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*sub of Malabar*

MAJOREM MINERALS LTD.  
(Incorporated under the laws of  
the Province of British Columbia)

*Kold's Ventures West*

Private Placement Circular

\$1,500,000

Issue of 60 units of \$25,000  
Each unit consisting of 31,250  
common shares of Majorem Minerals  
Ltd., warrants to purchase  
10,416 common shares of  
Majorem Minerals Ltd.,  
and a gold certificate for  
75 oz. of refined gold

*1 for 3*

Confidential

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to the public

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## INTRODUCTION

### Objective

Exploration activities by a number of companies in the Queen Charlotte Islands B.C. over the past few years have indicated the existence of regional and local geological and geochemical settings favourable for the occurrence of bonanza gold-silver lode type deposits. This class of deposit elsewhere in western North America has typically yielded several million tons of ore grading up to 1.0 oz. Au/ton.

Majorem Minerals Ltd. has acquired 23 properties covering 1463 claim units in the Queen Charlottes from Ventures West Minerals Ltd. which has spent over \$700,000 doing extensive field work and studies to identify attractive targets. The objective of the program to be funded by the offering described in this Circular is to refine and drill certain of these targets and to evaluate others.

The class of deposit sought is economic at current gold prices. With many analysts anticipating a stronger gold market late in 1982 and into 1983 purchasers should in addition to benefitting from income tax sheltering, have the potential for significant capital appreciation.

### Proposed Financing

Majorem is offering to exempted and sophisticated investors a maximum of 60 units at \$25,000 per unit. For each unit subscribed for, and paid for in full, Majorem will issue 31,250 common shares (80¢ per share), warrants to purchase an additional 10,416 common shares at 80¢ per share and a gold certificate for 75 oz. of refined gold from the first of Majorem's present Queen Charlotte Island properties brought into production. The minimum number of units sold will be 10.

Subscriptions for units will be made in two instalments, the first amounting to \$13,000 on subscription, and the second amounting to \$12,000 on March 15, 1983. The second instalment will be evidenced by a promissory note executed by the subscriber.

Shares to be issued, per unit, under this financing will be as follows:

	<u>1982</u>	<u>1983</u>	<u>Total</u>
Free shares issued for expenses etc. of this issue and tradable on the Vancouver Stock Exchange	3,125	-	3,125
Lettered stock issued for exploration expenditures and tradable 12 months from the date of the initial subscription	<u>13,125</u>	<u>15,000</u>	<u>28,125</u>
	<u>16,250</u>	<u>15,000</u>	<u>31,250</u>

Warrants to purchase additional "flow-through" shares will be issued pro-rata on the basis of one warrant for each three shares purchased. These warrants will be exercisable for one share at \$0.80 per share for a period of 12 months from the dates of payment of subscriptions, i.e. August 1, 1983 and March 15, 1984. Normal anti-dilution provisions will be provided.

Gold certificates will be issued only when the second instalment is paid in full. Each certificate will be registered and will entitle the holder to 75 oz. of refined gold from the first of Majorem's present Queen Charlotte Island properties to be brought into production. Such entitlement will be a first charge against production after the recovery of all preproduction, capital, equipment, financing and operating costs.

Subscriptions for units, apart from \$2,500 per unit for issue expenses etc., will be held in trust for investors with funds advanced to Majorem against commitments for ongoing exploration on gold prospects in the Queen Charlotte Islands. Funds paid upon the exercise of warrants will be similarly held.

These exploration expenditures (approximately 90% of the total proceeds of the issue) will qualify as Canadian Exploration Expenses which will be flowed through to unit holders. For a more detailed discussion of the income tax aspects of this offering, investors should study carefully the section of this Circular headed "Canadian Income Tax Consequences" and consult their own tax advisors in the context of their individual tax circumstances. Detailed calculations under this section indicate that an investor breaks even, on an after-tax basis, by selling his original holding of 31,250 shares at a price of \$0.40 per share, if he

is able to utilize earned depletion; and at a price of \$0.56 per share if he cannot utilize earned depletion.

The share purchase warrants will be exercisable for "flow-through" shares since Majorem undertakes to use all funds raised through such share issues only for Canadian Exploration Expenditures. It should be noted that a break-even similar to the above applies to shares acquired through the exercise of warrants.

Shares issued for exploration expenditures will be issued monthly as funds are advanced to Majorem by the trust company. Such shares must be held by an investor for a period of 12 months from the date of the initial subscription. Thereafter, an investor may dispose of up to 25,000 shares in any one month through the facilities of the Vancouver Stock Exchange by giving seven days notice to the Exchange.

#### Share Capital

Shares, as issued, will rank equally with all other common shares of Majorem Minerals Ltd.

Assuming placement of the maximum number of units, the issued and outstanding shares will be held as follows:

Ventures West Minerals Ltd.	3,012,500	(57.1%)
Current minority shareholders	388,876	(7.4%)
Purchasers of units (this issue)	<u>1,875,000</u>	<u>(35.5%)</u>
	<u>5,276,376</u>	<u>(100.0%)</u>

Assuming the exercise of all warrants to purchase common shares, the issued and outstanding shares will be as follows:

Ventures West Minerals Ltd.	3,012,500	(51.0%)
Current minority shareholders	388,876	(6.6%)
Purchasers of units (this issue)	<u>2,499,960</u>	<u>(42.4%)</u>
	<u>5,901,336</u>	<u>(100.0%)</u>

#### Use of Proceeds

Assuming the placement of the maximum number of units, gross proceeds will amount to \$1,500,000. Net proceeds after issuance expenses of approximately \$1,350,000 will be used to

fund ongoing exploration on specific properties in the Queen Charlotte Islands. Anticipated expenditures are itemized in the budget included in the project description section of this Circular. In summary, the proceeds of the issue will be spent as follows:

	(\$ 000's)
Geological mapping	181
Geochemical analysis and assaying	146
Geophysical surveying	65
Augering and trenching	215
Diamond drilling	650
Project management fee	93
Project budget	<u>1,350</u>
Issuance expenses	<u>150</u>
	<u><u>1,500</u></u>

All funds raised by this placement will be held in trust by Guaranty Trust Company of Canada against expenditure commitments by the Company.

Funds held in trust will generate interest income which may also be used to meet exploration expenditures. Such income, if so disbursed, will result in additional shares being issued to unit holders at a price of \$0.80 per share.

### Risk

The units hereby offered must be considered to be speculative due to the nature of the Company's business and its present stage of development.

HISTORY and BUSINESS of the COMPANY

Majorem Minerals Ltd. (the Company) was previously called Malabar Mines Ltd. Malabar was incorporated in British Columbia in 1974 and has traded on the Vancouver Stock Exchange since then. The name was recently changed due to a 4 for 1 consolidation of Malabar common shares.

Prior to the acquisition of the extensive claim holdings in the Queen Charlotte Islands from Ventures West Minerals Ltd., the Company was active in exploring for uranium, precious metal and massive sulphide deposits in British Columbia and in the northwestern United States.

The B.C. Provincial Government's 1979 declaration of a seven year moratorium on uranium exploration and development in British Columbia caused a shift to the U.S. where the program has been conducted under the Basin Joint Venture - 40% held by the Company and 60% held by a subsidiary of Ventures West Minerals. In total, expenditures on the Basin Project amounted to some \$400,000 by December 31, 1981. In essence the project has involved considerable research and investigation into the occurrence and extraction of uranium from young deposits. Results have indicated the technical feasibility of producing yellow-cake in an environmentally sound manner from relatively small operations at production cost levels very competitive with existing U.S. mines. Currently the Company intends to pursue the financing of a limited pilot project in which the economics and technical aspects of the process can be demonstrated and some cash flow generated. This would in time lead to a full-scale developmental program.

The Company has over the past three years acquired claim holdings in British Columbia and Oregon in the search for massive sulphide prospects. At this point in time due to financial constraints it is Majorem's intention to option these prospects to major firms who will be able to explore more aggressively.

In summary Majorem Minerals Ltd. has expertise and excellent exposure in three distinct areas of mineral exploration and development:

- 1) Extensive claim holdings and many targets for lode-type high grade gold deposits in the Queen Charlotte Islands, B.C.
- 2) Exploration and processing techniques that could lead to the production of very low cost uranium in the U.S.A.
- 3) Kuroko-type base and precious metals massive sulphide targets in B.C. and the northwestern U.S.A.

HISTORY and BUSINESS of VENTURES WEST MINERALS LTD.

Ventures West Minerals Ltd., incorporated in 1979 as a private British Columbia corporation, will own 57.1% of the issued and outstanding share capital of Majorem Minerals Ltd., if the proposed issue is fully subscribed, and will manage the Company. If all share purchase warrants are exercised Ventures West Minerals will hold a 51.0% interest in Majorem.

With a small, capable management team Ventures West Minerals has demonstrated its ability to compete most successfully with the larger firms in mineral exploration.

Since inception, the principal objectives of Ventures West Minerals have been to acquire and to develop outstanding exploration targets with significant potential for both short and long-term cash flow. The Company is generating this asset base by utilizing experienced, innovative and motivated individuals who utilize recent advances in geological theories and thinking; and by screening all projects according to a set of economic, geographic and operating criteria.

From incorporation in 1979 with assets of \$2.0 million, Ventures West Minerals had, by December 31, 1981, grown to an asset base valued at \$20.7 million with expenditures of \$4.1 million.

Ventures West Minerals has conceived, initiated and managed one other tax sheltered financing program. In 1980, the Company as General Partner of the Paystreak Exploration Program Limited Partnership raised a total of \$625,000 from Limited Partners and contributed a further \$208,000 of its own funds for a two-year exploration program for placer gold in northern B.C. and the Yukon. To December 31, 1981, unit holders had invested \$33,000 per unit and, assuming 50% tax brackets, will have obtained between \$21,000 and \$28,000 of actual tax savings per unit (depending on their ability to utilize earned depletion allowances against resource income) by the end of 1982.

Drilling and sampling in 1980 and 1981 resulted in the delineation of sufficient reserves to enable a production decision late last year on a 26-claim property on Quartz Creek near Dawson City in the Klondike. Working capital financing totalling \$1.0 million was negotiated with the Toronto-Dominion Bank, and \$1.7 million in credit was obtained from a heavy equipment supplier. Production of



12,000 oz. of placer gold, or 240 oz. per partnership unit, is anticipated from this year's mining of white channel gravels. Proven reserves are sufficient for two years of operations and probable reserves will extend the operation an additional three years.

While the Paystreak placer gold project will be Ventures West Mineral's initial source of production cash flow, hard rock exploration activities have also seen some significant developments over the past three years. The largest projects are summarized below:

The Jason silver-lead-zinc deposit which was discovered by Dr. C.L. Smith in the MacMillan Pass area of the Yukon in 1974 was farmed out to Pan Ocean Oil Ltd. in 1979. Pan Ocean has since spent approximately \$8.0 million to earn a 50% interest in this property. Since 1975 there has been a total of 25,400 metres drilled on the property with sufficient high grade lead-zinc-silver reserves now delineated to suggest commencement of an underground exploration program within one to two years. Ventures West Minerals controls 17% of this project.

Ventures West Minerals has acquired by option and by staking, control of a major land position in Mineral County, Nevada on which drilling in 1980 and 1981 resulted in the delineation of approximately five million tons of indicated gold-silver reserves grading .084 oz. Au/ton and 1.3 oz. Ag/ton on the Santa Fe deposit. This deposit is also open in one direction and at depth. Drilling and surface exploration have indicated several other attractive targets in the approximately 500 claim project area.

DIRECTORS, OFFICERS and MANAGEMENT

Management of Majorem Minerals Ltd. will be provided by Ventures West Minerals Ltd. and the Company will share the same directors and officers, namely:

<u>Name and Address</u>	<u>Office</u>	<u>Principal Occupation</u>
J. Haig deB Farris Vancouver	Chairman and Director	President of Ventures West Capital Ltd.
Victor F. Erickson Vancouver	President and Director	President of Ventures West Minerals Ltd.
Clyde L. Smith Vancouver	Vice-President and Director	Vice-President, Exploration of Ventures West Minerals Ltd.
Victor H. Bradley Vancouver	Secretary and Treasurer	Vice-President, Finance of Ventures West Minerals Ltd.
Michael J. Brown Vancouver	Director	Executive Vice- President of Ventures West Capital Ltd.

Ventures West Minerals is owned 80% by Ventures West Capital Ltd. of Vancouver, which is a private B.C. company which invests equity capital in oil and gas, minerals and high technology ventures in Canada and the U.S.A. The larger shareholders of Ventures West Capital include Hastings West Investments Ltd. of Vancouver, Bumper Development Corporation Ltd. of Calgary, The Bank of British Columbia, Sandy MacTaggart of Edmonton and management.

Vic Erickson, P. Eng., President, prior to joining Ventures West Minerals, had experience as a mining engineer in mineral processing operations and research and, subsequent to acquiring an M.B.A., gained considerable additional exposure to mineral economics and evaluation techniques as well as the exploration aspects of the industry. Erickson has been largely responsible for setting Ventures West Minerals' business plan and conducting the financial affairs of the Company, while providing an economic overview for exploration activities.

Dr. Clyde Smith, P. Eng., Vice-President, Exploration, has been involved with the Ventures West Group since 1974 and has repeatedly demonstrated his abilities to create or recognize large potential exploration targets. Smith was responsible for the discovery of the Jason property and the identification and acquisition of a similar prospect in Idaho. While the Santa Fe property in Nevada has been explored by several major mining firms, it was largely Smith's re-evaluation of the geology in 1979 and 1980 that led to the successes to date.

Vic Bradley, C.A., Vice-President, Finance, joined Ventures West Minerals in early 1981. With 18 years experience in the mining industry he is able to provide very valuable assistance in financial planning and administrative matters. Bradley has broad administrative experience together with an in-depth background in project evaluations and acquisitions, project financing, corporate accounting, financial planning and tax planning with Cominco Ltd. and McIntyre Mines Ltd.

Haig Farris, Chairman, practised law from 1964 to 1968 with the Vancouver firm of Farris & Co. He was co-founder of Brown, Farris & Jefferson Ltd. in 1968 which company was active in arranging corporate financings and providing assistance relating to capital markets and acquisitions to individuals and corporations. Farris was a co-founder in 1973 of Ventures West Capital Ltd. a leading venture capital company in western Canada, participating as an active investor in mineral, oil and gas and high technology companies.

Michael Brown, Director, was educated at the University of British Columbia and the University of Oxford (Rhodes Scholar for British Columbia in 1960). From 1962 to 1964 Brown lectured in the Faculty of Economics at the University of British Columbia. As a partner and director of Odlum, Brown & T.B. Read Ltd., Vancouver investment dealers, he was in securities analyses and research, underwriting and sales. Brown was also a co-founder of Brown, Farris & Jefferson in 1968 and Ventures West Capital in 1973.

#### J.M.T. Services Corporation

Field work, geochemical analyses and staking during the 1980 and 1981 seasons were conducted for Ventures West Minerals by J.M.T. Services Corp. of Vancouver. Resumes of the principals of J.M.T., who have a cumulative total of many years of exploration experience in the Charlottes, are as follows:

Jim Christie, Ph.D., geologist and co-founder of J.M.T. Services has 21 years experience in geology, mineral exploration and mining in western Canada and U.S.A. Christie's involvement in minerals on the Queen Charlotte Islands began in 1959 and has been focused on precious metals since 1974. Experience includes underground and surface gold exploration at Yellowknife N.W.T. and extensive regional exploration work throughout British Columbia, Alaska and the Aleutian Islands.

Gord Richards, M.A. Sc.P.Eng., geologist and co-founder of J.M.T. Services Corp. has 15 years experience in geology, mineral exploration and mining throughout western Canada, U.S.A. and the Yukon Territory. Richards has been heavily involved in gold exploration on the Queen Charlotte Islands since 1974 when he conducted several programmes for Quintana Minerals Corp. which included some of the early work on the "Cinola" deposit. He has diversified minerals experience in projects with Canada Tungsten, Cominco, Asarco, Atlas Explorations, Chevron Minerals and Placer Development.

Wayne Livingstone, M.Sc., geologist and co-founder of J.M.T. Services Corp. has 20 years of geological and mining exploration experience ranging from Newfoundland to Western Canada, and in several projects in the United States, including New Mexico, Washington and Alaska, in base and precious metal exploration and mine project evaluation.

SHARE CAPITAL and STATUS

The share capital of the Company, assuming the sale of the maximum number of units, will be as follows:

Authorized: 7,500,000 common shares with no par value

Issued:

	<u>Escrowed</u>	<u>Pooled</u>	<u>Lettered</u>	<u>Free</u>	<u>Total</u>
Ventures West Minerals Ltd.					
Original Holdings	75,000	25,000	-	187,500	287,500
Issued for properties:					
Basin Project	-	-	-	200,000	200,000
Caloko Project	-	-	-	25,000	25,000
Queen Charlotte Project	-	<u>1,500,000</u>	-	<u>1,000,000</u>	<u>2,500,000</u>
	<u>75,000</u>	<u>1,525,000</u>	-	<u>1,412,500</u>	<u>3,012,000</u>
Current minority shareholders	75,000	12,500	-	301,376	388,876
Purchasers of Units	<u>-</u>	<u>-</u>	<u>1,687,500</u>	<u>187,500</u>	<u>1,875,000</u>
	<u>150,000</u>	<u>1,537,500</u>	<u>1,687,500</u>	<u>1,901,376</u>	<u>5,276,376</u>

The above projection of shares issued does not include any shares which may be issued due to the expenditure upon exploration of interest income earned on trust funds.

The 1,500,000 pooled shares of Ventures West Minerals relating to the Queen Charlotte project will be released in three steps of 500,000 each; first upon Majorem raising \$1 million for work on the project; second upon \$500,000 having been spent on the properties; and third upon \$1 million having been spent on the properties.

The 1,687,500 lettered shares which are part of this circular must be held by purchasers for a period of 12 months from the date of the original subscription. Thereafter, disposals through the facilities of the Vancouver Stock Exchange may be made by an investor after seven days prior notice to the Exchange.

The remaining 187,500 which are also the subject of this circular will be issued for expenses and commissions of this offering and will be tradeable upon issue.

Each unit purchased under the terms of this issue will include warrants to purchase an additional 10,416 common shares at a price of \$0.80 per share. Such warrant will be issued pro-rata when the subscription instalments are paid. Such warrants will be detachable and will be exercisable until August 1, 1983 and March 15, 1984 respectively.

The gold certificate issued with each unit will be registered and will be detachable. Such certificate will be issued only when the second instalment is paid in full. Each certificate will entitle the registered holder thereof to 75 oz. of refined gold from the first of Majorem's Queen Charlotte Island properties (as described in this circular) brought into production. The 75 oz. of refined gold will be a first charge against production after the recovery of all preproduction, capital, equipment, financing and operating costs.

TRADING RANGE

The trading range of the shares of the Company on the Vancouver Stock Exchange (under the name Malabar Mines and multiplied by four to reflect the recent 4 for 1 share consolidation) would have been as follows:

	<u>High</u>	<u>Low</u>
1980	\$2.80	\$1.28
1981	2.80	0.60
1982 (to May 31)	0.80	0.48

RISK FACTORS

Mineral exploration and resource development in general entails a high degree of risk. Hence, investment in these units may be considered to be speculative due to the nature of the Company's business and the present stage of its development. The Company has not established an earnings record and has not paid any dividends.

While the Company has every hope that its properties will be capable of production of minerals in commercial quantities, no assurance can be given that any such properties have commercial potential.

In order to obtain the tax benefits described in this Circular, subscribers as a group using the Company as agent incur the Canadian exploration expenses. These expenditures will be incurred by the subscribers for the benefit of the Company solely in consideration for the issuance of common shares of the Company.

As itemized in the budgets set out on pages 24 and 25, all of the net proceeds of this issue will be spent on Canadian Exploration Expenditures during 1982 and 1983. While it is expected that the 1983 expenditures will receive the tax benefits disclosed in this circular, no assurance can be given that this will be so.

Every potential investor is urged to study carefully the section of this Circular headed "Canadian Income Tax Consequences" and to consult his own tax advisor in the context of his own individual tax circumstances.

## PROJECT DESCRIPTION

### Geological Target

The class of deposit which will be pursued by Majorem Minerals Ltd. in the Queen Charlotte Islands is the bonanza gold-silver lode type. This deposit type commonly consists of several million tons of ore which grade in the range of 0.15 to 1.0 oz. Au/ton.

As a result of geological studies initiated by Ventures West Minerals in western Nevada in 1979, it became apparent that many of the known gold-silver prospects in the Queen Charlotte Islands occur in geological settings similar to those of the bonanza gold-silver lode deposits of western Nevada. Several of the western Nevada bonanzas were among the most productive gold-silver deposits in the history of U.S. mining. For example, the Comstock Lode, Tonopah and Goldfield accounted for a total of 14.5 million ounces of gold and 375 million ounces of silver; the Comstock alone produced in excess of \$4.5 billion in gold and silver at today's prices.

The western Nevada bonanzas occur in volcanic centres of Tertiary age which are characterized by ring fracture zones several kilometres in diameter (Figure 1). The ring fractures express incipient collapse, or caldera, structures which formed as a result of forceful upward intrusion by underlying granitic bodies. Volcanic extrusions prior to granite emplacement built up strata of ash flows and lava flows of andesitic to rhyolitic composition. The volcanic centres developed in zones of major wrench faulting of the San Andreas type. These deep faults provided access for volcanic and granitic magma which rose from depth in the earth's crust. During the cooling of hot magma, large volumes of heated ground water were set into circulation through the overlying volcanic strata. These heated waters leached gold, silver, arsenic, mercury, antimony and other metals from the volcanic and underlying rocks and transported the metals in solution to higher levels; the wrench fault zones provided the most favoured channelways for these fluids. The cooling of upward flowing mineralizing waters gave rise to precipitation of the bonanza gold and silver deposits in individual faults in the wrench fault zones. The surrounding rocks through which the fluids passed became hydrothermally altered to clay and silica; altered rocks commonly contain unusually large amounts of arsenic, mercury, antimony, gold and silver. These concentrations of trace



AREAS OF  
HYDROTHERMALLY  
ALTERED VOLCANIC  
ROCKS

MAJOR  
WRENCH FAULT  
ZONE

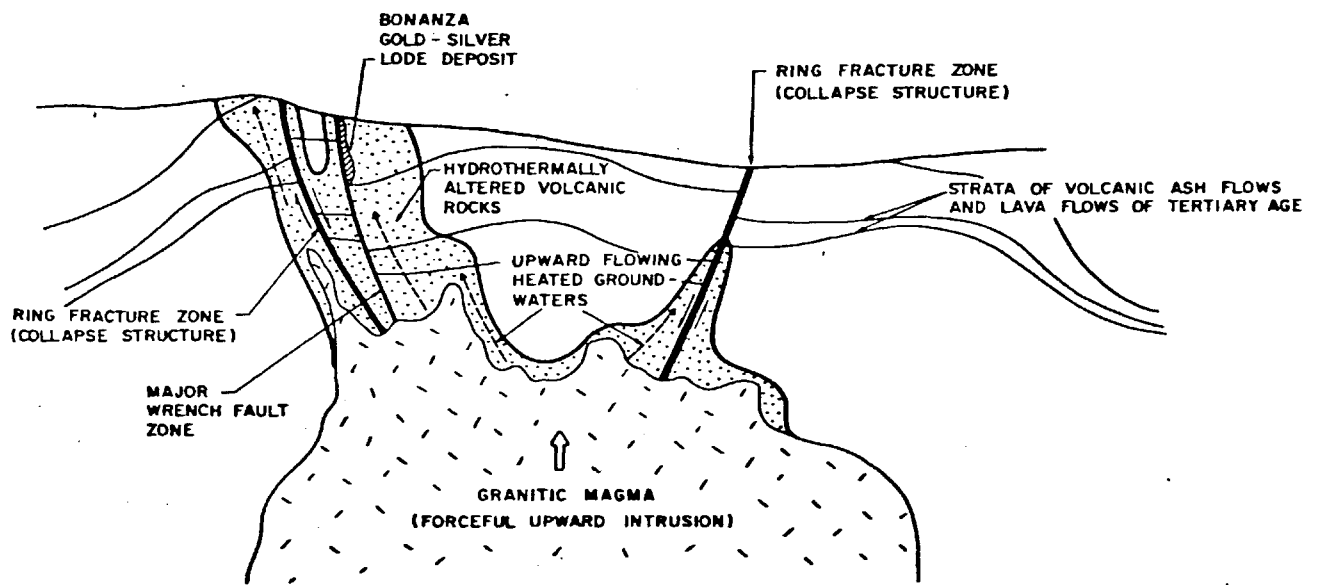
BONANZA  
GOLD - SILVER  
LODE DEPOSITS

RING FRACTURE ZONE

MAJOR  
WRENCH FAULT  
ZONE

0 1 2 3 4 5 km

MAP VIEW



CROSS - SECTION VIEW

Figure 1. Generalized geological map and cross-section views of typical bonanza gold-silver lode deposits, western Nevada (modelled after Comstock Lode).

metals produce geochemical anomalies in soils and stream silts in areas of mineralization.

In early 1980, after recognizing the geological similarities of certain mineralized areas of the Queen Charlotte Islands with the bonanza districts of western Nevada, Ventures West Minerals entered into an agreement with J.M.T. Services Corp. of Vancouver, whose members have a cumulative total of many years of exploration experience in the Charlottes, and a reconnaissance exploration program was initiated. J.M.T. Services had been particularly successful during 1977-79 when they discovered several prospects for Chevron Canada Ltd. and for Placer Development Ltd. - the most important of which was Placer Development's April prospect on Lyell Island.

Investigations have clearly shown that the principal known gold prospects in the Charlottes (in particular, the Specogna, held by Consolidated Cinola Mines Ltd., and the April) occur in Tertiary volcanic rocks in apparent volcanic centres indicated by ring fracture zones and granitic intrusions. Major wrench fault zones cut through the Charlottes and known gold mineralization commonly appears in faults within these zones. Areas of hydrothermal alteration and geochemical trace metal anomalies are related to mineralization. Referring to our geological target model, the Specogna deposit appears to have a core grading better than .15 oz. Au/ton (surrounded by several tens of millions of tons of lower grade), while drilling on the April prospect has intersected zones in excess of 20' in thickness with very attractive grades. Potential for significant tonnages of high grade ore on this prospect appear to be very good.

In addition to recent exploration and development activities by Consolidated Cinola on the Specogna, and Placer Development on the April prospect, several other companies have been active over the last few years and will most likely continue during the 1982 season. These companies include Chevron Canada Ltd., Texas Gulf, Umex Ltd. and Energy Reserves Canada Ltd.

#### Exploration Methods

Because rock outcrop is sparse and vegetation is dense over most of the Charlottes, geochemical stream silt sampling in selected areas of favourable geology has been the principal means of exploration undertaken during the Ventures West project. Anomalies in stream silts have been investigated by follow-up geological mapping and geochemical soil sampling. In 1980 a total of 13 new gold prospects were discovered and staked for Ventures West Minerals. In 1981 an additional 9

properties were discovered and staked, one property was acquired by option and some of the 1980 properties were increased in size (Figure 2).

A particularly valuable aid in exploration has been the use of structurally enhanced Landsat satellite images. Major structural features, such as ring fracture zones and wrench faults, granitic intrusions and areas of hydrothermal alteration have been identified and been used to interpret exploration settings. The 1982 program (see Budget below) will consist of detailed geological mapping and geochemical soil sampling on most properties. Preliminary geophysical surveys will be conducted on three properties and overburden auger drilling and trenching will be undertaken on the three most advanced property areas as a means of target evaluation prior to diamond drilling. At this time a total of 10,000 feet of drilling is planned for several outstanding mineralized targets on three properties.

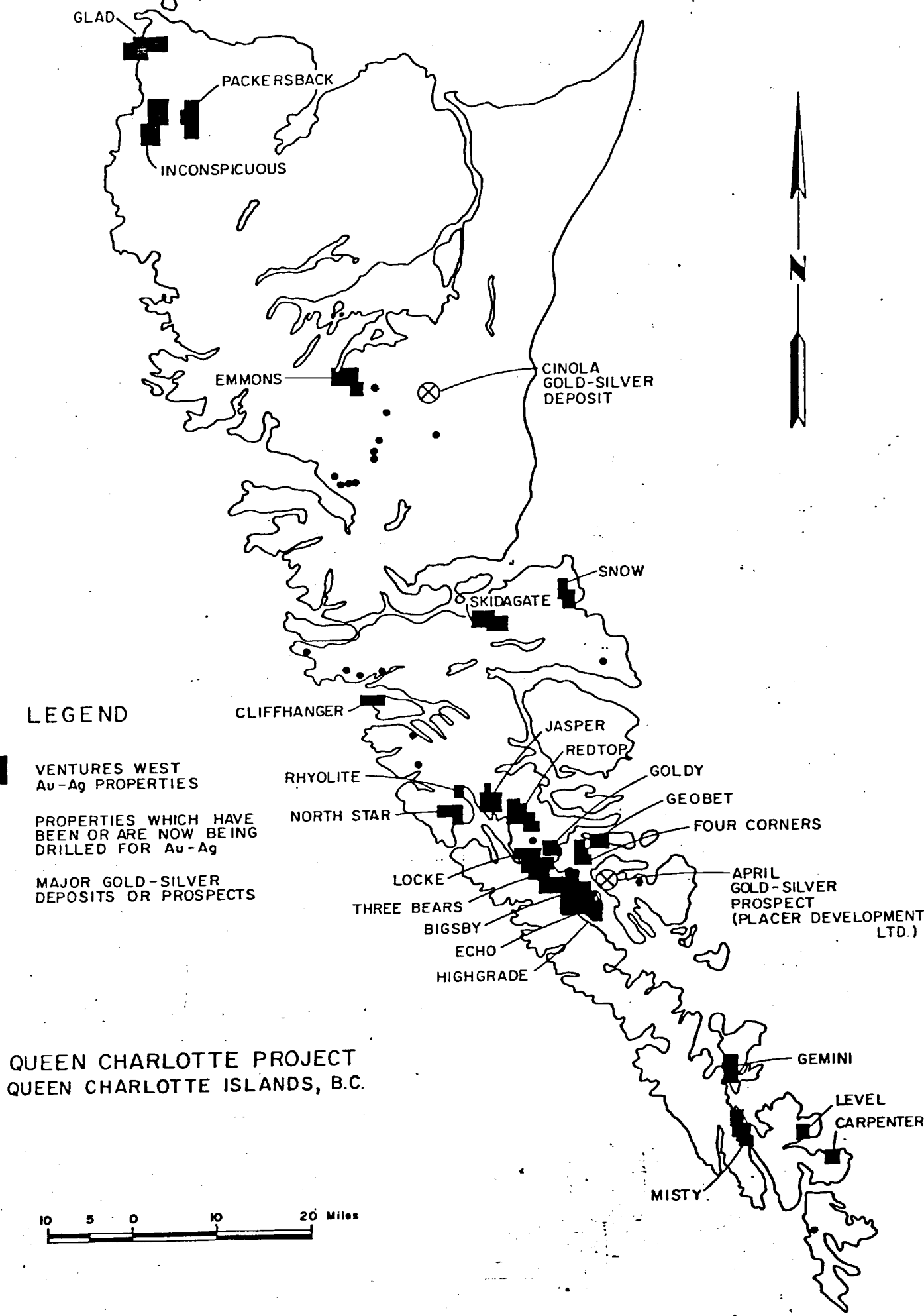
#### Property Descriptions

##### Locke, Goldy and Three Bears Prospects - Moresby Island

The Locke, Goldy and Three Bears are located immediately to the west of the April prospect of Placer Development Ltd., where the intersection of "ore grade mineralization" in two diamond drill holes has been reported.

In this area (Figure 3) a Tertiary volcanic centre is indicated by the presence of a ring fracture zone, which has been recognized from structural enhancement studies of Landsat satellite images, and the presence of granitic plutons and dykes within a major northwesterly - trending fault zone. Clay and silica-rich hydrothermal alteration is extensive. An intense gold-arsenic geochemical silt and soil anomaly is over 2000 metres long, and sizeable pyrite and arsenopyrite mineralized jasperoidal silica bodies have been located within this gold and silver geochemical anomaly.

Three outcrops of mineralization located within a broad structural zone over a strike length of 700 metres returned assays of 0.206 oz. Au/ton, 0.174 oz. Au/ton and 0.145 oz. Au/ton. Several drill targets have been defined.



QUEEN CHARLOTTE PROJECT  
 QUEEN CHARLOTTE ISLANDS, B.C.

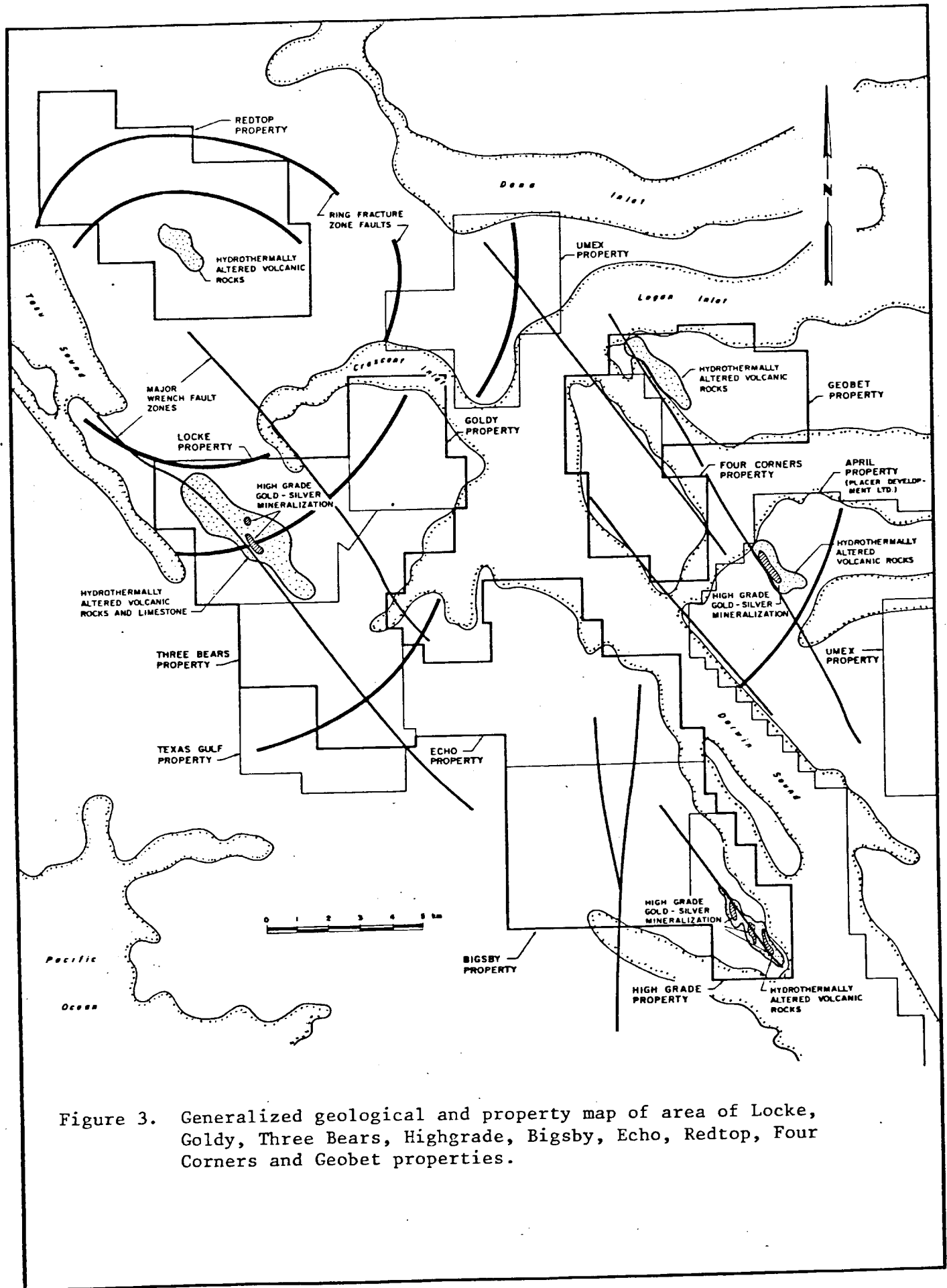


Figure 3. Generalized geological and property map of area of Locke, Goldy, Three Bears, Highgrade, Bigsby, Echo, Redtop, Four Corners and Geobet properties.

Inconspicuous, Glad and Packersback Prospects  
- Graham Island

On the Inconspicuous property, on northwestern Graham Island (Figure 4) a large hydrothermal system has been located within a volcanic centre outlined by a ring fracture zone; this zone is cut by northwesterly and northeasterly trending faults. Along a major northeasterly-trending fault, an elongate zone of pyrite-clay alteration of over 2000 metres in length and 1000 metres in width is developed in Tertiary volcanic rocks. Local Tertiary granitic plutons are numerous and jasperoidal silica crops out in a number of locations. The altered area is reflected by an intense gold-arsenic geochemical anomaly; gold values in the anomaly commonly exceed 50 parts per billion. Assays taken from silicified bodies located 1500 metres apart in major faults have returned assays ranging from 0.04 to 0.12 oz. Au/ton. Mapping, geochemical surveying and prospecting in 1980 and 1981 have delineated several attractive drill targets over a widespread area on the Inconspicuous property.

The Glad and Packersback prospects are located to the north and east of the Inconspicuous in similar geological settings.

Highgrade, Bigsby and Echo Prospects  
- Moresby Island

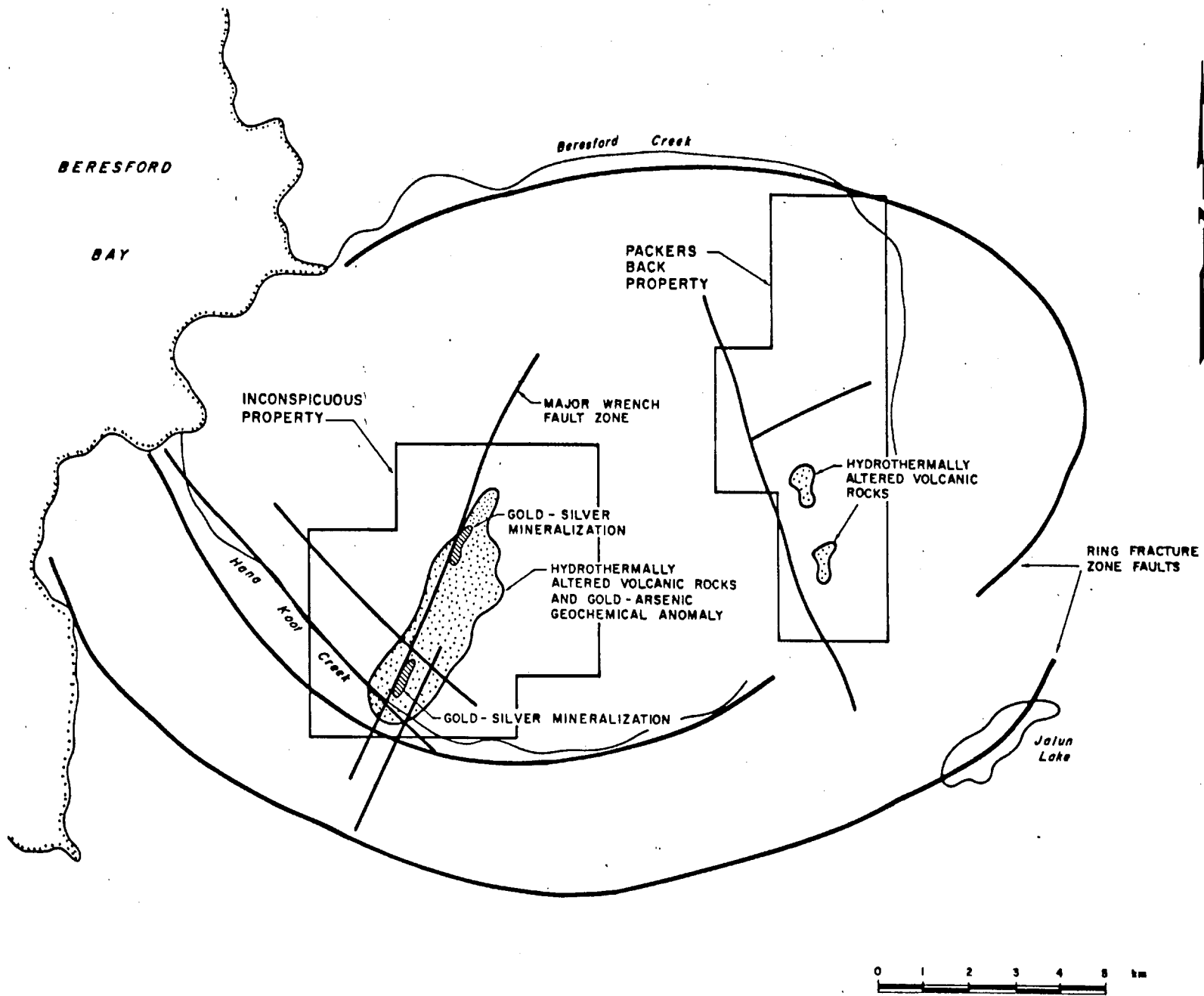
On the Highgrade, Bigsby and Echo claims, located just south of the April prospect, three lode-type gold mineralized zones with large related jasperoidal silica bodies have been located by prospecting in a 2000 metres long area of intense gold-arsenic geochemical anomalies. Mineralization occurs in elongate quartz-rich zones which strike northerly and cut altered Karmutsen basaltic volcanic bedrock. Grab samples from the three zones and from float in the area have returned several assays in the range of .04 to .26 oz. Au/ton.

Several attractive drill targets have been defined and additional mapping is required to examine extensions of the geochemical anomaly indicated over an additional 3000 metre strike length.

Redtop and Jasper Prospects  
- Moresby Island

Reconnaissance geochemical surveys in 1981 have yielded a very large and intense gold-arsenic anomaly on the Redtop

Figure 4. Generalized geological and property map of area of Inconspicuous and Packersback properties.



property. Clay, silica and pyrite alteration of volcanic bedrock is widespread. Mapping and prospecting are expected to indicate drill targets.

A reconnaissance traverse on the Jasper property has revealed arsenic-mercury geochemical anomalies with coincident gold values.

Both prospects lie on the northwest perimeter of the ring fracture of the volcanic centre described in the Locke, Goldy and Three Bears properties.

Snow Prospect  
- Moresby Island

The Snow property is located a few miles south of the village of Sandspit and straddles the northwesterly-trending Sandspit fault. The Sandspit fault is the principal controlling structure of the Specogna deposit, located about 50 kilometres to the northwest.

On the Snow claims, large intense arsenic geochemical anomalies discovered by surveys in 1981 are related to areas of silica and clay alteration developed in host sediments of Cretaceous age. A diversity of types of mineralization appear along the Sandspit fault zone, one of which is an arsenopyrite-rich variety. At one locality, arsenopyrite mineralization is exposed in outcrop over a width of 5 metres. An average assay of several grab samples taken from this zone is 0.43 oz. Au/ton. Although drill targets are currently indicated, more detailed work is recommended prior to drilling.

Emmons Prospect  
- Graham Island

Exploration in 1980 and 1981 resulted in the location of several arsenic-mercury geochemical anomalies. The property possesses extensive clay alteration with intense local pyrite and silica alteration. One of the more attractive features of this prospect is its proximity to the Specogna deposit located 10 kilometres to the east. No drill targets have been identified to date.



Skidagate Prospect  
- Moresby Island

Reconnaissance and grid geochemical surveys in 1980 and 1981 have indicated large and intense anomalies in mercury with related arsenic. Hydrothermal alteration to silica, clay and pyrite in host sediments of Cretaceous age is widespread. Detailed geological mapping and follow-up geochemical surveying are required in order to identify drill targets.

1980 Prospects

Carpenter  
Cliffhanger  
Four Corners  
Geobet  
Level  
Misty

1981 Prospects

Gemini  
North Star  
Rhyolite

Each of these prospects has been staked on the basis of regional geology and geochemical prospecting. The properties staked in 1980 have had more extensive examination than those more recently acquired. All possess arsenic, gold and/or mercury geochemical anomalies and favourable geological settings. However, all require additional exploration in order that more accurate evaluations may be made.

Budget

(\$ 000's)	<u>Geological Mapping</u>	<u>Geochem Assaying</u>	<u>Geo-physics</u>	<u>Auger &amp; Trenching</u>	<u>Diamond Drilling</u>	<u>Total</u>
<u>Property</u>						
Locke, Goldy Three Bears	25	25	30	25	325	430
Highgrade, Bigby, Echo	50	25	25	65	260	425
Inconspicuous, Glad, Packers- back	25	25	-	125	-	175
Emmons	15	10	-	-	-	25
Skidagate	6	6	-	-	-	12
Snow	10	10	10	-	-	30
Jasper	30	20	-	-	-	50
Redtop	20	15	-	-	65	100
Gemini	-	5	-	-	-	5
North Star	-	3	-	-	-	3
Rhyolite	-	2	-	-	-	2
	<u>181</u>	<u>146</u>	<u>65</u>	<u>215</u>	<u>650</u>	<u>1257</u>
Project management fee - 7.5% of direct costs						93
Issue expenses, commissions, etc.						<u>150</u>
Total budget						<u><u>1500</u></u>

(No work is necessary or planned in 1982 on Carpenter, Cliffhanger, Four Corners, Geobet, Level and Misty properties).

Budget by year

(\$ 000's)	1982	1983	<u>Total</u>
	<u>July-Dec</u>	<u>Jan-June</u>	
Geological Mapping	181	-	181
Geochem and Assaying	146	-	146
Geophysics	65	-	65
Auger and Trenching	39	176	215
Diamond Drilling			
Locke etc. (1200'/3800')	78	247	325
Highgrade etc (1200'/2600')	78	182	260
Redtop (-/1000')	<u>-</u>	<u>65</u>	<u>65</u>
	587	670	1,257
Project management fee	43	50	93
Issue expenses, commissions, etc.	<u>150</u>	<u>-</u>	<u>150</u>
	<u>780</u>	<u>720</u>	<u>1,500</u>
Cash required per unit based upon an issue of 60 units	<u>\$13,000</u>	<u>\$12,000</u>	<u>\$25,000</u>

### CANADIAN INCOME TAX CONSEQUENCES

The following is a general summary of the Company's understanding of the principal Canadian income tax consequences of investing in the units being offered. Since the income tax consequences of investing in the units may vary according to the circumstances of the individual subscriber, including the province in which he is resident, each subscriber should consult his own tax advisor.

The Notices of Ways and Means Motion to Amend the Income Tax Act (the "Notices of Ways and Means") tabled in the House of Commons on November 12, 1981 and June 28, 1982 as parts of the Federal Budgets propose certain amendments to the Act which would impact upon the income tax consequences of investing in the units. The proposed amendments are also discussed below; however, it should be noted that these amendments have not yet been enacted into law.

#### Canadian Exploration Expense

The Act provides that a taxpayer who is an individual or a corporation, other than a principal business corporation, may deduct in computing his income for a taxation year the entire balance of his Canadian Exploration Expenses (CEE) as defined in the Act, incurred after May 25, 1976 and before the end of the particular taxation year, to the extent not previously deducted from income. CEE not claimed in a year may be carried forward indefinitely and deducted against income in subsequent taxation years. Principal business corporations are subject to other specific provisions which require the deduction of CEE in the year to the extent permitted under the Act.

In general CEE includes the cost of prospecting, surveying, drilling and sampling in order to determine whether minerals are present at a particular location in sufficient quantity and quality to warrant establishment of a mine or extension thereof. If minerals are found in sufficient quantity and quality to warrant establishing a mine, expenses incurred for the purpose of bringing the mine into production but incurred before the commencement of production from the mine in reasonable commercial quantities will also qualify as CEE. The Act also provides that CEE includes any such expense incurred by a taxpayer pursuant to an agreement with a corporation under which the taxpayer incurred the expense solely as consideration for shares of the capital stock of the corporation issued to him.

CEE allocated to a subscriber will be CEE incurred by the subscriber solely as consideration for the Shares issued to him. Accordingly, a subscriber (other than a principal business corporation) should be entitled to deduct in computing his income for tax purposes such amount as he may claim with respect to the CEE incurred by him and expended by the Company on his behalf in consideration of Shares of the Company.

#### Depletion Allowance

The Act provides that for each three dollars of qualifying expenditures, which generally include CEE relating to mineral exploration, a taxpayer earns one dollar of "earned depletion". This amount is available to the taxpayer as a deduction against resource profits at a maximum rate of 25% of such resource profits.

#### Shares Acquired

The Shares acquired by a subscriber as consideration for CEE incurred by him will be deemed by the Act as presently enacted not to be capital property of the subscriber; instead, the Shares so acquired will be deemed to be inventory of the taxpayer and will be deemed to have been acquired at a cost of nil.

Any proceeds received upon selling or otherwise disposing of the Shares acquired by a subscriber as consideration for CEE incurred by the subscriber will be fully included in income.

The Shares acquired by a subscriber as consideration for funds contributed to finance expenses other than CEE will not be deemed to be inventory of the taxpayer but will be deemed to have been acquired at a cost equal to the amount paid therefor. Unless a subscriber is considered to be trading in that type of property or has acquired such Shares as an adventure in the nature of trade, any gain realized on selling or otherwise disposing of Shares acquired in this matter would constitute a capital gain.

Any unused CEE or earned depletion base of a subscriber who sells or transfers any Shares remains with the subscriber and is not transferred to the person who acquires the Shares.

If the Act is amended as proposed in Motion 36 of the June 28, 1982 Notice of Ways and Means, the Shares acquired by a subscriber after November 12, 1981 as consideration for CEE incurred by him will not be deemed to be inventory of the subscriber. In that event, unless a subscriber is considered to be trading in that type of property or to have acquired the Shares as an adventure in the nature of trade, the Shares will be capital property for the purposes of the Act with a cost of nil. For the purpose of determining the adjusted cost base of a subscriber's Shares, this nil cost will be averaged with the adjusted cost base of the Shares acquired by a subscriber as consideration for funds contributed to finance expenses other than CEE. Therefore, any proceeds received upon selling or otherwise disposing of the Shares may result in a capital gain.

Based upon cost estimates contained in this private placement circular it is likely that each unit subscribed for will be considered to be acquired:

	<u>Cost per unit</u>
As consideration for C.E.E., 28,125 shares @ \$0.80/share	\$22,500
As consideration for funds contributed to finance expenses other than C.E.E., 3,125 shares @ \$0.80/share	<u>2,500</u>
Total cost per unit	<u>\$25,000</u>
Cost base per unit for capital gains purposes	<u>\$ 2,500</u>

#### Interest Income

Subscriptions will be held in interest bearing trust funds prior to being advanced to Majorem to meet exploration expenditures. Interest earned will be included in the income of subscribers even though not distributed to them. Such interest income will be used to meet exploration expenditures which, in turn, will be allocated to unit-holders and will be deductible by them.

Interest Expense

Motion 23 of the November 12, 1981 Notice of Ways and Means proposes to restrict the deductibility of interest on funds borrowed to acquire shares (and other property) in certain circumstances. The June 28, 1982 budget proposed that this provision be given further review and that in any event the provisions would not be implemented prior to 1983. In any case, the Department of Finance has indicated that these rules are not intended to apply to shares acquired by a taxpayer as consideration for CEE incurred by him. As a consequence the taxpayer should be able to deduct, without restriction, the interest expense incurred on that portion of the funds borrowed to acquire units which represents CEE. The remainder of the interest expense would be deductible subject to the restricted interest rules limiting the deductibility of the excess of interest expense over investment income.

Warrants

The shares acquired upon the exercise of the share purchase warrants will be subject to the same treatment for income tax purposes as the original shares acquired.

Example of potential after-tax position of an investor, based upon stated assumptions and the relevant November 12, 1981 and June 28, 1982 budget proposals being enacted.

	<u>\$/unit</u>	<u>\$/share</u>
Assumptions - tax bracket of 50%		
- 90% of subscription price qualifies as Canadian Exploration Expense (CEE)		
- ignore share purchase warrants		
1. <u>Initial Investment:</u>		
Subscription	25,000	0.80
Tax savings 50% x 90% x \$25,000	11,250	0.36
Net after-tax cost	13,750	0.44

2. Return on sale of shares:

Assume shares sold for original subscription price of \$0.80 share

Sale proceeds			25,000	0.80
Cost basis of shares	\$/unit	\$/share		
90% claimed as CEE	Nil	Nil		
10% for issued expenses etc.				
10% x 31,250 @ \$0.80/share	2,500	0.80		
Cost base per unit	2,500	0.08		
Capital gain	22,500	0.72		
Capital gains tax payable at 50% on one-half of gain (50% x \$0.36 x 31,250)			5,625	0.18
Net proceeds			19,375	0.62

3. Net of after-tax proceeds and after-tax investment

5,625 0.18

4. In addition to the above, each unit will generate earned depletion of \$7,500 (1/3 of \$22,500 spent on CEE). Earned depletion can be used to offset any other resource profits which the unit holder may have - to a maximum of 25% of such resource profits. This would produce additional tax savings of \$3,750/unit or \$0.12/share

5. Break-even sales prices:

An investor breaks even on an after-tax basis at a selling price of \$0.40 per share if he is able to utilize the earned depletion and at a price of \$0.56 per share without using depletion.



MATERIAL CONTRACTS

The material contracts are:

1. The Trust Agreement, a true copy of which appears on pages 34 to 39 hereof;
2. An agreement dated April 15, 1980 between Ventures West Minerals Ltd. and J.M.T. Services Corp. covering the conduct of the 1980 exploration and property acquisition program on the Queen Charlotte Islands. Under the terms of this agreement J.M.T. Services Corp. retain a 10% carried net proceeds interest in these properties and are to receive cash payments of at least \$30,000 in each of 1982 and 1983;
3. An agreement dated April 1, 1981 between Ventures West Minerals Ltd. and J.M.T. Services Corp. covering the conduct of the 1981 exploration and property acquisition program on the Queen Charlotte Islands. Under the terms of this agreement, J.M.T. Services Corp. retain a 25% net interest in return for contributing 15% of all costs, per property, when Ventures West Minerals has spent \$250,000 on that property; or a 10% carried net proceeds interest. There are no cash payments against these properties.
4. An agreement dated July 2, 1981 between Robert E. Mickle and Ventures West Minerals Ltd. whereby Mickle has granted to Ventures West Minerals an option to purchase the Snow property. This property is subject to the terms and conditions of the agreement covering the 1981 program between Ventures West Minerals and J.M.T. Services.

To maintain the option in good standing Ventures West Minerals must make annual cash payments of \$5,000 in 1983; \$7,500 in 1984; \$10,000 per annum from 1985 to 1992. If the property is put into commercial production before 1992 Ventures West Minerals must pay Mickle \$1 million in 4 equal annual installments less any previous option payments.

PURCHASER'S RIGHTS OF WITHDRAWAL,  
RESCISSION AND DAMAGES

The Subscription Agreement for the purchase of shares offered in this Private Placement Memorandum will provide that a purchaser of a unit of shares has, by contract, the same rights of withdrawal, rescission or damages as is afforded to a person who purchases securities in respect of which a prospectus has been filed with the Superintendent of Brokers of British Columbia or with the Securities Commissions of the Provinces of Alberta and Ontario. These rights may be summarized as follows:

A purchaser in British Columbia:

- (a) has the right to rescind a contract for the purchase of securities, while still the owner thereof, if a copy of this Private Placement Memorandum relating to such securities together with financial statements and reports and summaries of reports, 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 the securities 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; and
- (b) has the right to rescind a contract for the purchase of securities, while still the owner thereof, if this Private Placement Memorandum or any amended offering memorandum 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 of rescission can be commenced by a purchaser after the expiration of 90 days from the later of the date on which this Private Placement Memorandum or amended offering memorandum is received or is deemed to be received by him or his agent, or the date of the contract.

A Purchaser in Alberta:

- (a) will not be bound by a contract for the purchase of the securities if the person or company from whom the purchaser purchased the securities receives written or telegraphic notice evidencing his intention not to

be bound not later than midnight on the second business day, after receipt or deemed receipt by the purchaser or his agent, of this Private Placement Memorandum or amended offering memorandum; and

- (b) has the right to rescind a contract for the purchase of the securities, while still the owner thereof, if this Private Placement Memorandum and any amended offering memorandum, as of the date it is received or deemed received contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement contained therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right of rescission can be commenced after the expiration of the later of 90 days from the date of receipt or deemed receipt of this Private Placement Memorandum or amended offering memorandum by the purchaser or his agent or the date of the contract.

A Purchaser in Ontario has, in addition to any other right or remedy available at law to such purchaser, a right of action for damages or rescission against Ventures West Minerals Ltd. if this Private Placement Memorandum or any amended offering memorandum contains a misrepresentation that was a misrepresentation at the time of purchase, but the purchaser shall have no right of action for damages or rescission if the purchaser purchased the securities with knowledge of the misrepresentation. The right of action for damages or rescission is exercisable on notice given to Ventures West Minerals Ltd. not later than 90 days after the date on which payment was made for the securities by the purchaser or after the time of subscription for the securities by the purchaser where the subscription price was paid, in part, by delivery of a letter of credit.



WITNESSETH that in consideration of the premises and mutual covenants and agreements hereinafter contained the parties hereto agree as follows:

1. The Investors agree to pay to Guaranty as Trustee the total subscription price of the Units subscribed for by them to be held by the Trustee upon the terms and conditions hereinafter set forth;
2. Upon Guaranty receiving the subscription funds
  - (a) it is to pay to or on the direction of Majorem from time to time amounts aggregating \$1,000 times the number of Units purchased;
  - (b) it is to hold the remaining monies paid to it and to invest the same in securities which qualify as investments in which trust funds may be invested under the laws of British Columbia as may be directed by Majorem but each investment shall be a bond, debenture, term deposit or other evidence of indebtedness of Canada, a Province of Canada, a Canadian chartered bank or a security of an issuer in the opinion of Guaranty of equivalent status maturing not later than a year and a day following the day of investment; and
  - (c) it is to pay over to Majorem at least monthly all income which it receives on the monies invested by it as contemplated in paragraph (b);
3. Whenever and as often as Majorem delivers to Guaranty a certificate signed by any two of its senior officers and directors both certifying that Majorem as agent for the Investors has paid for or incurred Canadian exploration expenses in an aggregate amount stipulated in the certificate, that all such Canadian exploration expenses were incurred subsequent to May 1, 1982 and that none of such Canadian exploration expenses has been included in a prior certificate delivered hereunder and setting forth in summary form the nature of the Canadian exploration expenses paid for or incurred specifying which have been paid for and which have been incurred but not paid for, then Guaranty is to pay out of the monies retained by it as set forth in paragraph (b) of clause numbered 2 above to Majorem an amount equal to the Canadian exploration expenses set forth in the certificate. Majorem agrees to use such monies paid to it as aforesaid to reimburse itself for Canadian exploration expenses incurred subsequent to May 1, 1982 and theretofor paid for by it or to pay for Canadian exploration expenses so incurred on behalf of the Investors but not theretofor paid

for by it. Guaranty shall be entitled to rely conclusively on each certificate delivered to it as aforesaid and shall have no obligation whatsoever to verify any certificate or the application of any monies paid by it to Majorem;

4. If monies are retained by Guaranty as contemplated in clause numbered 2, then Majorem:

- (a) agrees to incur Canadian exploration expenses on behalf of the Investors but for the benefit of Majorem and to extend its best efforts to expend the funds so retained by Guaranty during the calendar year 1982 in respect of the initial subscription funds, during the calendar year in 1983 in respect of the balance of the subscription funds and the proceeds received from exercise of the initial warrants, and during the calendar year 1984 in respect of the proceeds from the balance of the proceeds received from the balance of the warrants;
- (b) for each 80¢ expended by it as aforesaid agrees to allot and issue to the Investors one fully paid Share, each investor to be entitled to such number of Shares so allotted and issued as the amount of money paid by him to Guaranty and retained by Guaranty as provided in paragraph (b) of clause numbered 2 above bears to the aggregate amount paid to Guaranty and so retained, it being understood and agreed that the allotments and issues will be made as often as conveniently possible and in any event certificates evidencing Shares will be issued within 60 days from the end of each quarter calendar year during which Canadian exploration expenses were so incurred;
- (c) agrees to deliver to the Investors certificates evidencing the Shares allotted and issued to them as aforesaid;
- (d) agrees to notify each Investor before the 28th day of February, 1983, 1984 and 1985 the amount of Canadian exploration expenses incurred by such Investor during the preceding calendar year giving sufficient detail to enable each Investor to claim for tax purposes the Canadian exploration expenses incurred by him pursuant to this Agreement;
- (e) agrees that all monies retained by Guaranty pursuant to paragraph (b) of clause numbered 2

hereof and subsequently paid to it by Guaranty pursuant to clause numbered 3 thereof will be used in incurring Canadian exploration expenses;

- (f) agrees that it will carry insurance of a nature and to the extent from time to time recommended by its insurance brokers based upon the nature and extent of Majorem's operations hereunder on behalf of the Investors, naming as insured not only Majorem itself but the Investors collectively;
- (g) agrees that all work and operations conducted by it on behalf of the Investors shall be conducted in its name;
- (h) agrees to indemnify and save each of the Investors harmless from and against all losses, including costs, arising out of any claim or demand made against them or any of them arising out of the work and operations conducted by Majorem on their behalf hereunder;
- (i) agrees not to claim for itself the tax benefit of the Canadian exploration expenses made by it on behalf of the Investors;
- (j) agrees not to incur Canadian exploration expenses on its own behalf until after it has used all of the monies held by Guaranty under paragraph (b) of clause numbered 2 hereof; and
- (k) agrees to pay all accounts promptly and not to undertake any work or operations except to the extent that it has funds on hand or held by Guaranty and available to it hereunder to pay for the same in full.

5. The Investors and each of them agree that the work and operations to be conducted by Majorem giving rise to the incurring of Canadian exploration expenses shall be solely in the discretion of Majorem and that no Investor shall have the right to direct Majorem as to how the monies paid to it hereunder are to be expended except always that the same shall be expended in accordance with the agreement of Majorem as set forth in clause numbered 4 hereof;

6. Any notice or delivery contemplated to be given hereunder to an Investor shall be deemed to be well and sufficiently given to such Investor by prepaid mail addressed to him at his address given to Guaranty when he or

an agent on his behalf makes the payment to Guaranty as contemplated in clause numbered 1 hereof. An Investor may change his address for the purposes of this clause by notifying Majorem at its address, 619 - 475 Howe Street, Vancouver, British Columbia, V6C 2B3;

7. The parties hereto, other than Guaranty, agree with Guaranty that the statements of fact contained in the recitals and elsewhere in this Agreement are statements of fact made by Majorem and not by Guaranty and that Guaranty has no responsibility whatsoever with respect to the same;

8. Guaranty is acting hereunder as Trustee at the request of Majorem and the Investors and it shall not be responsible as Trustee except for its duty of receiving monies from the Investors and dealing with the same as herein provided. It shall not be liable for any loss in making any investments nor shall it be liable to see to the application of any funds paid hereunder to or on the direction of Majorem;

9. The parties hereto, other than Guaranty, agree that

- (a) the duties and obligations of Guaranty shall be determined solely by the provisions hereof and accordingly Guaranty shall not be liable except for the performance of such duties and obligations as it has undertaken herein;
- (b) Guaranty shall not be liable for any error in judgment or for any act done or step taken or omitted by it in good faith or for any mistake in fact or law or for anything which it may do or refrain from doing in connection herewith except arising out of its own negligence or wilful misconduct;
- (c) Guaranty shall have the right to consult with and obtain advice from counsel appointed by it who may (but need not) be legal counsel for Majorem in the event of any question as to any of the provisions hereof or its duties hereunder and it shall incur no liability and it shall be fully protected in acting in good faith in accordance with any opinion or instructions of such counsel;
- (d) Guaranty may resign its trust and be discharged from all duties and obligations hereunder by giving to Majorem not less than 30 days' notice of its resignation, and



(e) if Guaranty resigns its trust in accordance herewith Majorem shall have the right and obligation to appoint a succeeding trustee who upon accepting such appointment shall assume all of the obligations and liabilities and shall be entitled to enjoy the benefits and rights of Guaranty hereunder (and if a successor trustee is appointed as herein provided, Guaranty is to pay and deliver to such successor trustee all funds, agreements and other documents then in its possession).

10. Majorem agrees to pay to Guaranty reasonable compensation for services rendered by it hereunder and to reimburse Guaranty with respect to all of its out-of-pocket expenses including the fees and disbursements of legal counsel retained by Guaranty as herein provided and that Guaranty shall not be obligated to pay or deliver over to a successor trustee any amounts or agreements and other documents until it has been paid in full as herein provided up until the date of the appointment of such successor trustee;

11. For all purposes hereof the masculine shall include the feminine and neuter and the singular the plural and vice versa;

12. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their personal representatives, successors and assigns;

13. This Agreement shall be governed by the laws of the Province of British Columbia; and

14. Time shall be of the essence hereof.

IN WITNESS WHEREOF Excelsior and Guaranty have executed these presents as of the day and year first above written.

MAJOREM MINERALS LTD.

GUARANTY TRUST COMPANY OF CANADA

Per: \_\_\_\_\_

Per: \_\_\_\_\_

Per: \_\_\_\_\_

Per: \_\_\_\_\_

The Investors by their duly authorized attorney.

\_\_\_\_\_

SUBSCRIPTION FORM

TO: MAJOREM MINERALS LTD.  
AND TO: GUARANTY TRUST COMPANY OF CANADA  
800 West Pender Street  
Vancouver, British Columbia  
V6C 2V7

The undersigned:

- (a) hereby subscribes for o Units at a price of \$25,000 per Unit, each Unit consisting of 31,250 Common shares of Majorem Minerals Ltd. at a price of 80¢ per share warrants to purchase a total of 10,416 additional shares at a price of 80¢ per share as described in the Offering Memorandum of Majorem Minerals Ltd. dated o receipt of which is hereby acknowledged;
- (b) acknowledges that participation in this offering is subject to acceptance of this subscription by Majorem Minerals Ltd. and to certain other conditions as set forth in the Offering Memorandum or herein;
- (c) encloses a cheque payable to Guaranty Trust Company of Canada in full payment of the initial subscription price of \$13,000 per unit and his promissory note payable on demand after March 15, 1983 of \$12,000 per unit purchased;
- (d) in consideration of Majorem Minerals Ltd. accepting this subscription and conditional thereon, hereby irrevocably makes, constitutes and appoints Majorem Mineals Ltd. with full power of substitution as his true and lawful attorney and aent with full power and authority in his name, place and stead to execute and deliver on behalf of the undersigned the Trust Agreement reproduced as part of the Offering Memorandum, which power of attorney shall be deemed to be coupled with an interest and shall be irrevocable and shall survive the death of the undersigned;
- (e) agrees that this subscription is made as principal and not on behalf of any other person or entity;
- (f) hereby represents and warrants:

(i) if an individual:

- (A) as of December 31, 1981, his net worth is at least \$250,000 exclusive of home, car and furnishings; or
- (B) as of December 31, 1981, his net worth is at least \$50,000 exclusive of home, car and furnishings and his taxable income for the 1981 taxation year, except for tax shelter investments, would have placed him in the 50% or higher tax bracket; and
- (C) by virtue of his investment experience; or
- (D) by virtue of his consultation with or advice from o or o ;

he was in a position to evaluate the prospective investment on the basis of the Offering Memorandum and such other information that was presented to him;

(ii) if a corporation, is a corporation:

- (A) whose officers and directors are in a position to evaluate the prospective investment on the basis of the Offering Memorandum and other information that has been presented to them:
  - 1. by virtue of their investment experience; or
  - 2. by virtue of their consultation with or advice from o or o with respect to the prospective investment; and
- (B) which has:
  - 1. had, for two consecutive years, pretax income in excess of \$50,000; or
  - 2. shareholders' equity (paid up capital plus retained earnings) in excess of \$50,000;

(g) represents and warrants that if an individual he has attained his age of majority, is not a non-resident of Canada within the meaning of the Income Tax Act

(Canada) and is not a non-eligible person within the meaning of the Foreign Investment Review Act.

The acceptance of this subscription shall be effective upon due execution by Majorem Minerals Ltd. below.

Dated at the City of \_\_\_\_\_ in the  
Province of \_\_\_\_\_ this \_\_\_\_\_ day of  
\_\_\_\_\_, 1982.

IF AN INDIVIDUAL:

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Signature

\_\_\_\_\_

\_\_\_\_\_  
Name of Subscriber - please print

\_\_\_\_\_

\_\_\_\_\_  
Resident Address

IF A CORPORATION:

The Common Seal of \_\_\_\_\_ )  
\_\_\_\_\_ )  
was hereunto affixed in the \_\_\_\_\_ )  
presence of: \_\_\_\_\_ )  
\_\_\_\_\_ )  
Authorized Signatory \_\_\_\_\_ )  
\_\_\_\_\_ )  
Authorized Signatory \_\_\_\_\_ )



PROMISSORY NOTE

\$ o

March 15, 1983

ON DEMAND after date for value received, o  
promises to pay to Majorem Minerals Ltd. at its office at  
619 - 475 Howe Street, Vancouver, British Columbia, the sum  
of o of lawful money of Canada without  
interest.

The undersigned waives any days of grace for  
payment of this note, presentation, protest and notice of  
dishonour.

The undersigned has delivered this note to Majorem  
Minerals Ltd. pursuant to the terms of a subscription  
agreement made as of the 1st day of August, 1982.

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