it, and on the Northwest contact, are dykes and irregular bodies of diorite and quartz diorite. On the South contact is a sizeable body of syenite. About  $2\frac{1}{2}$  miles West of Olalla and  $1\frac{1}{4}$  miles East, there are overlying Tertiary rocks, mostly andesite, shale, conglomerate, tuff and sandstone.

The area is generally synclinal, but complicated by close folding and some faulting, which results in broad alternating bands of Shoemaker sediments and Old Tom volcanics trending Northeasterly, and passing under an extensive cover of Tertiary volcanics.

Three types of mineralization have been encountered on the property; namely magnetite with chalcopyrite, chalcopyrite in limestone and skarn with quartz veins, and a strong Northwesterly trending 4 to 10 foot shear zone containing disseminations and lenses of chalcopyrite, molybdenite and pyrite. The last type is represented by the Mollycot deposit, presently under development, and this report is largely a description of same.

#### F. PREVIOUS WORK

A resume of information, pertaining to the character and grade of the mineralization exposed to date in the underground workings, is as follows:

- 1917: Sent to Mines Branch, Ottawa, 3,390 pounds containing 17.1%  $\text{MoS}_2$ , from which 691 pounds of molybdenite was recovered.
- 1918: Sent to Trail smelter, 10 tons of sorted ore assaying 18.6% copper, and 1.7 ounces of silver per ton.

- 1927: Sorted ore from the lower tunnel assayed:  
 a) gold, trace; silver, 1.0 oz./ton; copper, 7%; molybdenum, 1.0%.  
 b) gold, nil; silver, 2.0 oz./ton; copper, 14.1%; molybdenum, 0.4%.

1946: Five ore shoots were outlined by the lower tunnel:

Shoot Number	Length, Feet	Width, Inches	Dist. from N. W. end Feet	Sample Width Inches	Assay	
					% Cu	% Mo
1	45	30	20	16	0.19	1.27
			50	35	0.30	0.59
2	60	50	110	14	3.39	1.21
3	40	40	165	57	1.64	1.12
4	35	12	223	16	9.20	1.53
5	30	20	263	36	0.11	0.33
80 Tons taken from a current dump assayed					0.42	0.47
45 Tons taken from an old dump assayed					2.13	0.56

1946: A detailed examination of the lower tunnel was made by B. W. W. McDougall, Consulting Engineer, and his sample results of the tunnel and stopes, then completed, are shown on the assay plan accompanying this report.

1958: An examination by F. M. Vokes for the Geological Survey of Canada listed the following sample results:

- (a) Grab sample from chute leading from ore bin to primary crusher, 0.57% MoS<sub>2</sub>.
- (b) Grab sample of crushed and screened ore on floor of mill, 0.40% MoS<sub>2</sub>.
- (c) Grab sample of fine jigged ore on floor of mill, 0.32% MoS<sub>2</sub>.
- (d) Chip sample of 22" true width, vein zone in No. 1 level adit, 0.50% MoS<sub>2</sub>.
- (e) Chip sample of 4' true width, vein zone in No. 1 level adit, 1.52% MoS<sub>2</sub>.

#### G. UNDERGROUND WORKINGS

The Mollycot workings consist of three adit tunnels, driven into the Southeaster slopes of the Golconda Creek valley.

The lowest, or main level, is at an elevation of 2,668 feet (B. W. W. McDougall's figure). From the tunnel portal, a cross-cut was driven approximately 90 feet to a strong shear zone and continued some 200 feet beyond the shear. From the point of intersection a drift followed the shear zone, in barren material, approximately 100 feet in an Easterly direction, until it intersects and follows a second shear zone trending Northwest-Southeast. Mineralized vein material occupies this shear zone, in some four lenses. In 420 feet of this shear zone, the lenses total about 330 feet.

A second adit, at an elevation of 2,781 feet, was driven on a shear zone some 60 feet in a Southwesterly direction. Here the shearing bends sharply to the left, and, some 22 feet further along, intersects and follows a second Northwest-southeast trending shear zone, as in the level below - again as lenses within the shear zone. Total length of this level is 215 feet. Length of lenses is reported to be 130 feet. These two lower levels are connected by a raise, and some stoping has been done above the lowest level.

A third adit was driven, at an elevation of approximately 2,830 feet, for a total length of 170 feet. This level appears to have been driven in an Easterly direction and did not intersect the ore-bearing shear zone. A relatively short cross-cut, driven to the South, would probably intersect the shear zone.

Approximately 1,100 feet to the Southwest of the main adit tunnel described above, there is a very short adit tunnel on Golconda Creek, at an elevation of about 3,200 feet. 100 feet further downstream, at an elevation of 3,160 feet, a 30 foot adit tunnel has been driven in a Southeasterly direction. No definite shear zone was observed in either of these tunnels, but quartz fragments containing some pyrite, chalcopyrite and molybdenite were picked from the dump of the lower tunnel.

From this lower adit, on the creek, a trail leads along the hillside, in an Easterly direction, some 400 feet to a third adit tunnel, at an elevation of 3,100 feet. This tunnel was driven 35 feet South 75° East on a narrow shear zone dipping 45° to the North. No mineralization was recognized in the highly oxidized gouge material.

Some 700 feet South of this group of three adits, at an elevation of about 3500 feet on the ridge, a 30 foot shaft has been sunk on a magnetite showing. Dump material contained pieces of magnetite, with pyrite and minor chalcopyrite. 30 feet below the shaft a 20 foot tunnel was driven towards the bottom of the shaft. The tunnel face showed some magnetite and appeared to be close to intersecting the shaft.

#### H. LOWER ADIT TUNNEL AND STOPE SAMPLING

The main adit tunnel was sampled by B. W. W. McDougall, May 1946, for the length of the tunnel and in three short stopes or raises as follows:

The first 115 foot section, comprising 25 samples in the drift and 7 in a short raise to 20 feet above the tunnel back assayed 1.58% Cu and 0.81% MoS<sub>2</sub> across an average width of 2 feet.

The second shoot, 30 feet long, was raised on for 10 feet above the back. It averaged 4.03% Cu and 0.84% MoS<sub>2</sub> across 2½ feet.

The third shoot, 38 feet long, with a raise 25 feet above the back, assayed 1.88% Cu and 0.7% MoS<sub>2</sub> across an average width of 2 feet.

The fourth shoot, occupying a section of the tunnel completed after the above sampling was sampled in May 1967 by Allen Geological Engineering, in four locations in the drift and three locations in the stopes to 70 feet above the tunnel back. The shoot averaged 3.88% Cu and 1.46% MoS<sub>2</sub> across an average of 3 feet in the stopes,



and 1.52% Cu and 0.57% MoS<sub>2</sub> in the drift. Length of shoot is estimated at 150 feet.

Ore shoots in the lower adit tunnel total 333 feet. The width appears to average 2½ feet. The ore zone is known to extend to the second adit tunnel, for a slope distance of 125 feet. It is not known how far it extends down dip.

#### I. TRENCHING AND STRIPPING

Test pits and trenches are in evidence in numerous locations on the Mollycot property. With one exception, no mineralized areas are known to have been located by these. The exception is a strong quartz vein, located some 1,300 feet East of the magnetite showing previously described in Section G above, on the hill slope overlooking Olalla. The vein material has been exposed over a length of approximately 200 feet, strikes East-West and dips 50° to the South. Green copper stain appears abundantly along the exposure and some of the excavated material contains a considerable amount of chalcopyrite.

#### J. DIAMOND DRILLING

Several short angle holes were drilled by Friday Mines on surface showings, with inconclusive results. It is reported that narrow mineralized stringers were encountered in some drill holes.

A drill hole collared near the mill site is reported to have intersected the vein some distance below the present workings.

Detailed drilling results and drill logs have not as yet been available for examination.

#### K. MAGNETOMETER SURVEY

During the examination of the underground workings it was noticed that the shear zone footwall material contained considerable disseminated magnetite. As an experiment, it was decided to try

a preliminary magnetometer survey in the vicinity of the workings to determine whether the vein or its possible extension could be picked up as a magnetic anomaly.

Using a Sharpe MF-1 magnetometer, it quickly became apparent that the entire area in the vicinity of the workings was somewhat magnetically anomalous, possibly due to the presence of disseminated magnetite in the pyroxenite rock underlying this area.

Traverses with the magnetometer were made across the hillside above the workings. This work uncovered a line of magnetic highs which were roughly parallel to the workings but somewhat to the Southwest of these.

From the above results it would appear that a detailed magnetometer survey might be of use in uncovering further veins in this area.

#### L. SUMMARY AND CONCLUSIONS

The Mollycot property is ideally located in an area of favorable geology 25 miles southwest of Penticton, B.C.

Copper mineralization has been exposed by stripping and trenching, but insufficient work has been done to assess the potential of the zone. Nearby a deposit of magnetite carrying some chalcopyrite and molybdenite had a shaft and tunnel excavated on it in the early days. Also in the same general area there is a strong zone of shearing in which lenses of massive sulphides occur carrying copper and molybdenum values. Silver and gold occur to some degree in all three types of mineralization.

The copper-molybdenum deposit appears to be the most important on the property. This has had three adit tunnels driven on it and two 125 feet difference in elevation have shown up impressive mineralization. On the lowest tunnel, now under development, there is 330 feet of mineralized zone in a shear length of 450 feet. Near the face there is a swing in the shear signifying a change of attitude similar to that near the portal,

and on the upper tunnel, which may signify favorable strengthening of the zone to the Southeast. The zone is strong and well mineralized in the lowest tunnel signifying good possibilities of extension to depth, and the topography is such that several more adit tunnels could be directed along the zone if diamond drilling results indicated such are warranted.

It is concluded that the Mollycot property is a first class prospect and extensive exploration and development programmes are warranted to ascertain if sufficient copper-molybdenum mineralization can be proven up to justify at least a 100 to 200-tons per day operation.

#### M. RECOMMENDATIONS

It is herewith recommended that the following exploratory work be carried out on the Mollycot property.

	<u>Estimated Costs</u>
1. Geological Survey and magnetometer survey	\$ 4,000.00
2. Diamond drilling, surface	20,000.00
3. Diamond drilling, underground	10,000.00
4. Extend the lower adit southeasterly	15,000.00
5. Establish three new adits at 125-foot spacing below the lowest tunnel	120,000.00
6. Connect the levels by raises	25,000.00
7. Supervision and overhead	20,000.00
8. Contingencies	36,000.00
	<hr/>
	\$250,000.00
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The work, if started by mid-June should be completed by the end of 1967.

Respectfully submitted

per \_\_\_\_\_ P. Eng.  
Allen Geological Engineering Ltd.

#### R E F E R E N C E S

Voker, F. M.	G.S.C. Economic Report No. 20, 1963
Minister of Mines Of B.C.	Annual Reports
Cairnes, C. E.	G.S.C. Paper 37-21
Gwillim, J. C.	G.S.C. Munitions Resources Comm.
Schneider, U. B.	G.S.C. Mineral Report No. 6, 1963

AUDITORS' REPORT

To the Directors,  
Stellar Metals Ltd. (N.P.L.)

We have examined the Balance Sheet of Stellar Metals Ltd. (N.P.L.) as of January 31, 1968 and the Statements of Exploration, Development and Administrative Expenses and Source and Application of Funds from incorporation on June 17, 1966 to January 31, 1968. 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 January 31, 1968 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.  
February 17, 1968

STELLAR METALS LTD. (N.P.L.)

BALANCE SHEET

AS AT JANUARY 31, 1968

ASSETS

<u>Mining Properties - at cost</u>		
Mining Claims in the Osoyoos Mining Division acquired for cash	\$ 13,500.00	
Mining Claims in the Osoyoos Mining Division acquired for 550,000 Shares issued at 10¢ per share (Note 2)	<u>55,000.00</u>	\$ 68,500.00
Option to Purchase Mining Property and Mill (Note 1)		<u>70,000.00</u>
<u>Fixed - at cost</u>		
Machinery and Equipment	3,280.00	
Automotive Equipment	<u>2,500.00</u>	5,780.00
<u>Deferred Charges</u>		
Incorporation and Organization Expense	3,000.00	
Exploration, Development and Administrative Expenses	<u>63,572.46</u>	<u>66,572.46</u>
		<u>\$ 210,852.46</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

<u>Current Liabilities</u>		
Accounts Payable		13,133.96
<u>Shareholders' Equity</u>		
Capital Stock (Note 2)		
Authorized: 3,000,000 Shares, no par value		
Issued:		
987,585 Shares for Cash	142,718.50	
550,000 Shares for Properties	<u>55,000.00</u>	<u>197,718.50</u>
		<u>\$ 210,852.46</u>

APPROVED ON BEHALF OF THE BOARD:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

This is the Balance Sheet Referred to  
in our Report dated February 17, 1968

"Liverant, Yip & Co."

LIVERANT, YIP & CO.  
CHARTERED ACCOUNTANTS

STELLAR METALS LTD. (N.P.L.)

STATEMENT OF EXPLORATION, DEVELOPMENT AND  
ADMINISTRATIVE EXPENSES

FOR THE PERIOD FROM JUNE 17, 1966 (Date of Incorporation)  
TO JANUARY 31, 1968

Exploration and Development:		
Assaying	\$	1,150.15
Consulting and Engineering		7,158.43
Drilling Supplies and Expense		491.31
Equipment Maintenance and Operation		1,352.72
Equipment Rental		8,642.13
Insurance		1,350.00
License and Filing Fees		906.00
Prospecting and Surveying		2,835.00
Rails and Ties		650.00
Stripping and Trenching		3,230.00
Transportation and Travel		8,059.21
Vehicle Maintenance and Operation		1,945.87
Wages and Wage Assessments		13,263.05
Paid to Mollycot Mines Ltd. on account of exploration and development work		<u>32,000.00</u> \$ 83,033.87
Administrative:		
Legal		1,500.00
Bookkeeping, Secretarial and Administrative Services		15,882.80
Telephone and Telegrams		2,311.05
Transfer Fees		125.00
Advertising and Sundry		<u>1,219.74</u> <u>21,038.59</u>
		104,072.46
<u>Deduct:</u>		
Amount received from Kerex Mines Ltd. (N.P.L.) on joint exploration project		<u>40,500.00</u>
Total Exploration, Development and Administrative Expenditures - To Balance Sheet	\$	<u><u>63,572.46</u></u>

STELLAR METALS LTD. (N.P.L.)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE PERIOD FROM JUNE 17, 1966 (Date of Incorporation)  
TO JANUARY 31, 1968

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Source of Funds

Proceeds on Sale of Shares \$ 142,718.50

Application of Funds

Exploration, Development and Administrative Expenses	\$ 63,572.46	
Incorporation and Organization Expense	3,000.00	
Payments on Option to Purchase Mining Property and Mill	70,000.00	
Purchase of Fixed Assets	5,780.00	
Purchase of Mining Properties	<u>13,500.00</u>	<u>155,852.46</u>

Decrease in Working Capital \$ 13,133.96

Working Capital - Beginning of Period nil

Working Capital (Deficiency) -  
January 31, 1968 (13,133.96)

Decrease in Working Capital \$ (13,133.96)

STELLAR METALS LTD. (N.P.L.)

NOTES TO FINANCIAL STATEMENTS

AS AT JANUARY 31, 1968

1. Under an agreement dated April 15, 1967 and subsequently amended September 8, 1967, the Company acquired options to purchase mining claims in the Osoyoos Mining Division and equipment for the sum of \$300,000.00. This sum represents \$235,000.00 for the purchase of the claims and \$65,000.00 for the purchase of equipment. To date \$70,000.00 has been paid. Balance of payments are as follows: \$40,000.00 on February 21, 1968, \$25,000.00 at four month intervals until the balance is paid in full. In addition, royalty of 10% of net smelter returns will be payable.
2. The number of vendor shares was reduced from 750,000 to 550,000 shares by the surrender of 200,000 shares by way of gift to the Company. These shares are held in escrow, subject to the order of the Superintendent of Brokers of the Province of British Columbia.
3. The Company entered into an agreement dated August 18, 1967 with Kerex Mines Ltd. (N.P.L.) whereby for the sum of \$24,000.00 Kerex Mines Ltd. (N.P.L.) acquired 250,000 shares of the Company and 25% of the Company's interest in the claims referred to in note 1. This interest may be increased to 50% by Kerex advancing funds for exploration and development on a proportional basis with the Company. The additional funds are payable at the option of Kerex.