

Kusk Property
093A/07

SUPERINTENDENT OF BROKERS
AND
VANCOUVER STOCK EXCHANGE
(Development Section)

821204

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MAY 28 1984
KERR ADDISON MINES LTD.

STATEMENT OF MATERIAL FACTS
EFFECTIVE DATE: MAY 25, 1984

No. 62/84

NIRVANA OIL & GAS LTD.
NAME OF ISSUER

1020 - 475 Howe Street, Vancouver, B.C., V6C 2B3, 689-8566
ADDRESS OF HEAD OFFICE AND TELEPHONE NUMBER

901 - 1199 West Pender Street, Vancouver, B.C., V6E 2R1
ADDRESS OF REGISTERED AND RECORDS OFFICE

THE CANADA TRUST COMPANY, 1055 Dunsmuir Street, Vancouver, B.C.
NAME AND ADDRESS OF REGISTRAR AND TRANSFER AGENT FOR ISSUER'S
SECURITIES IN BRITISH COLUMBIA

OFFERING: 600,000 Common Shares without nominal or par value
underwritten by the Underwriters and 300,000 Common Shares
without nominal or par value optioned by the Underwriters
for a period of 180 days from the Effective Date.

	Estimated Price to the Public	Underwriters' Discount	Proceeds to the Company
Per Share:	\$ 0.50*	\$ 0.10	\$ 0.40
Total:	300,000.00	60,000.00	240,000.00

*Closing price of the Issuer's shares two days prior to the
Effective Date.

SECONDARY OFFERING: 100,000 previously issued shares of the
Issuer owned by George Kokonis, President
of the Issuer.

The shares purchased by the Underwriters will be offered for sale
through the facilities of the Vancouver Stock Exchange at the
prevailing market price.

The securities offered hereunder are speculative in nature.
Information concerning the risks involved may be obtained by
reference to this document; further clarification, if required,
may be sought from a broker.

UNDERWRITERS

CANARIM INVESTMENT CORPORATION LTD.,
2200 - 609 Granville Street,
Vancouver, B.C.

JONES GABLE & COMPANY LIMITED,
535 Thurlow Street,
Vancouver, B.C.

CONTINENTAL CARLISLE DOUGLAS,
10th Floor, 1055 Dunsmuir Street
Vancouver, B.C.

Neither the Superintendent of Brokers nor the Vancouver Stock
Exchange has in any way passed upon the merits of the securities
offered hereunder and any representation to the contrary is an
offence.

PLAN OF DISTRIBUTION

A. Offering and Appointment of Underwriters

By an Agreement dated April 30, 1984 (the "Underwriting Agreement"), the following underwriters (the "Underwriters") have agreed to underwrite 600,000 common shares (the "Shares") of Nirvana Oil & Gas Ltd. (the "Issuer") as follows:

<u>Name of Underwriter</u>	<u>Participation</u>
Canarim Investment Corporation Ltd.	300,000
Jones, Gable & Company Limited	200,000
Continental Carlisle Douglas	100,000

The Underwriters have agreed to purchase the Shares at a price of 40¢ per share payable within five business days of the issuance of a receipt for this Statement of Material Facts (the "Effective Date") by the Superintendent of Brokers for British Columbia ("Superintendent") and the Vancouver Stock Exchange ("Exchange"). The Shares underwritten and any shares acquired by the Underwriters pursuant to the option hereinafter described are offered for sale by way of primary distribution to the public at the market price for such shares at the time of the sale.

The Underwriters have been granted an option in proportion to their participation in the underwriting to purchase up to a further 300,000 common shares of the Issuer at a price of 45¢ per share to be exercised within 180 days of the Effective Date.

The obligations of the Underwriters under the Underwriting Agreement may be terminated prior to the completion of the Offering at the Underwriters' discretion on the basis of their assessment of the state of the financial market and may also be terminated at any time upon the occurrence of certain stated events.

The Issuer has granted the Underwriters a right of first refusal to provide future equity financing to the Issuer for a period of 12 months from the Effective Date.

There are no sub-underwriting or sub-option agreements outstanding. The Underwriters reserve the right to offer selling group participation in the normal course of the brokerage business to selling groups of other licenced broker-dealers, brokers and investment dealers, who may or may not be offered part of the commissions or bonuses derived from this Offering.

The Directors, Officers and other Insiders of the Issuer may purchase shares from this Offering.

The Underwriters may be considered the market makers during the period of primary distribution of this Offering. Canarim Investment Corporation Ltd. has advised that they have 51,200 shares of the Issuer under their control as of the date hereof. Jones, Gable & Company Ltd. has advised that they have no shares of the Issuer under their control as of the date hereof. Continental Carlisle Douglas has advised that they have 57,133 shares of the Issuer under their control as of the date hereof.

There are no payments in cash, securities or other consideration being made, or to be made, to a promoter, finder or any other person or company in connection with the Offering.

B. Underwriters' Offering

This Statement of Material Facts also qualifies for sale to the public through the facilities of the Exchange at the market price prevailing for the shares at the time of the sale, for a period of 180 days from the Effective Date, any shares purchased by the Underwriters pursuant to the exercise of their option. The Issuer will not receive any proceeds from the sale of any such shares, all of which proceeds will accrue to the Underwriters.

C. Shareholder's Offering

This Statement of Material Facts also qualifies for sale to the public, for a period of 90 days from the date of completion of the offering of the shares underwritten by the Underwriters, 100,000 shares of the Issuer through the facilities of the Vancouver Stock Exchange at the market price of the shares at the time of the sale. The Issuer will not receive any proceeds from the sale of the shares offered by the selling shareholder, all of which proceeds will accrue to the selling shareholder. Details of the shares being offered are as follows:

<u>Selling Shareholder</u>	<u>No. of Shares Owned</u>	<u>No. of Shares Being Qualified for Sale</u>	<u>No. of Shares to be Owned on Completion of the Offering</u>
George Kokonis 1130 Mathers Ave. West Vancouver, B.C. V7T 2G3	723,750	100,000	623,750

2. HOW THE NET PROCEEDS OF THE ISSUER ARE TO BE SPENT

The net proceeds to the Issuer from the sale of shares offered by this Statement of Material Facts will be \$240,000.00. The net proceeds together with cash on hand in the amount of \$6,463.99 as at April 30, 1984, will be spent, in order of priority, as follows:

a.	To pay the cost of this offering, approximately:	\$ 12,000.00
b.	To provide the Issuer with sufficient funds to be able to continue with the first of a two-phase exploration program recommended on the Kusk group of mineral claims by T. Neale, B.Sc., and T.G. Hawkins, P.Geol., as contained in their report to the Issuer dated January 10, 1984, a copy of which is hereunto annexed, (total cost - \$192,000.00) Issuer's portion:	96,000.00
c.	To provide the Issuer with sufficient funds to be able to pay its portion of the property payment required to be made on the Kusk group of mineral claims on June 15, 1984, (total cost - \$47,000.00), Issuer's portion:	23,500.00
d.	To provide the Issuer with sufficient funds to be able to pay its portion of the property payment required to be made on the Gold Ridge - Sombrio group of mineral claims on August 30, 1984:	7,500.00
e.	To provide the Issuer with sufficient funds to be able to pay its portion of costs to be incurred in the commencement of the first phase of an exploration program recommended on the Gold Ridge - Sombrio group of mineral claims, by Edward W. Grove, Ph.D., P.Eng., in his report to the Issuer dated January 2, 1984, a copy of which is hereunto annexed, (total cost - \$50,000.00), Issuer's portion:	25,000.00
e.	General working capital:	<u>82,463.99</u>
	TOTAL:	<u><u>\$246,463.99</u></u>

Any proceeds realized by the Issuer from the exercise of the Underwriters' Option will be applied towards general working capital.

None of the proceeds derived from the sale of offered shares will be spent on the acquisition or development of any property without first filing an engineering report acceptable to the Vancouver Stock Exchange recommending such expenditure unless the acquisition or expenditure is incurred on an arm's length basis and:

- a. The cost of acquisition involving the issuance of shares does not exceed \$50,000.00 and 50,000 shares; or
- b. The cost of acquisition does not involve the issuance or acquisition of shares and the expenditure does not exceed \$150,000.00.

3. Material Natural Resource Properties

Summary of Material Mining Properties

Group I Properties for which regulatory approval has been obtained under this Statement of Material Facts.

Group II Presently held properties which are currently producing or being explored, or upon which exploration is planned within the next year.

Group III Other presently held properties upon which the Issuer's acquisition and exploration costs to date exceed \$100,000.00.

Group	Property Name	Issuer's Acquisition and Exploration Costs to Date (in \$)	Shares Issued to Date	Planned Expenditures from Funds Available upon Completion of the Offering
I	-	-	-	-
IIA.	Kusk	Acquisition: \$19,830.00 Exploration: \$42,321.00	Nil	\$119,500.00
IIB.	Gold Ridge - Sombrio	Acquisition: \$12,500.00 Exploration: Nil	Nil	\$ 32,500.00
III	-	-	-	-

A. Kusk Claims,
McKusky Creek Area,
Cariboo Mining Division,
Province of British Columbia

The Issuer and Roddy Resources Inc. of R.R. #3, Yellowhead Highway, Kamloops, B.C. ("Roddy"), each participating equally, are the holders of an option to purchase a variable interest in and to 11 located mining claims located in the McKusky Creek Area, Cariboo Mining Division, Province of British Columbia, approximately 62 kilometres east of Horsefly and 95 kilometres east of Williams Lake, B.C.

The Issuer and Roddy acquired an option to purchase an 80% undivided interest in and to the claims or

alternatively, in certain circumstances, a 100% undivided interest in and to the claims subject to royalties under three separate Agreements which require payment by the Issuer and Roddy of the following aggregate amounts:

- a. \$23,000.00 on June 15, 1983 (which amount has been paid);
- b. \$47,000.00 on or before June 15, 1984;
- c. \$70,000.00 on or before June 15, 1985;
- d. \$75,000.00 on or before June 15, 1986;
- e. \$90,000.00 on or before June 15, 1987.

At such time as the owners of the claims have received the total sum of \$305,000.00, the Issuer and Roddy must deliver to the owners a budget covering proposed expenditures for the claims for a period of one year extending from the first of the month next occurring, whereupon the owners have the right to elect, by notice in writing, to pay 10% of all future costs incurred on the claims in order to maintain a 20% undivided interest in and to the claims.

If the owners decline to participate, their interest in and to the claims is reduced to a 10% interest, which interest is deemed to be a 10% interest in net profits derived from the operations of the claims except for the first year in which net profits for that year exceeds the expenses incurred by the Issuer and Roddy in operating the claims in which year the Issuer and Roddy will be paid a royalty equal to 10% of such excess and thereafter the owners will be paid an annual royalty equal to 10% of net profits, if any, for that year.

The Issuer and Roddy have entered into a Joint Venture Agreement dated September 15, 1982, which provides for the joint development of the claims by each of the Issuer and Roddy on an equal basis.

During the preceding year, the Issuer and Roddy spent approximately \$63,120.00 on an exploration program on the claims consisting of two soil sampling grids with limited mapping, prospecting and rock sampling. Results indicate that there are several anomalous zones in both north and south limbs which appear to be favourable for gold/silver mineralization.

Reference is made to the report of T. Neale, B.Sc. and T.G. Hawkins, P.Geol., dated January 10, 1984, a copy of which is hereunto annexed and forms part of this Statement, for a geological evaluation of this property.

There are no known quantities of commercial ore underlying these claims.

Roddy is a reporting Company having its shares posted for trading on the Vancouver Stock Exchange.

- B. Gold Ridge - Sombrío
Group of Mineral Claims,
Port Renfrew Area, Vancouver Island,
Victoria Mining Division,
Province of British Columbia

The Issuer and Unicorn Resources Ltd. of #1020 - 475 Howe Street, Vancouver, British Columbia ("Unicorn"), each participating equally, are the holders of the absolute right, privilege and option to earn a 100% interest (subject to a 10% net profits royalty reserved in favour of the claim owners) in and to seven located mineral claims located in the Victoria Mining Division, Province of British Columbia.

The Issuer and Unicorn acquired the absolute right, privilege and option to earn a 100% interest in and to the claims, subject to the reserved net profits royalty, under an Agreement dated December 16, 1983 entered into with Malcolm Bell of 930 Beaconsfield Road, North Vancouver, British Columbia and Kargen Development Corporation of 9251 Beckwith Road, Richmond, British Columbia.

In order for the Issuer and Unicorn to earn a 100% interest in and to the claims, the Issuer and Unicorn must pay the following sums and perform the following acts and deeds:

<u>Aggregate Payments or Expenditures</u>	<u>Interest Earned</u>	<u>Issuer's Portion of Costs</u>
a. \$25,000 on execution	1/3	\$12,500 (which amount has been paid)
b. Pay \$15,000 on August 30, 1984		\$7,500
<hr/>		
c. Spend no less than \$50,000 on the claims on or before March 31, 1985	1/3	\$25,000
d. Pay \$25,000 on or before August 30, 1985		\$12,500
<hr/>		
e. Spend no less than \$50,000 on the claims on or before March 1, 1986	1/3	\$25,000
f. Pay \$30,000 on or before August 30, 1986		\$15,000
g. Spend no less than \$50,000 on the claims on or before March 1, 1987		\$25,000

The 10% net profits interest reserved by the claim owners can be purchased for the sum of \$1,000,000.00 plus payment of all unpaid property payments due and payable to the claim owners under the Earnings Agreement, providing the purchase is made prior to the commencement of commercial production.

In the event the claims are proven as having commercial quantities of ore, minimum advance royalty payments of \$50,000.00 each are due and payable annually commencing 18 months after the date on which it is established that the property can be profitably placed in commercial production.

No funds have been spent by the Issuer or Unicorn on exploration and development work on these claims during the preceding year.

The Issuer and Unicorn intend to commence the first phase of an exploration program recommended on the claims by Edward W. Grove, Ph.D., P.Eng., as contained in his report to the Issuer and Unicorn dated January 2, 1984, which program consists of a soil geochemistry survey and prospecting. The estimated costs of the program is \$50,000.00 of which amount the Issuer will pay half.

A copy of the engineering report of Edward W. Grove, Ph.D., is hereunto annexed and forms part of this Statement.

There are no known quantities of commercial ore underlying these claims.

Unicorn Resources Ltd. is a reporting Company having its shares posted for trading on the Vancouver Stock Exchange.

Kargen Development Corporation is a Company 100% beneficially owned and controlled by Glen White and his wife, both of 9251 Beckwith Road, Richmond, British Columbia.

4. PARTICULARS OF NON-RESOURCE ASSETS

The Issuer does not own or have an interest in any non-resource assets.

5. CORPORATE INFORMATION

The Issuer was incorporated under the laws of the Province of British Columbia on March 7, 1980 by registration of its Memorandum and Articles. The Issuer is authorized to issue 10,000,000 shares without nominal or par value of which 2,020,000 shares are currently issued and outstanding as fully paid and non-assessable shares. All shares of the Issuer rank equally as to voting, and there are no special preference, conversion or redemption rights attached to any of the shares of the Issuer. No shares of the Issuer have been issued since the date of the financial statements included in this Statement.

6. DIRECTORS, OFFICERS, PROMOTERS AND PERSONS
HOLDING MORE THAN 10% OF THE ISSUED EQUITY SHARES

<u>Name and Address and Present Position Held</u>	<u>Chief Occupation</u>	<u>No. of Shares of Issuer Bene- ficially Owned</u>
GEORGE KOKONIS 1130 Mathers Avenue West Vancouver, B.C. V7T 2G3 President, Director and Promoter	Consulting Engineer, Elcon Enterprises Ltd. (March 1978 - present)	600,000 escrow, direct 123,750 free, direct
MORRIS ELDEN SCHORN 2355 Mathers Avenue West Vancouver, B.C. V7V 2H6 Secretary, Director and Promoter	Administrator, Northern Pipeline Agency, Govern- ment of Canada, (April 1979 - April 1981); Social Economic Consultant, Schorn Consulting Ltd., (a self-owned management company)(April, 1981 - present)	3,000 free, direct
ROBERT EDWARD KADLEC 1323 Cammeray Road West Vancouver, B.C. V7S 2N2 Director	President of Inland Natural Gas Co. Ltd., (1972 - present)	50,000 escrow, direct 55,000 free, direct

George Kokonis is a Director of one other reporting company. Morris Elden Schorn is or has been a Director and/or Officer and/or Promoter of ten other reporting companies. A list of the names of such companies will be available for inspection at 901 - 1199 West Pender Street, Vancouver, B.C., during primary distribution of the securities offered hereunder and for a 30 day period thereafter.

During the preceding year, the Issuer paid consulting fees in the amount of \$16,375.00 to Elcon Enterprises Ltd., a Company owned and controlled by George Kokonis, President and a Director of the Issuer, for consulting services rendered for and on behalf of the Issuer with respect to exploration and development work undertaken by the Issuer on the Kusk group of mineral claims. Consulting fees were paid to Elcon Enterprises Ltd. for the professional services of George Kokonis, rendered by him in his capacity as a consulting engineer, at rates equal to the rates charged by professional engineers performing the same services on an arm's length basis.

Save and except as set forth above, the signatories hereto have no knowledge of any person or body corporate that owns in excess of 10% of the equity shares of the Issuer.

7. OPTIONS TO PURCHASE SECURITIES OF THE ISSUER

Director and Key Employee Stock Options have been granted to Directors and Key Employees of the Issuer on 200,000 shares of the Issuer's capital stock under Director and Key Employee Stock Option Agreements dated November 25, 1983, exercisable in whole or in part on or before November 24, 1984 at a price of 25¢ per share. The Director and Key Employee Stock Options have been allocated as follows:

<u>Name</u>	<u>Capacity</u>	<u>Number of Shares</u>
George Kokonis	Key Employee	100,000
Morris Elden Schorn	Director	50,000
Robert Edward Kadlec	Director	50,000

On March 15, 1984, Robert Edward Kadlec exercised 20,000 shares of the shares optioned to him.

There are no other options to purchase securities of the Issuer.

8. SECURITIES OF THE ISSUER HELD IN ESCROW, POOL OR SUBJECT TO HOLD RESTRICTIONS

750,000 shares of the Issuer's capital stock are held in escrow by The Canada Trust Company, 1055 Dunsmuir Street, Vancouver, B.C., subject to the direction or determination of the Vancouver Stock Exchange. In the event the Issuer loses or abandons or fails to obtain title to all or part of the property or assets for which these shares were allotted, the holders of such shares have agreed that such number of such shares as the Vancouver Stock Exchange determines to be subject to cancellation, shall be surrendered to the Issuer by way of gift for cancellation.

50,000 shares of the Issuer's capital stock are held in pool with The Canada Trust Company, 1055 Dunsmuir Street, Vancouver, B.C., subject to release on July 21, 1984.

9. PARTICULARS OF ANY OTHER MATERIAL FACTS

To the knowledge of the signatories hereto, there are no actual or pending legal proceedings to which the Issuer or any of its properties is or is likely to be a party.

The Issuer has advanced \$22,500.00 representing the turnkey cost of participating to the extent of a 3.06% participating interest in the drilling of 10 wells in the Morningside, Red Lodge, Malmo and West Innisfail areas of Alberta under an Agreement dated November 9, 1983 entered into with TCK Financial Ltd.

Six of the 10 wells have been drilled and are in various stages of completion.

All of the issued and outstanding shares of TCK Financial Ltd. are owned by WLM Investment Corporation. WLM Investment Corporation is a Company 100% beneficially owned and controlled by William Murray of Suite 660, Bow Valley Square One, 202 - 6th Avenue S.W., Calgary, Alberta.

There are no other material facts.

The following documents may be inspected at 901 - 1199 West Pender Street, Vancouver, British Columbia, during primary distribution of the securities offered hereunder and for a period of 30 days after completion of such distribution:

- a. all contracts referred to in this Statement of Material Facts;
- b. all technical reports summarized or referred to in Items 3 and 4; and
- c. a list of the names of reporting companies referred to in Item 6.

10. STATUTORY RIGHTS OF RECISSION

The British Columbia Securities Act provides purchasers with the right to rescind a contract for the purchase of the securities where the Statement of Material Facts and any existing amendments thereto either contain a misrepresentation or are not delivered to the purchaser before delivery of the written confirmation of sale. For further information concerning these rights and the time limits within which they must be exercised, refer to Sections 60 and 61 of the Securities Act or consult a lawyer.

Six of the 10 wells have been drilled and are in various stages of completion.

All of the issued and outstanding shares of TCM Financial Ltd. are owned by W.M. Investment Corporation. W.M. Investment Corporation is a Company 100% beneficially owned and controlled by William Murray of Suite 600, Bow Valley Square One, 202 - 6th Avenue S.W., Calgary, Alberta.

NIRVANA OIL & GAS LTD.

There are no other material facts.

FINANCIAL STATEMENTS

The following documents may be inspected at 901 - 1199 West Bender Street, Vancouver, British Columbia, during primary distribution of the securities offered hereunder and for a period of 30 days after completion of such distribution:

- a. All contracts referred to in this Statement of Material Facts;
- b. All technical reports summarized or referred to in Items 3 and 4; and
- c. A list of the names of reporting companies referred to in Item 6.

10. STATUTORY RIGHTS OF REVISION

The British Columbia Securities Act provides purchasers with the right to rescind a contract for the purchase of the securities where the Statement of Material Facts and any existing amendments thereto either contain a misrepresentation or are not delivered to the purchaser before delivery of the written confirmation of sale. For further information concerning these rights and the time limits within which they must be exercised, refer to Sections 60 and 61 of the Act and to the accompanying lawyer's

Auditors' Report

Balance Sheet	Statement 1
Statement of Deficit	Statement 2
Statement of Income	Statement 3
Statement of Deferred Expenditures	Statement 4
Statement of Changes in Financial Position	Statement 5
Notes to Financial Statements	

TOPPING, EYTON and PARTNERS

CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Shareholders of
Nirvana Oil & Gas Ltd.

We have examined the balance sheet of Nirvana Oil & Gas Ltd. as at April 30, 1983 and the statements of deficit, income, deferred expenditures and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at April 30, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Topping Eyton and Partners

Chartered Accountants

Vancouver, B. C.
August 4, 1983

BALANCE SHEET

APRIL 30, 1983

ASSETS

	1983	1982
CURRENT		
Cash and term deposits	\$ 21,117	\$ 43,979
Accounts receivable		683
	<u>21,117</u>	<u>44,662</u>
RESOURCE PROPERTY EXPENDITURES, per Statement 4 (Notes 1, 2 and 3)	54,333	40,266
DEFERRED EXPLORATION AND DEVELOPMENT EXPENDITURES, per Statement 4 (Notes 1 and 3)	28,044	102,453
DEFERRED ADMINISTRATIVE EXPENSES, per Statement 4 (Note 1)	27,982	26,343
FIXED, at cost		
Equipment	668	893
	<u>\$ 132,144</u>	<u>\$ 214,617</u>

APPROVED BY THE DIRECTORS:

DIRECTOR M. Eldemir

DIRECTOR G. Kokoris

(See accompanying notes)

NIRVANA OIL & GAS LTD.

BALANCE SHEET

APRIL 30, 1983

LIABILITIES

	1983	1982
CURRENT LIABILITIES		
Accounts payable	\$ 9,078	\$ 33,278
SHAREHOLDERS' EQUITY		
Share capital		
Authorized		
10,000,000 common shares of		
no par value		
Issued and outstanding	205,500	205,500
1,600,000 shares (Note 4)		
Deficit, per Statement 2	(82,434)	(24,161)
	<u>123,066</u>	<u>181,339</u>
	<u>\$ 132,144</u>	<u>\$ 214,617</u>

(See accompanying notes)

NIRVANA OIL & GAS LTD.

STATEMENT OF DEFICIT

FOR THE YEAR ENDED APRIL 30, 1983

	1983	1982
BALANCE, BEGINNING OF PERIOD	\$ 24,161	
POTTAWATOMIE COUNTY PROPERTY WRITTEN OFF (Note 3)	41,992	
	<u>66,153</u>	
LOSS FOR YEAR, per statement 3	16,281	\$ 24,161
BALANCE, END OF PERIOD	<u>\$ 82,434</u>	<u>\$ 24,161</u>

(See accompanying notes)

NIRVANA OIL & GAS LTD.

STATEMENT OF INCOME

FOR THE YEAR ENDED APRIL 30, 1983

	1983	1982
INCOME		
Oil and gas	\$ 3,317	\$ 2,524
Interest	3,252	6,047
Foreign exchange		541
Other income	100	
	<u>6,669</u>	<u>9,112</u>
EXPENSES		
Bank charges and exchange	112	72
Insurance		4,496
Legal and audit	6,285	3,116
Office and sundry	1,322	7,584
Telephone	424	780
Travel	1,545	4,101
Amortization of deferred expenditures	11,622	13,124
Management services	1,640	
	<u>22,950</u>	<u>33,273</u>
LOSS FOR THE PERIOD	<u>\$ 16,281</u>	<u>\$ 24,161</u>

(See accompanying notes)

NIRVANA OIL & GAS LTD.

STATEMENT OF DEFERRED EXPENDITURES

FOR THE YEAR ENDED APRIL 30, 1983

	BEGINNING OF PERIOD	EXPENDITURES DURING PERIOD	END OF PERIOD
RESOURCE PROPERTY			
Turner Prospect	\$ 6,630		\$ 6,630
Pottawatomie County (Note 3)	316	\$ (316)	
Autry Prospect	34,545		34,545
Kusk claims (Note 2)		15,608	15,608
	<u>41,491</u>	<u>15,292</u>	<u>56,783</u>
Less accumulated amortization	1,225	1,225	2,450
	<u>\$ 40,266</u>	<u>\$ 14,067</u>	<u>\$ 54,333</u>
EXPLORATION AND DEVELOPMENT			
Turner Prospect	28,761		28,761
Pottawatomie County (Note 3)	72,653	\$ (72,653)	
Autry Prospect	5,572		5,572
General engineering	780		780
	<u>107,766</u>	<u>(72,653)</u>	<u>35,113</u>
Less accumulated amortization	5,313	1,756	7,069
	<u>\$ 102,453</u>	<u>\$ (74,409)</u>	<u>\$ 28,044</u>
ADMINISTRATIVE			
Bank charges	\$ 51		\$ 51
Legal and audit	17,645	\$ 4,785	22,430
Loss (gain) on foreign exchange	1,902	(72)	1,830
Office and sundry	10,590		10,590
Telephone	4,120		4,120
Travel	5,335	5,568	10,903
	<u>39,643</u>	<u>10,281</u>	<u>49,924</u>
Less interest and other income	6,714		6,714
	<u>32,929</u>	<u>10,281</u>	<u>43,210</u>
Less accumulated amortization	6,586	8,642	15,228
	<u>\$ 26,343</u>	<u>\$ 1,639</u>	<u>\$ 27,982</u>

(See accompanying notes)

NIRVANA OIL & GAS LTD.

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED APRIL 30, 1983

	1983	1982
FUNDS PROVIDED		
Issue of share capital		\$ 3,000
Reduction in accounts payable due to Pottawatomie County property write off	\$ 30,978	
Sale of equipment	225	
	<u>31,203</u>	<u>3,000</u>
FUNDS APPLIED		
Operations		
Loss for the year	16,281	24,161
Less non-cash outlays		
Amortization of deferred expenditures	11,622	13,124
Incorporation costs written off		550
	<u>11,622</u>	<u>13,674</u>
Resource property expenditures	4,659	10,487
Deferred exploration	15,608	11,559
Deferred administrative development expenditures		40,848
Deferred administrative expenditures	10,281	16,188
Purchase of equipment		350
	<u>30,548</u>	<u>79,432</u>
INCREASE (DECREASE) IN WORKING CAPITAL DURING PERIOD	655	(76,432)
WORKING CAPITAL, BEGINNING OF PERIOD	11,384	87,816
WORKING CAPITAL, END OF PERIOD	<u>\$ 12,039</u>	<u>\$ 11,384</u>
REPRESENTED BY		
Current assets	\$ 21,117	44,662
Current liabilities	9,078	33,278
	<u>\$ 12,039</u>	<u>\$ 11,384</u>

(See accompanying notes)

NIRVANA OIL & GAS LTD.

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 1983

1. ACCOUNTING POLICIES

(a) Resource properties and deferred expenditures

The company follows the full cost method of accounting for resource properties and deferred expenditures. These costs are recorded in the accounts as funds are expended. All such costs are to be amortized on the unit-of-production method, based on estimated proven recoverable reserves as determined by independent engineers.

(b) Joint venture accounting

Substantially all the company's exploration and development activities are conducted jointly with others. The financial statements reflect only the company's proportionate share of the total cost of these activities.

(c) Foreign exchange

Transactions in foreign currencies have been converted to Canadian funds at the rate in effect on the date of the transactions. Current assets and liabilities have been converted at the rate in effect on April 30, 1983.

(d) Depreciation

No depreciation has been recorded in the accounts as company management considers the value of fixed assets to be not less than cost.

(e) Deferred administrative expenses

Deferred administrative expenses are being amortized over five years on the straight-line basis.

2. KUSK CLAIMS

During the current period, the company entered into a joint venture agreement with Roddy Resources Ltd. for the purpose of acquiring an option on and exploring eleven mineral claims known as the Kusk Claims. The claims were acquired for a total initial contribution of \$31,215. The company's fifty percent share has been reflected in the financial statements under resource property costs. The joint venture is further obligated to make the following payments in order to maintain its option:

- (i) \$ 23,000 on or before June 15, 1983
- (ii) 47,000 on or before June 15, 1984
- (iii) 70,000 on or before June 15, 1985
- (iv) 75,000 on or before June 15, 1986
- (v) 90,000 on or before June 15, 1987

\$305,000

NIRVANA OIL & GAS LTD.

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 1983

3. POTTAWATOMIE COUNTY PROPERTY

During the period, this property was considered by company management to be un-economic. As a result, the property acquisition cost and exploration and development expenditures were written off against shareholders' equity.

4. SHARE CAPITAL

From the date of incorporation to April 30, 1983, the company issued shares in its capital stock as follows:

For the acquisition of resource properties		
750,000 shares at a price of \$.01 per share		\$ 7,500
For cash		
500,000 shares at a price of \$.10 per share		50,000
100,000 shares at a price of \$.20 per share		20,000
250,000 shares at a price of \$.50 per share		125,000
		<hr/>
		202,500
Additional contribution by three directors as required by an order of the Superintendent of Brokers		3,000
		<hr/>
		\$205,500
		<hr/>

The 750,000 shares issued for the acquisition of resource properties are held in escrow and may only be released with the approval of the Superintendent of brokers.

5. SUBSEQUENT EVENT

The company issued a prospectus on June 17, 1983, effective June 20, 1983 for the issue of 400,000 common shares at \$.50 per share.

Notes to Financial Statements

Statement 5	Statement of Changes in Financial Position
Statement 4	Statement of Deferred Expenditures
Statement 3	Statement of Income
Statement 2	Statement of Deficit
Statement 1	Balance Sheet
	Accountants' Comments

NIRVANA OIL & GAS LTD.
FINANCIAL STATEMENTS
DECEMBER 31, 1983
(Prepared without audit)

Accountants' Comments

Balance Sheet

Statement 1

Statement of Deficit

Statement 2

Statement of Income

Statement 3

Statement of Deferred Expenditures

Statement 4

Statement of Changes in Financial Position

Statement 5

Notes to Financial Statements

TOPPING, EYTON and PARTNERS

CHARTERED ACCOUNTANTS

ACCOUNTANTS' COMMENTS

To the Shareholders of
Nirvana Oil & Gas Ltd.

We have prepared the accompanying balance sheet as at December 31, 1983 and the statements of deficit, income, deferred expenditures and changes in financial position for the eight months then ended from the records of Nirvana Oil & Gas Ltd. and from other information supplied to us by the company.

In order to prepare these financial statements we made a review, consisting primarily of enquiry, comparison and discussion, of such information. However, in accordance with the terms of our engagement, we have not performed an audit and consequently do not express an opinion on these financial statements.



Chartered Accountants

Vancouver, B. C.
January 24, 1984

NIRVANA OIL & GAS LTD.

BALANCE SHEET

DECEMBER 31, 1983

(Prepared without audit)

ASSETS

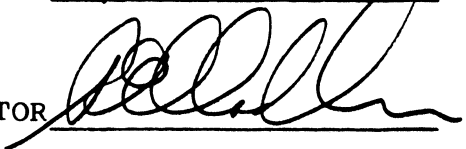
	<u>1983</u>	<u>1982</u>
CURRENT		
Cash and term deposits	\$ 21,031	\$ 25,450
Accounts receivable	8,000	
	<u>29,031</u>	<u>25,450</u>
RESOURCE PROPERTY EXPENDITURES, per Statement 4 (Notes 1 and 2)	94,089	47,450
DEFERRED EXPLORATION AND DEVELOPMENT EXPENDITURES, per Statement 4 (Note 1)	83,102	37,907
DEFERRED ADMINISTRATIVE EXPENSES, per Statement 4 (Note 1)	38,273	28,155
FIXED, at cost		
Equipment	1,093	893
	<u>\$ 245,588</u>	<u>\$ 139,855</u>

APPROVED BY THE DIRECTORS:

DIRECTOR



DIRECTOR



(See accompanying notes)

NIRVANA OIL & GAS LTD.

BALANCE SHEET

DECEMBER 31, 1983

(Prepared without audit)

LIABILITIES

	<u>1983</u>	<u>1982</u>
CURRENT LIABILITIES		
Accounts payable	\$ 5,332	\$ 3,471
SHAREHOLDERS' EQUITY		
Share capital		
Authorized		
10,000,000 common shares of		
no par value		
Issued and outstanding		
2,000,000 shares (Note 3)	365,500	205,500
Deficit, per Statement 2	(125,244)	(69,116)
	<u>240,256</u>	<u>136,384</u>
	<u>\$ 245,588</u>	<u>\$ 139,855</u>

(See accompanying notes)

NIRVANA OIL & GAS LTD.

STATEMENT OF DEFICIT

FOR THE EIGHT MONTHS ENDED DECEMBER 31, 1983

(Prepared without audit)

	<u>1983</u>	<u>1982</u>
BALANCE, BEGINNING OF PERIOD	\$ 82,434	\$ 24,161
POTTAWATOMIE COUNTY PROPERTY WRITTEN OFF		41,992
LOSS FOR THE PERIOD, per Statement 3	42,810	2,963
BALANCE, END OF PERIOD	<u>\$ 125,244</u>	<u>\$ 69,116</u>

(See accompanying notes)

NIRVANA OIL & GAS LTD.

STATEMENT OF INCOME

FOR THE EIGHT MONTHS ENDED DECEMBER 31, 1983

(Prepared without audit)

	1983	1982
INCOME		
Oil and gas	\$ 3,511	\$ 2,618
Interest	1,209	2,811
	<u>4,720</u>	<u>5,429</u>
EXPENSES		
Advertising and promotion	5,779	
Automobile	1,050	
Bank charges and exchange	53	86
Legal and audit	5,043	2,118
Office and sundry	1,193	843
Rent and telephone	6,474	
Transfer agent, listing and filing fees	2,792	
Travel	8,031	
Amortization of deferred expenditures (Note 1)	9,055	5,345
Office services	8,060	
	<u>47,530</u>	<u>8,392</u>
LOSS FOR THE PERIOD	<u>\$ 42,810</u>	<u>\$ 2,963</u>

(See accompanying notes)

NIRVANA OIL & GAS LTD.

STATEMENT OF DEFERRED EXPENDITURES

FOR THE EIGHT MONTHS ENDED DECEMBER 31, 1983

(Prepared without audit)

	APRIL 30, 1983	TRANSACTIONS DURING PERIOD	DECEMBER 31, 1983	DECEMBER 31, 1982
RESOURCE PROPERTY				
Turner Prospect	\$ 6,630		\$ 6,630	\$ 6,630
Wolcott program		\$ 22,500	22,500	
Autry Prospect	34,545		34,545	34,545
Kusk claims	15,608	4,222	19,830	7,500
San Juan claims		12,500	12,500	
	<u>56,783</u>	<u>39,222</u>	<u>96,005</u>	<u>48,675</u>
Less accumulated amortization	2,450	(534)	1,916	1,225
	<u>\$ 54,333</u>	<u>\$ 39,756</u>	<u>\$ 94,089</u>	<u>\$ 47,450</u>
EXPLORATION AND DEVELOPMENT				
Turner Prospect	\$ 28,761	\$ 386	\$ 29,147	\$ 28,761
Wolcott program		1,400	1,400	
Autry Prospect	5,572	2,087	7,659	5,572
Kusk claims	8,108	34,213	42,321	8,108
General engineering	780	10,222	11,002	780
	<u>43,221</u>	<u>48,308</u>	<u>91,529</u>	<u>43,221</u>
Less accumulated amortization	7,069	1,358	8,427	5,314
	<u>\$ 36,152</u>	<u>\$ 46,950</u>	<u>\$ 83,102</u>	<u>\$ 37,907</u>
ADMINISTRATIVE				
Bank charges	\$ 51		\$ 51	\$ 51
Legal and audit	22,430	\$ 10,019	32,449	22,430
Listing fees and trust company fees		3,182	3,182	
Loss on foreign exchange	1,830		1,830	1,826
Office and sundry	10,590		10,590	10,590
Printing		5,320	5,320	
Telephone	4,120		4,120	4,120
Travel	10,903		10,903	7,782
	<u>49,924</u>	<u>18,521</u>	<u>68,445</u>	<u>46,799</u>
Less interest and other income	6,714		6,714	6,714
	<u>43,210</u>	<u>18,521</u>	<u>61,731</u>	<u>40,085</u>
Less accumulated amortization	15,228	8,230	23,458	11,930
	<u>\$ 27,982</u>	<u>\$ 10,291</u>	<u>\$ 38,273</u>	<u>\$ 28,155</u>

(See accompanying notes)

TOPPING, EYTON and PARTNERS CHARTERED ACCOUNTANTS

NIRVANA OIL & GAS LTD.

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE EIGHT MONTHS ENDED DECEMBER 31, 1983

(Prepared without audit)

	1983	1982
FUNDS PROVIDED		
Issue of share capital	\$ 160,000	
Reduction in accounts payable due to Pottawatomie County property write off		\$ 30,978
	<u>160,000</u>	<u>30,978</u>
FUNDS APPLIED		
Operations		
Loss for the period	42,810	2,963
Less non-cash outlays		
Amortization of deferred expenditures	9,055	5,345
	<u>33,755</u>	<u>(2,382)</u>
Resource property expenditures	47,330	7,500
Deferred exploration development expenditures	48,309	8,108
Deferred administrative expenditures	18,521	7,157
Purchase of equipment	425	
	<u>148,340</u>	<u>20,383</u>
INCREASE IN WORKING CAPITAL DURING PERIOD	11,660	10,595
WORKING CAPITAL, BEGINNING OF PERIOD	12,039	11,384
WORKING CAPITAL, END OF PERIOD	<u>\$ 23,699</u>	<u>\$ 21,979</u>
REPRESENTED BY		
Current assets	\$ 29,031	\$ 25,450
Current liabilities	5,332	3,471
	<u>\$ 23,699</u>	<u>\$ 21,979</u>

(See accompanying notes)

NIRVANA OIL & GAS LTD.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1983

(Prepared without audit)

1. ACCOUNTING POLICIES

(a) Resource properties and deferred expenditures

The company follows the full cost method of accounting for resource properties and deferred expenditures. These costs are recorded in the accounts as funds are expended. All such costs are to be amortized on the unit-of-production method, based on estimated proven recoverable reserves as determined by independent engineers.

(b) Joint venture accounting

Substantially all the company's exploration and development activities are conducted jointly with others. The financial statements reflect only the company's proportionate share of the total cost of these activities.

(c) Foreign exchange

Transactions in foreign currencies have been converted to Canadian funds at the rate in effect on the date of the transactions. Current assets and liabilities have been converted at the rate in effect on December 31, 1983.

(d) Depreciation

No depreciation has been recorded in the accounts as company management considers the value of fixed assets to be not less than cost.

(e) Deferred administrative expenses

Deferred administrative expenses are being amortized over five years on the straight-line basis.

2. RESOURCE PROPERTY EXPENDITURES

(a) Turner Prospect

The company has a 15% working interest (12.188% net revenue interest) in one gas well and a 3% working interest (2.438% net revenue interest) in a second well, both of which are located in Hughes County, Oklahoma. Both wells are currently in production.

(b) Wolcott Program

The company has advanced the sum of \$22,500 to acquire 1.5% interest in a gas well drilling program in the Province of Alberta.

NIRVANA OIL & GAS LTD.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1983

(Prepared without audit)

(c) Austry Prospect

The company acquired oil and gas leases related to approximately 950 net acres of oil and gas leased lands in Hughes County, Oklahoma. The leases were three year leases due to expire on or before February 28, 1984.

(d) Kusk Claims

The company entered into a joint venture with Roddy Resources Ltd. for the purpose of acquiring an option on and exploring eleven mineral claims known as the Kusk Claims. The claims were acquired for a total initial contribution of \$15,000. The company's fifty percent share has been reflected in the financial statements under resource property costs. The joint venture is further obligated to make the following payments in order to maintain its option:

- (i) \$ 23,000 on or before June 15, 1983, which has been paid
- (ii) 47,000 on or before June 15, 1984
- (iii) 60,000 on or before June 15, 1985
- (iv) 75,000 on or before June 15, 1986
- (v) 90,000 on or before June 15, 1987

\$ 295,000

(e) San Juan Claims

During the period, the company, together with another company, entered into an agreement to acquire an option on seven mineral claims (134 units) located in the Victoria Mining Division, Province of British Columbia. The total cost of this acquisition, of which the company's share is 50%, is as follows:

- (i) \$ 25,000 upon execution of the agreement, which was paid
- (ii) 15,000 on or before August 30, 1984
- (iii) 25,000 on or before August 30, 1985
- (iv) 30,000 on or before August 30, 1986

\$ 95,000

- (v) A 10% net profits interest.

NIRVANA OIL & GAS LTD.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1983

(Prepared without audit)

(e) (cont'd)

In addition, the companies undertook to carry out a work program on the claims sufficient to keep the property in good standing. The minimum expenditures under the work program are \$50,000 in each of the years ending March 1, 1985, 1986 and 1987.

Upon payment of the \$25,000 due upon execution of the agreement, the companies exercised their option to the extent of a one-third interest in the property. Upon payment of the amount due on August 31, 1984 and completion of the work program for the period ending March 1, 1985, the companies will acquire a further one-third interest. Upon payment of the balance of the purchase price and completion of the work programs for the years ended March 1, 1986 and 1987, the companies will acquire the remaining one-third interest.

The companies have the right to buy out the 10% net profits interest at any time up to commencement of commercial production for \$1,000,000 plus any additional amounts due as set out above.

3. SHARE CAPITAL

From the date of incorporation to December 31, 1983, the company issued shares in its capital stock as follows:

For the acquisition of resource properties	
750,000 shares at a price of \$.01 per share	\$ 7,500
For cash	
470,000 shares at a price of \$.10 per share	47,000
130,000 shares at a price of \$.20 per share	26,000
650,000 shares at a price of \$.50 per share (of which 400,000 shares were issued during the period)	325,000
	<hr/>
	405,500
Less commission on share issue	40,000
	<hr/>
	\$ 365,500
	<hr/>

The 750,000 shares issued for the acquisition of resource properties are held in escrow and may only be released with the approval of the Superintendent of Brokers.

NIRVANA OIL & GAS LTD.

SOURCE AND APPLICATION OF FUNDS FOR THE
PERIOD JANUARY 1, 1984 - APRIL 30, 1984

FUNDS ON HAND AT BEGINNING OF PERIOD	\$21,031.50
Income - Sale of Oil & Gas	1,286.81
Sale of shares - 20,000 @ .25¢	5,000.00
From Kusk Acct	<u>9,000.00</u>
	\$36,318.31

APPLICATION OF FUNDS

Administration Expenses

Advertising & Promotion	\$ 4,725.83	
Auto	954.69	
Bank charges	26.30	
Office expenses	100.14	
Office services	2,560.00	
Legal and Audit	736.79	
Miscellaneous	420.00	
Rent & Telephone	2,716.48	
Transfer Agent	1,190.50	
Travel	848.59	
Transfer from spec acct	<u>9,000.00</u>	\$23,279.32

Exploration Expenses

Engineering Reports and Consulting	\$ 4,200.00	
General Exploration & Dev	1,925.00	
Ladysmith Minerals	300.00	
Kusk Special project	<u>150.00</u>	<u>\$ 6,575.00</u>

FUNDS ON HAND AT END OF PERIOD	<u><u>\$ 6,463.99</u></u>
--------------------------------	---------------------------

APPROVED BY THE BOARD OF DIRECTORS

THIS 30th DAY OF April 1984.

DIRECTOR: *G. Kohari*

DIRECTOR: *M. Ghoshal*



**PRELIMINARY ASSESSMENT
AND
RECOMMENDED WORK PROGRAM**

KUSK #1-11 CLAIMS

**CARIBOO MINING DIVISION
BRITISH COLUMBIA**

**FOR
NIRVANA OIL AND GAS LTD.**

JANUARY 10, 1984

T. NEALE, B.Sc. T.G. HAWKINS, P.GEOL.



SUMMARY

The Kusk claim groups, located 115 km east-northeast of Williams Lake, are underlain mainly by Upper Triassic phyllites of the Takla Group in the core of the Crooked Lake Syncline.

The Cariboo region is a very important gold-producing area. At least 1.2 million ounces of lode gold and 800,000 ounces of placer gold have been mined. The Frasergold property adjacent to the Kusk claims is reported to contain 11 million tons of 0.04 to 0.05 oz/ton Au and Dome Mines Ltd.'s QR deposit contains 950,000 tons grading 0.21 oz/ton Au. Many other new gold prospects in the Quesnel Trough are currently being explored and are showing very good results. In addition, porphyry copper/gold mineralization occurs at the Cariboo Bell deposit (100 million tons of 0.37% Cu and 0.015 oz/ton Au) and closer to the Kusk claims, at the EN/EM property; and porphyry molybdenum mineralization occurs at the Boss Mountain mine nearby.

A "knotted phyllite" layer occurring on the Frasergold property which contains the gold deposit mentioned above, is believed to continue onto the Kusk property. Over 20 km of the favourable horizon is potentially present on the Kusk claims. Previous brief geochemical soil surveys have produced encouraging results. Excellent potential exists for higher grade concentrations of remobilized gold in the structurally disturbed area at the nose of the syncline.



A systematic exploration program in three phases is recommended. Phase I consists of soil sampling and geological mapping and lithochemistry over most of the property. Phase II will follow up results of Phase I, with detailed soil sampling and IP surveys over the anomalies located during Phase I, and trenching and rock sampling on the best anomalies. Given positive results from Phase II, an initial diamond drilling program of about 3000 feet would constitute Phase III. The estimated total cost of all three phases is \$342,000, to be spent over approximately four months.

The Nirvana Oil and Gas Ltd. portion of that expenditure would, therefore, equal \$171,000 by virtue of the 50-50 joint venture agreement with Roddy Resources Inc.



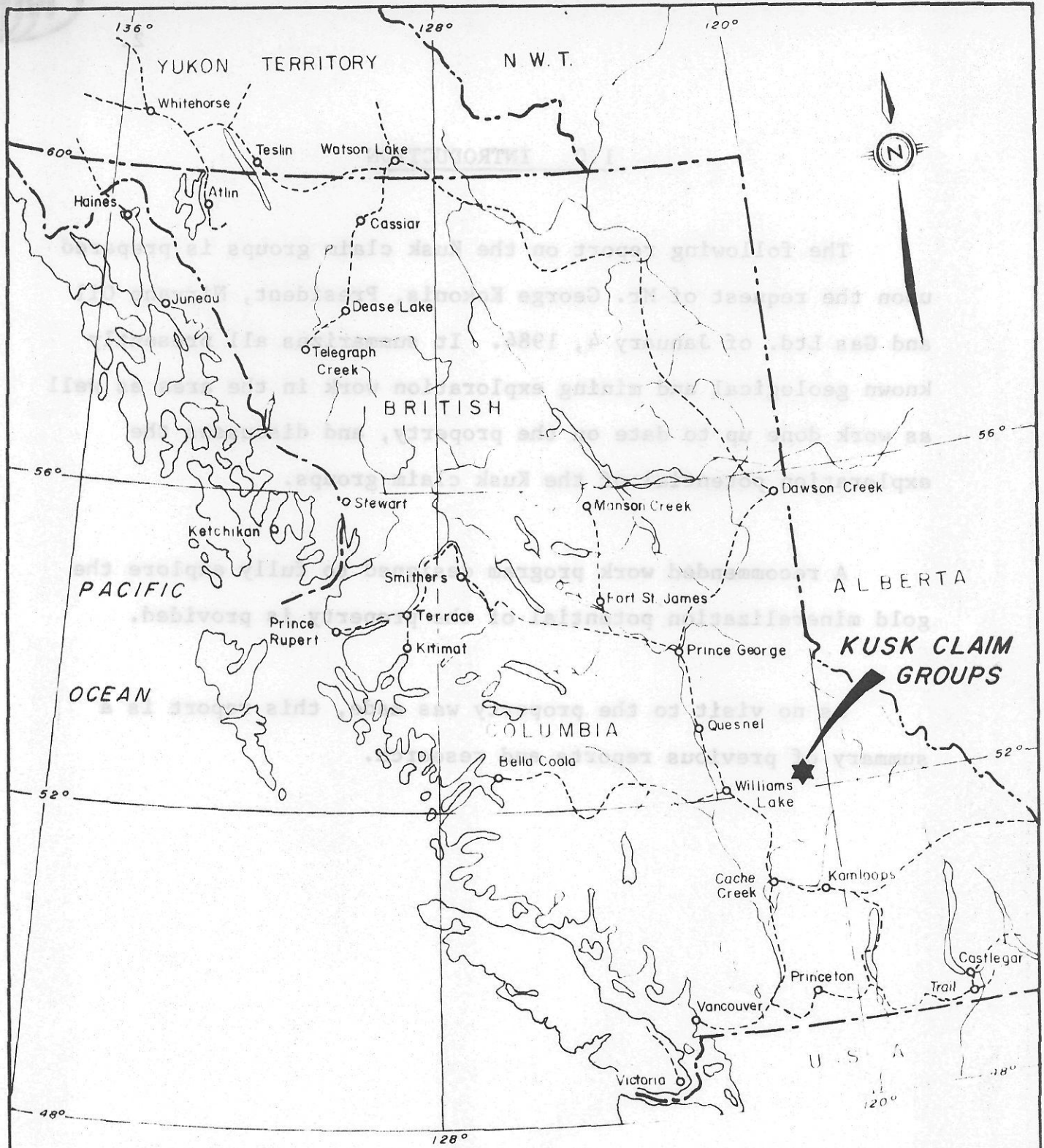
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NIRVANA OIL AND GAS LTD.

GENERAL LOCATION MAP
KUSK CLAIM GROUPS
CARIBOO MINING DIVISION

Project No.	V-139	By	T. N.
Scale	1" = 125 MILES	Drawn	J. S.
Drawing No.	1	Date	JAN. 1984.



MPH Consulting Limited



Scale 1" = 125 miles



1.0 INTRODUCTION

The following report on the Kusk claim groups is prepared upon the request of Mr. George Kokonis, President, Nirvana Oil and Gas Ltd. of January 4, 1984. It summarizes all presently known geological and mining exploration work in the area as well as work done up to date on the property, and discusses the exploration potential of the Kusk claim groups.

A recommended work program designed to fully explore the gold mineralization potential of the property is provided.

As no visit to the property was made, this report is a summary of previous reports and research.



2.0 PROPERTY LOCATION, ACCESS, TITLE

The Kusk claim groups are located between McKusky Creek and the MacKay River, NTS maps 93A/1,2,7 and 8, centred at approximately 52°15'N latitude, 120°30'W longitude in the Horsefly District of the Cariboo Mining Division of British Columbia.

At present, the only means of access to the property is by helicopter. The route previously used involved driving from Clearwater to a forestry helicopter pad at the south end of Clearwater Lake. From there, the camp was flown in by helicopter, a distance of about 30 km. Alternative routes via Williams Lake and Horsefly include a road to Crooked Lake (16 km west of the property) or a road up the MacKay River. The latter road has been bulldozed onto the Frasergold property and now ends within about two km of the northwestern edge of the Kusk property and could be extended onto the Kusk claims. It is reached by driving about 45 km east from Horsefly along the main Horsefly River Road and turning south into the MacKay River valley.

The property is comprised of eleven contiguous metric claims, in two groups, totalling 154 units as summarized below.

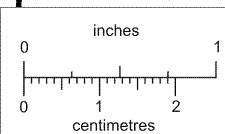
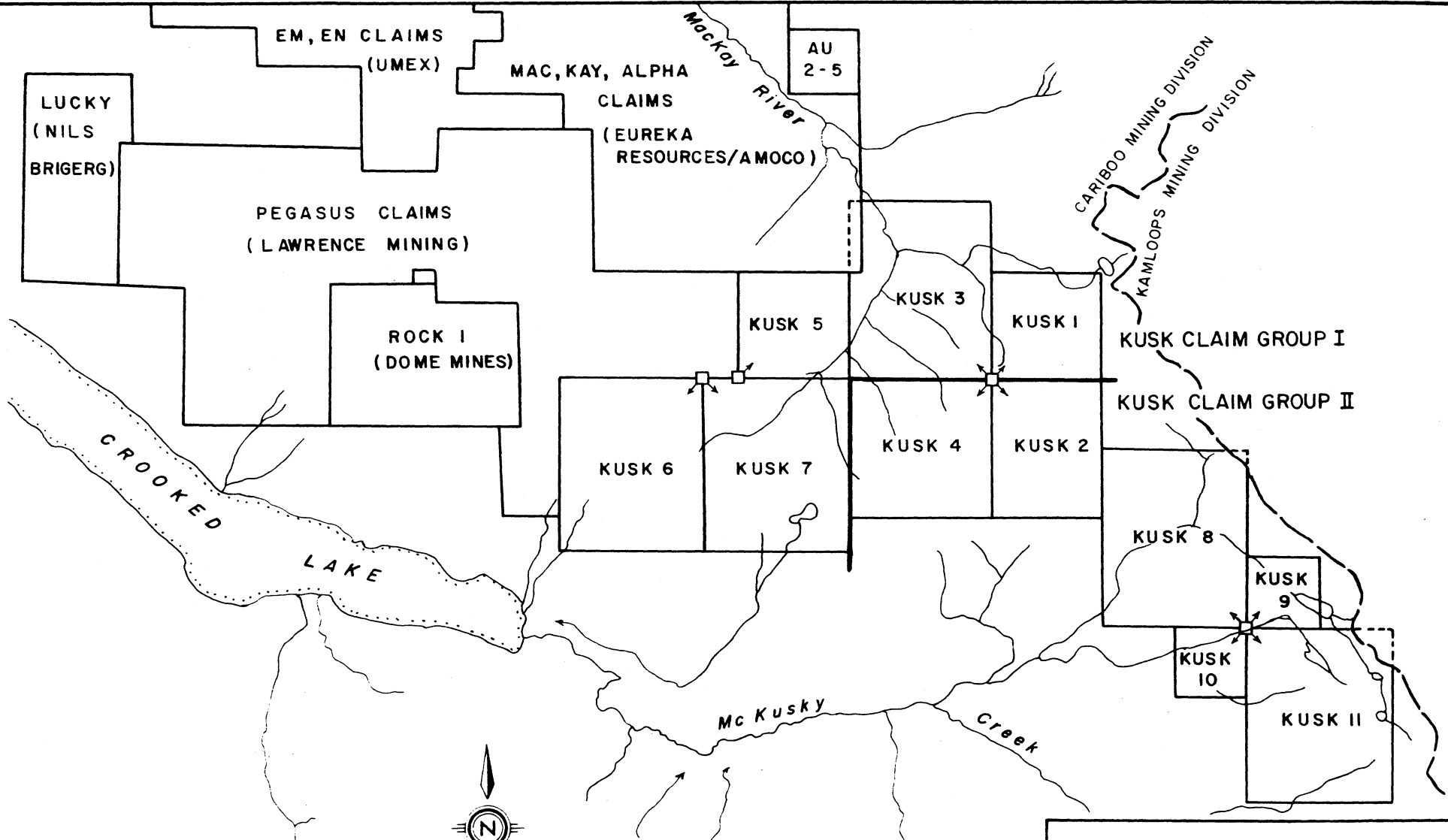


Table I
Claims Summary

Claim Name	No. of Units	Record Number	Expiry Date
<u>Group 1</u>			
Kusk 1	9	4141	20 Nov/84 *
Kusk 3	20	4143	20 Nov/84 *
Kusk 5	9	4145	20 Nov/84 *
Kusk 6	20	4146	20 Nov/84 *
Kusk 7	<u>20</u>	4147	20 Nov/84 *
Total	78 units		
 <u>Group 2</u>			
Kusk 2	12	4142	20 Nov/84 *
Kusk 4	16	4144	20 Nov/84 *
Kusk 8	20	4148	20 Nov/84 *
Kusk 9	4	4149	20 Nov/84 *
Kusk 10	4	4150	20 Nov/84 *
Kusk 11	<u>20</u>	4151	20 Nov/84 *
Total	76 units		

* based on work filed 1983

The claims are all owned by J.J. O'Neill (50%), J.M. Dawson(25%), and Gary Belik (25%) and are optioned from them by a joint venture consisting of Nirvana Oil and Gas Ltd. (Operator) and Roddy Resources Inc.



This reference scale bar has been added to the original image. It will scale at the same rate as the image, therefore it can be used as a reference for the original size.

NIRVANA OIL AND GAS LTD.

**DETAILED LOCATION MAP
KUSK CLAIM GROUPS
CARIBOO MINING DIVISION**

Project No. V-139	By: T N
Scale: APPROX 1:80,000	Drawn: J S
Drawing No. 2	Date: JAN 1984.





3.0 HISTORY

The earliest recorded mining activity in the Kusk claim groups area was placer gold mining on the tributaries of the MacKay River in the early 1900's. Minor placer gold production took place at Frasergold Creek, 1 km northwest of Kusk #3.

In 1966, exploration by Helicon Explorations Ltd. on the EN property at Eureka Peak 6 km northwest of the Kusk claims located porphyry copper mineralization in a mafic alkalic sill. Exploration continued on this property until 1974 and resumed in 1981 when UMEX explored the claims.

In 1978, C. Gunn staked the Alpha 1 claim on an area with numerous mineralized quartz boulders about 9 km NW of the Kusk claims. In 1979, as a result of anomalous gold values in silt and soil samples, he staked the Kay 1-8 claims along Frasergold Creek. Keron Holdings Ltd. optioned the property later in 1979 and staked additional claims in 1980 to make up the Frasergold property (Mac, Kay, and Alpha claims). By 1981, exploration work had resulted in the delineation of a strata-bound, probably syngenetic, zone of gold mineralization several kilometres long near the southeastern boundary of the property.

A regional geochemical survey of the area released by the B.C. government in 1980 led to the discovery of similar gold occurrences northwest of Crooked Lake.



In November, 1981, J.M. Dawson staked the Kusk claims on the nose of the syncline which the Frasersgold and Crooked Lake gold-bearing horizons occur on opposite limbs of. A very brief geochemical survey in October of 1982 gave encouraging results.

In September 1983, two grids were laid out; Grid A over the postulated southeast extension of the Frasersgold horizon, and Grid B over the theoretical southern continuation of the horizon on the southwest limb of the Crooked Lake Syncline. A total of 380 soil samples were collected at 50 m intervals on lines spaced 200 m apart. The total area covered by soil sampling was about 3 square km. The soil samples were analyzed for Au, Ag, Cu, Pb, and Zn. Limited geological mapping, prospecting, and rock sampling were also carried out in the grid areas.

Soil sampling results ranged from <10 to 170 ppb Au, 0.1 to 6.7 ppm Ag, 9 to 358 ppm Cu, 4 to 72 ppm Pb, and 22 to 1200 ppm Zn. Values considered to be anomalous were 10 ppb Au, 1.2 ppm Ag, 75 ppm Cu, 25 ppm Pb, and 270 ppm Zn.

On Grid A, the Au anomalies occurred mainly on lines 22E, 24E, and 26E. No Au anomalies were located in the centre of the grid, but some anomalies appeared in the southeastern end, indicating that the horizon is either discontinuous or is offset to the north by a fault. Silver anomalies were more widespread than Au anomalies and tended to form haloes around or adjacent



to the gold anomalies. Lead anomalies were weaker than Cu anomalies and occur mainly on the western part of the grid. Several well defined Zn anomalies were located. Some anomalies for all metals were open to the north and west and some Ag, Pb, and Zn anomalies were also open to the south. Correlation of Cu, Pb, and Zn anomalies was fair to very good with Ag anomalies, but generally poor with Au anomalies.

On Grid B, several well defined Ag anomalous clusters were located, some related to higher Au values which were generally low and scattered. Near the centre of the grid some Pb anomalies were located. Once again, Cu, Pb, and Zn anomalies showed fair to excellent correlation with Ag anomalies, but poor correlation to Au anomalies.

Combining all anomalies on one map shows a very strong anomalous zone on Grid A, approximately along the baseline, which appears to coincide with a zone of quartz outcrops and boulders noted during the 1983 fieldwork. Several other anomalous zones occur, mainly in the northwest part of the grid, some of which are open to the north and west. On Grid B, two "combined" anomalous zones occur; one following the baseline and a second one running parallel and north of the baseline. Both are open to the east and west. The zones are up to several hundred metres wide and are 1400 m and 1200 m long, respectively.



7b.

Thus, soil sampling results indicate that several anomalous zones exist, on both the north and south limbs of the syncline, which appear to be favourable for gold-silver mineralization.

Only 14 rock samples were collected. Only three samples ran over the detection limit (10 ppb) in Au, and only one sample ran over 1 ppm Ag. They are summarized below:

	Au ppb	Ag ppm	Cu ppm	Pb ppm	Zn ppm	
KR-3/58	<10	3.8				rusty quartz sweat
KR-5/58	20	0.8	48	13	116	black phyllite
KR-9/58	20	0.9				rusty phyllite near rusty quartz sweat
KR-12/58	20	0.1				milky quartz sweat in phyl- lite/schist.

The locations of the "definite" and "strong" soil anomalies are marked on Figure 4. Values used for the various "classes" of anomalies are summarized following:



7c.

	Au ppb	Ag ppm	Cu ppm	Pb ppm	Zn ppm
range	<10-170	0.1-6.7	9-358	4-72	22-1200
possibly					
anomalous	10	1.2-2.3	75-149	25-49	270-539
probably					
anomalous	20	2.4-3.5	150-224	50+	540-809
definitely					
anomalous	30	3.6-4.7	225-299		810+
strongly					
anomalous	40+	4.8+	300+		



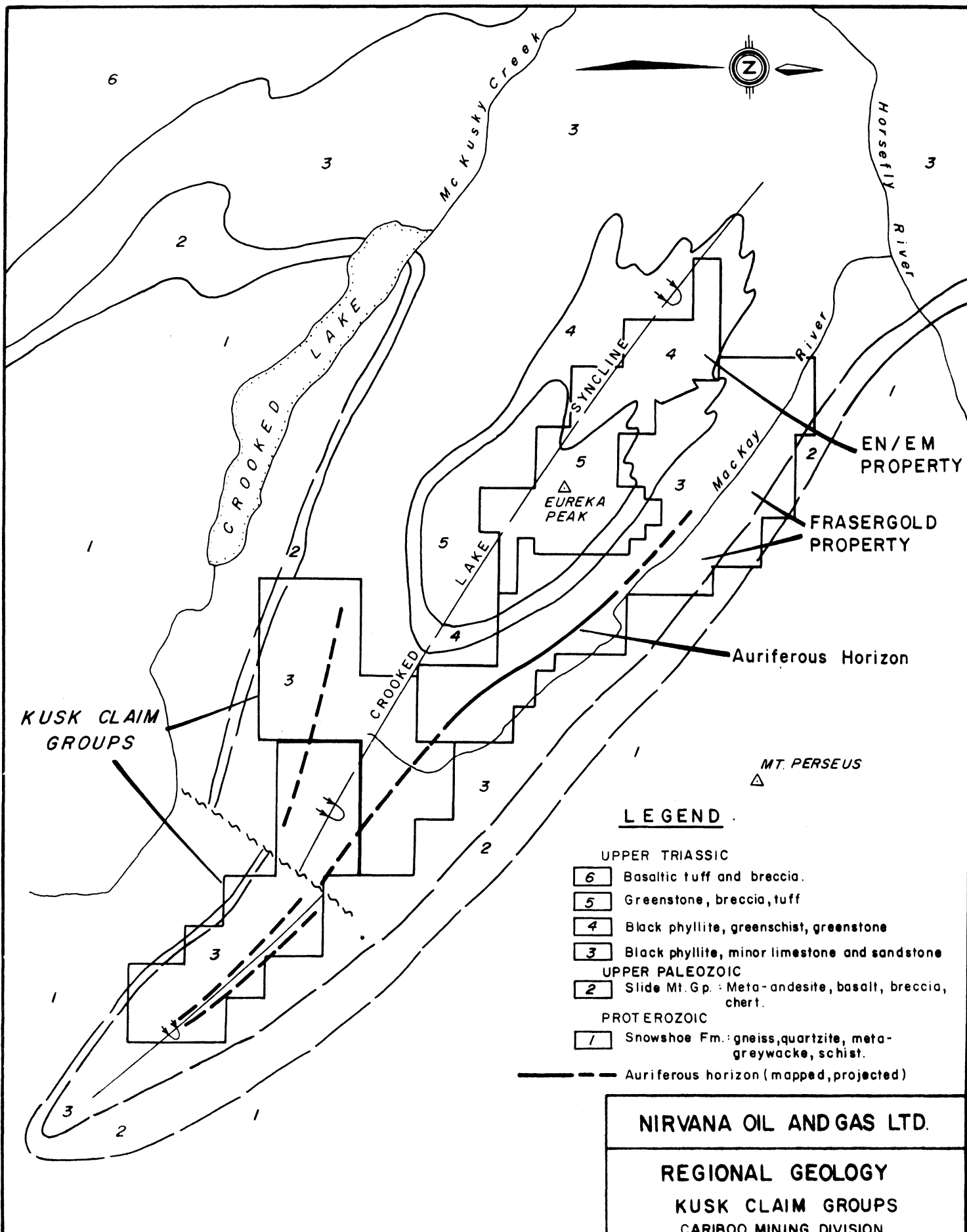
4.0 GEOLOGY

4.1 Regional

The most recent geological mapping of the area was done by R.B. Campbell (G.S.C. Open File 574 - Quesnel Lake Map Area, 1978) at a scale of 1:125,000.

The Kusk property is located at the nose of the Crooked Lake Syncline, part of the Quesnel Trough of the Intermontaine Belt which forms an embayment into the Omineca Crystalline Belt. In the area, Omineca Belt rocks are represented by the Proterozoic Snowshoe Formation, consisting of paragneiss, leucocratic feldspar augen gneiss, schist, and an upper green-schist unit. Overlying the Snowshoe Formation above a major angular unconformity is the Antler Formation of the Upper Paleozoic Slide Mountain Group. It is a sequence of dark green re-crystallized and foliated andesitic to basaltic greenstone about 100 m thick. As it is wrapped right around the Crooked Lake Syncline, The Antler Formation is a very useful marker horizon. Small serpentinite and peridotite bodies intruding the Snowshoe Formation are of uncertain age (probably pre-Antler Formation).

A thick sequence of Upper Triassic volcanic and sedimentary rocks of the Takla Group conformably overlies the Antler Formation. A basal unit of dark grey to black phyllite is



LEGEND

- UPPER TRIASSIC**
- 6 Basaltic tuff and breccia.
 - 5 Greenstone, breccia, tuff
 - 4 Black phyllite, greenschist, greenstone
 - 3 Black phyllite, minor limestone and sandstone
- UPPER PALEOZOIC**
- 2 Slide Mt. Gp.: Meta-andesite, basalt, breccia, chert.
- PROTEROZOIC**
- 1 Snowshoe Fm.: gneiss, quartzite, meta-greywacke, schist.
- Auriferous horizon (mapped, projected)

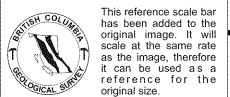
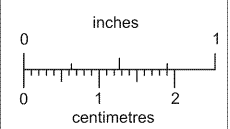
NIRVANA OIL AND GAS LTD.

**REGIONAL GEOLOGY
KUSK CLAIM GROUPS
CARIBOO MINING DIVISION**

Project No. V-139	By: T. N.
Scale: APPROX. 1:127,000	Drawn: J. S.
Drawing No: 3	Date: JAN. 1984.



Reference: J. M. Dawson (1982)
Modified after R. B. Campbell (O.F. 574)





overlain by greenstone, greenschist, augite porphyry breccia and tuff. Alkalic hypabyssal dykes, sills, and plugs representing feeders to the Triassic extrusive rocks are common.

Tertiary plateau and valley basalt is common throughout the region.

Regional metamorphism of varying degrees has affected all but the Tertiary rocks. The Snowshoe Formation has been metamorphosed to amphibolite facies while the Paleozoic and Mesozoic rocks have undergone greenschist facies metamorphism. The biotite isograd approximately follows the Takla phyllite unit.

The Crooked Lake Syncline is the major regional structure in the area. It is a northwest trending and plunging, overturned structure. Uplift of the Omineca rocks in the lower Jurassic caused strong foliation and tight folding of the Takla phyllite near the Omineca rocks. A large fault striking north-easterly and having an apparent left lateral displacement of approximately 1.5 km cuts the southern limb of the syncline on the Kusk claims.

4.2 Local

The Kusk property is almost entirely underlain by the Upper Triassic Takla Group represented by a thick (up to 1800 m) sequence of black phyllite (ie. the basal phyllite referred to above) forming the core of the Crooked Lake Syncline.



sequence of black phyllite (i.e. the basal phyllite referred to above) forming the core of the Crooked Lake Syncline.

Very small amounts of the Snowshoe Formation metamorphic basement rocks occur along the southermost part of the claims. A narrow band of the Upper Paleozoic Antler Formation occurs in the southern part of the claims, between the basement rocks and the Takla phyllite, which it conformably underlies. It is wrapped around the nose of the syncline and continues in a northwesterly direction just beyond the property limits.

On the Frasergold property, mapping by Belik divided the Takla phyllite unit into three members. They are: a lower unit of greenschist, black phyllite, and quartz-sericite schist; a middle unit of dark grey to black lustrous phyllite with minor interbedded limestone lenses; and an upper unit of interbedded black phyllite, greenschist, and quartz-sericite-chlorite schist which is a transitional zone to the volcanic units of the Takla Group which are found above the phyllite on the Frasergold property. All three phyllite members also occur on the Kusk claim groups.

In most areas, abundant lenses, pods, irregular veins, and "sweats" of milky quartz occur. The quartz bodies are commonly stained with limonite, range from a few centimetres to two metres wide and possibly up to ten metres long, and are conformable (some may be discordant according to Daughtry).



Small amounts of pyrite, and minor chalcopyrite and galena in two localities, have been noted. Quartz bodies may form up to 25% of the rock in place. Some quartz veins are isoclinally folded. It is believed that the quartz was "sweated" out of the country rocks during regional metamorphism, although Laanela believes that some may be derived from pre-existing quartzitic layers.

The phyllite is frequently drag-folded on a small to large scale and has prominent, steeply-dipping crenulations. In some places, parallel jointing is developed, crosscutting the foliation. Air photo interpretation has located numerous possible faults on the property.

Black, carbonaceous phyllite containing frequent primary bands and streaks of pyrite and minor calcareous layers occurs in the extreme southeast part of the property, while buff and limonite-stained phyllite with some chloritic and hornblende-rich horizons occurs in the central area.

On the Frasergold property, the iron-carbonate-rich facies (knotted phyllite) which hosts low grade gold mineralization, occurs in the middle member of the phyllite unit. The knotted phyllite is characterized by boudins of rusty ankerite or siderite up to 8 mm in size formed by brittle deformation of originally continuous iron-carbonate laminae in the phyllite. The mineralized phyllite contains no visible sulphides and is



indistinguishable from the unmineralized phyllite at Frasersgold according to Belik. The mineralized horizon is said to be 200 to 300 metres wide and several kilometres in length and was located and traced by soil and rock geochemistry. Grab samples of the knotted phyllite assay as high as 0.04 oz/ton Au, and samples of quartz within knotted phyllite have run as high as 0.28 oz/ton Au.

4.3 Mineral Occurrences

EN, EM Claims Cu

Geology:

A thick sequence of Mesozoic siltstones and phyllites of the Quesnel Trough are intruded successively by irregular bodies of amphibolite, augite porphyry, and granodiorite. The mineralization consists of finely disseminated (some veins and pods) pyrite, chalcopyrite, and pyrrhotite with traces of bornite and possibly chalcocite in and adjacent to a leucocratic syenodiorite (granodiorite) and lesser amounts possibly unrelated to the granodiorite occurring in the augite porphyry.

Economic Features:

An inner "core" 4000 to 6000 feet by 800 feet with grades from 0.13% to 0.44% Cu is surrounded by an outer "envelope" of about 0.10% Cu in diorite and augite porphyry. Grab samples have assayed up to 3.5% Cu. A 1972 report stated that there was excellent potential for over 150 million tons of porphyry copper ore.

**History:**

1958: discovered by E. Scholtes.

1965-66: Helicon Explorations Ltd.; built access road, topographic mapping, reconnaissance aeromag, geochemistry, and geological surveys, EM and IP surveys, some X-ray diamond drilling, a 72 foot adit with a 630 foot horizontal drill hole at the end.

1968: Howard Traris; EM survey, diamond drilling.

1969-70: Amax Exploration Inc.; soil, silt, rock, and water geochemistry surveys, geological mapping, diamond drilling.

1971: Cerro Corp.; a small amount of sampling.

1972: Rio Tinto Canadian Exploration Ltd.; geological mapping, sampling.

1974: Noranda Mines Ltd.; IP survey, 2 diamond drill holes totalling 1204 feet.

1981: UMEX Inc.; soil sampling and rock geochemistry surveys, airborne EM and magnetometer surveys.

References:

Assessment Reports 2137, 2662, 3814, 5215

Frasergold (Kay, Mac, Alpha) Au

Geology:

The same as for the Kusk claims. The Frasergold property adjoins the Kusk property to the northwest and was the original discovery of gold in the area that prompted staking of the Kusk claims.



Economic Features:

A large zone of stratabound, low grade gold mineralization 200 to 300 m wide by several kilometres long reported to contain 11 million tons of 0.04 to 0.05 oz/ton Au. Grab samples of knotted phyllite assay up to 0.04 oz/ton, and of quartz within knotted phyllite up to 0.28 oz/ton.

Results from Amoco's recent drill program include the following:

Hole 83-1	10.5 m of 0.083 oz/ton Au including 1.5 m of 0.477 oz/ton Au
83-2	10.0 m of 0.067 oz/ton Au
83-3	7.5 m of 0.020 oz/ton Au
83.4	6.0 m of 0.048 oz/ton Au
83.5	18.0 m of 0.022 oz/ton Au

as well as numerous other shorter or lower grade sections. Visible gold was present in drill holes 1 and 2. Assay results are highly variable due to the presence of coarse, free gold in some samples. Down-dip and on-strike projections correlate well in several of the drill holes.

History:

1978-79: C. Gunn staked Alpha 1 and Kay 1-8 claims.

1979-81: Keron Holdings Ltd.; staked additional claims, soil, silt, and rock geochemistry surveys, geological mapping.

Present: Amoco Canada Petroleum Co./Eureka Resources Ltd.; diamond drilling.



References: George Cross Newsletter #219, 249 (1983).

West of the Kusk claims, a geochemical survey by Tillicum Gold Mines on the Elbow claims yielded values greater than 1.4 ppm Au. Adjacent to the Elbow claims, Mt. Calvery's property is reported to have yielded an assay of 0.30 oz/ton Au over 11 feet. There are various other claims and claim groups between the Kusk claims and the Elbow claims for which there is no record of work done.

The rest of the Quesnel Trough is also a hot exploration target. The QR and Maud deposits of Dome Mines Ltd. occur in rocks mapped by Campbell (1978) as basaltic breccia, tuffs, and flows with minor sediments (immediately above unit 6 on regional geology map) overlying the Takla Group, about 100 km northwest of the Kusk claims. The QR deposit contains 950,000 tons of 0.21 oz/ton Au. A large amount of exploration in this area has resulted in virtually solid staking for 50 km southeast to Quesnel Lake.

In the same unit of rocks, Monte Christo Resources and E&B Explorations are conducting a drill program on the Jamboree claims northwest of Crooked Lake. Gold mineralization was intersected from surface to 100 m in 18 out of 20 rotary drill holes, and surface assays of 0.118 to 0.145 oz/ton Au are reported.



The Cariboo Bell porphyry copper deposit with 100 million tons of 0.37% Cu and 0.015 oz/ton Au is found in an intrusive within these same rocks approximately 85 km to the northwest.

The Boss Mountain molybdenum mine is located within the Takomkane Batholith, approximately 32 km to the southeast. From 1965 to 1978 it produced 28,202,314 pounds of molybdenum, and geological reserves as of March, 1979 are reported as 2.7 million tons grading 0.18% Mo. An earlier figure is given as 40 million tons of 0.08% Mo.



5.0 EXPLORATION POTENTIAL

The Kusk property almost certainly hosts an auriferous horizon extending from the Frasergold property. More than 20 km of the favourable horizon may be present if the Frasergold occurrence and the gold found on the southern limb of the syncline are in the same layer that is folded around the nose of the syncline.

Tight folding, fracturing, and faulting in the nose of the Crooked Lake Syncline provide a highly favourable setting for concentration of remobilized low grade syngenetic gold mineralization into higher-grade, structurally controlled deposits.

The regional setting of the Kusk claims is similar to that of the gold deposits in the Wells area which have produced over 1.2 million ounces of gold. An additional 800,000 ounces or more of placer gold has been produced from Tertiary channels in the Cariboo region, over 15,000 ounces of which came from the Horsefly River drainage. Ancient Tertiary channels containing placer gold could possibly occur on the Kusk property.

If any intrusive bodies of a reasonable size are located during mapping, they could be checked for signs of porphyry copper mineralization, as the EN porphyry copper occurrence is nearby and the large Cariboo Bell deposit is only 85 km to the southwest.



6.0 RECOMMENDED WORK PROGRAM

6.1 Plan

The Kusk claims are underlain by phyllites of the Upper Triassic Takla Group which contain an auriferous "knotted phyllite" horizon on the adjacent Frasergold property, which is believed to continue onto the Kusk property.

As the favourable horizon is difficult or impossible to distinguish from the surrounding phyllites and 80 to 90% of the property is soil-covered, soil geochemistry is the most useful exploration tool. It was by a thorough program of soil and rock sampling that the knotted phyllite horizon was traced on the Frasergold property. It is reported that anomalous silver, lead, and zinc values form a halo around the main gold anomaly.

Phase I will therefore consist of soil geochemistry, covering all of the claims to determine where the knotted phyllite is located along with geological mapping and litho-geochemical sampling of the available outcrops. A total of approximately 1500 soil samples will be taken every 50 m on lines spaced 400 m apart. The lines will be flagged but not cut at this stage. As a good correlation exists for silver, lead, zinc, and copper, analyses will only be done for silver and gold.

The fact that previous soil geochemistry surveys have shown silver anomalies to form a wider, enclosing "halo" around gold anomalies, makes it possible to do a regional program with fairly wide sample spacing without worrying about missing any narrow gold anomalies. In the event that gold anomalies are



weak or absent, the larger, encircling silver anomaly should be detected and can be followed up on a more detailed scale to determine whether it contains a smaller gold anomaly.

Geological mapping will hopefully locate enough outcrop to be able to trace the three members of the phyllite, thereby narrowing the search area to the middle member. As well, the presence of structural features which may control deposition of remobilized gold or offset or divert the auriferous horizon, will be investigated. Litho geochemistry will help to divide the phyllite into its three members as well as indicating any mineralization.

Phase I is estimated to take 45 days to complete at a cost of \$79,000.

Once the results from Phase I are available, Phase II is designed as a follow-up. IP surveys will be done over the most promising anomalies as well as more closely spaced soil sampling to better define the anomalies. During the last week of Phase II, trenching on the best anomalies will provide a chance to geologically examine the rocks and to sample them for assaying. Phase II is estimated to take four weeks to complete at a cost of \$113,000.

If warranted by results of Phase II, Phase III will consist of a small initial drill program. Therefore, 3000 feet of diamond drilling estimated to cost \$150,000 is tentatively recommended.

The total cost of Phases I, II, and III is \$342,000, to be spent over approximately four months.

6.2 BudgetPhase I

Mobilization/Demobilization			\$ 2,000
Personnel			
Geologist	35 days @ \$325	\$11,375	
Soil Samplers (3)	35 days @ \$450	<u>15,750</u>	27,125
Field Expenses			
Camp and Materials	35 days @ \$40/day	1,400	
Supplies -	140 man days @ \$30/day	4,200	
Helicopter	24 hours @ \$500/hour	12,000	
Miscellaneous		<u>1,000</u>	18,600
Analyses			
1500 soil samples	@ \$6.65 each (Au Ag)	9,975	
100 rock samples	@ \$8.05 each (Au Ag)	<u>805</u>	10,780
Consulting/Supervision	6 days @ \$450		2,700
Report Preparation			
	10 days @ \$325	3,250	
Costs		2,500	<u>5,750</u>
			66,955
Administration (15% of 33,880)			<u>5,100</u>
			72,055
Contingency @ 10%			<u>72,00</u>
	say		\$79,000



22.

Phase II

Mobilization/Demobilization		\$ 2,000
I.P. Surveying 20 days @ \$1500/day		30,000
Personnel		
Geologist 21 days @ \$325	\$6,825	
Samplers/Trenchers(2) 21 days @ \$350	<u>7,350</u>	
		14,175
Field Expenses		
Camp and Materials 21 days @ \$40	840	
Suppliers 63 man days @ \$30	1,890	
Trenching Supplies		
Steel, powder, drill rental	2,500	
Helicopter 60 hrs @ \$500	<u>30,000</u>	
		35,230
Analyses		
400 soil samples @ \$6.65 each (Au,Ag)	2,660	
100 rock samples @ \$12 each (Au,Ag)	<u>1,200</u>	
		3,860
Consulting/Supervision		
5 days @ \$450		2,250
Report Preparation		
7 days @ \$325	2,275	
Costs	<u>2,000</u>	
		<u>4,275</u>
		91,790
Administration (15% of 73,090)		<u>11,000</u>
		102,790
Contingency @ 10%		<u>10,300</u>
	say	\$113,000

Phase III

3000 feet of drilling at overall cost
of \$50 foot \$150,000

Total Phases I, II, III \$342,000

Given the 50-50 joint venture with Roddy Resources Inc.,
the Nirvana Oil and Gas Ltd. share of the projected budget is as
follows:

Phase I	\$ 39,500
Phase II	56,500
Phase III	<u>75,000</u>
	\$171,000

6.3 Schedule

The estimated time requirements for Phase I work are summarized in the following table. Phase II follow-up sampling, IP, and trenching and rock sampling are estimated to take three weeks to complete.

Week	1	2	3	4	5
Mobilization					
Soil Sampling					
Geological Mapping, Rock Sampling					
Consulting/ Supervision					
Analyses					
Demobilization					
Reporting					

Table II
Phase I Project Schedule
Kusk Property





7.0 CONCLUSIONS

1. The Kusk claim groups are underlain by a sequence of Upper Triassic phyllites known to host a large zone of low grade gold mineralization on a property adjacent to the northwest. Gold also occurs in the phyllites to the west. Thus, a potential strike length of over 20 km exists for the gold-bearing layer.
2. Folding and fracturing in the vicinity of the Crooked Lake Syncline nose make it an excellent target for higher-grade structurally controlled deposits of gold concentrated after remobilization due to regional metamorphism.
3. Soil geochemistry was found to be the cheapest and fastest way of outlining the auriferous horizon on the Fraser gold property.
4. Previous soil geochemistry has indicated that the favourable horizon is probably present on the property, but a gap between the grid and the Frasergold property and possible fault offsets cause uncertainties.
5. A systematic program of exploration to locate, trace, sample, and develop the auriferous knotted phyllite horizon using soil geochemistry, geological mapping and litho-geochemistry, with follow-up geophysics and trenching, and eventually diamond drilling is warranted.



8.0 RECOMMENDATIONS

1. A Phase I program of systematic soil geochemical sampling and geological mapping and rock sampling covering the entire property with the aim of locating and tracing the favourable knotted phyllite horizon and to locate geochemical anomalies for follow-up is recommended.
2. It is recommended that grid lines be flagged and rough cut and that soil samples be analyzed for gold and silver.
3. The first phase is estimated to cost \$79,000 and to take seven weeks to complete both field work and reporting.
4. A 21 day, \$113,000 Phase II program of follow-up IP and detailed soil geochemistry surveys on geochemical anomalies and trenching and rock sampling on the best anomalies is contingent on favourable results from Phase I.
5. Contingent on favourable results from Phase II, a \$150,000 budget is tentatively recommended for an initial diamond drill program of about 3000 feet.

Respectfully submitted,
MPH CONSULTING LIMITED

T. Neale

T. Neale, B.Sc.

T.G. Hawkins

T.G. Hawkins, P.Geol.



CERTIFICATE

I, T. Neale, do hereby certify:

1. That I am a graduate in geology of The University of British Columbia (B.Sc. 1978).
2. That I have practised as a geologist in mineral exploration for six years.
3. That the opinions, conclusions, and recommendations contained herein are based on library and property work research.
4. That I own no direct, indirect, or contingent interest in the area, the subject property, or shares or securities of Nirvana Oil and Gas, Roddy Resources Inc., or associated companies.

A handwritten signature in cursive script that reads 'T. Neale'.

T. Neale, B.Sc.

Vancouver, B.C.

January 10, 1984



CERTIFICATE

I. T. E. Gregory Hawkins, do hereby certify:

- 1) That I am a Consulting Geologist with business offices at 301-409 Granville Street, Vancouver, British Columbia V6C 1T2.
- 2) That I am a graduate in geology of The University of Alberta, Edmonton (B.Sc. 1973) and of McGill University, Montreal (M.Sc. 1979).
- 3) That I have practised within the geological profession for the past fourteen years.
- 4) That I am a Fellow of the Geological Association of Canada and a Professional Geologist registered in the Province of Alberta.
- 5) That the opinions, conclusions and recommendations herein are based on research work carried out and supervised by me during the same period.
- 6) That I own no direct, indirect, or contingent interests in the area, the subject property, or shares or securities of Nirvana Oil and Gas Ltd., Roddy Resources Inc., or associated companies.

A handwritten signature in cursive script, appearing to read 'Gregory Hawkins', written in dark ink.

T.E. Gregory Hawkins, P.Geol.

Dated at Vancouver, British Columbia,
this 10th day of January, 1984.



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**GEOLOGICAL REPORT
AND
WORK PROPOSAL**

**ON THE
SOMBRIO PROPERTY**

OF

UNICORN RESOURCES LTD. &

NIRVANA OIL & GAS LTD.

IN THE

PORT RENFREW AREA

SOUTHERN VANCOUVER ISLAND

VICTORIA M.D.

N.T.S.93C/9W&93C/9E

BY

EDWARD W. GROVE Ph.D, P.Eng.

JANUARY 2, 1984

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JANUARY 2, 1984

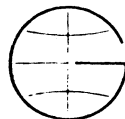
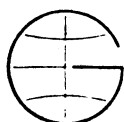


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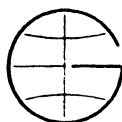
SUMMARY

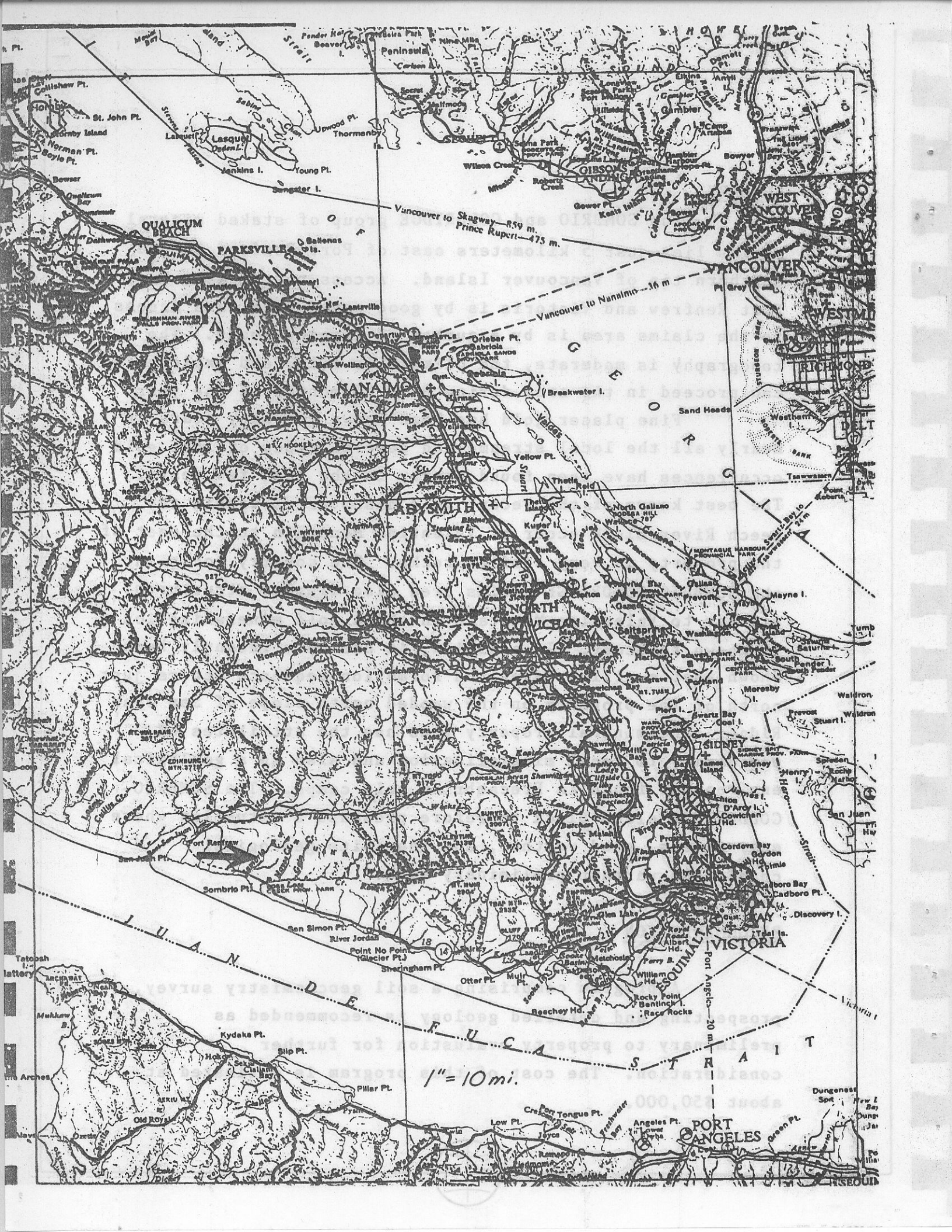
The SOMBRIO and GOLDRIDGE group of staked mineral claims lies just 5 kilometers east of Port Renfrew on the southern tip of Vancouver Island. Access to the area from Port Renfrew and Victoria is by good paved road, and access to the claims area is by a number of logging roads. The topography is moderate, the climate is mild, and exploration can proceed in the area during 8 to 10 months of the year.

Fine placer gold has been known for many years in nearly all the local streams and several types of lode gold occurrences have been found nearby in the last few years. The best known of the recent gold discoveries within the Leech River Block occur at Valentine Mountain to the east of the property in very similar rocks. The country rocks in the SOMBRIO-GOLDRIDGE claims area also display structures similar to Valentine Mountain in which gold mineralization is known to occur. In addition, it has only recently been shown that a pillow lava-iron formation sequence occurs just north of the property on the wooded north slope of San Juan Ridge. The mineral property thus has the attributes of similarity to local mineralization and also to a geological environment found in Precambrian gold camps. The SOMBRIO-GOLDRIDGE claim block therefore presents a situation where easy access, good weather, and requisite geological conditions warrant preliminary work.

RECOMMENDATION

A program comprising a soil geochemistry survey, prospecting and detailed geology is recommended as preliminary to property evaluation for further consideration. The cost of this program is estimated at about \$50,000.





1" = 10 mi.

Vancouver to Skagway—859 m.
Prince Rupert—475 m.

Vancouver to Nanaimo—16 m.

Swill Bay to
Taswanan 24 m.

Port Angeles 20 m.

QUALICUM BEACH

PARKSVILLE

NANAIMO

AB SMITH

NORTH COWICHAN

SIDNEY

VICTORIA

PORT ANGELES

WEST VANCOUVER

WEST MOUNT

RICHMOND

DELTA

WESTBANK

POINT ROBERTS

SWILL BAY

MAYNE I.

WALDRON

STUART I.

SPREAN

ROCKY MARSH

SAN JUAN

DISCOVERY I.

TRIAL IS.

ANGEL'S PT.

PORT ANGELES

DUNGENESS SPIT

NEW I. BAY

DUNGEON

ST. JOHN PT.

BOYS PT.

UPWOOD PT.

THORNBURY

YOUNG PT.

SANGSTER I.

GALLENAS IS.

ORLEBAR PT.

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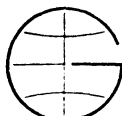
ORLEBAR I.

INTRODUCTION

The Sombrio River property jointly held by Unicorn Resources Ltd. and Nirvana Oil & Gas Ltd. includes seven contiguous staked mineral claims comprising 134 units. The property lies about five kilometers east of Port Renfrew along the west end of San Juan Ridge. Access is generally by paved road from Port Renfrew or from Victoria, a distance of about 90 kilometers, to active logging roads which access the claim group along the Sombrio River. The area has been of interest to prospectors for many years because of the fine placer gold found in almost all the creeks in the area and recently because of fine gold found in high sand deposits near the mouth of the Sombrio River.

Lode gold deposits found east of the Sombrio property at Valentine Mountain in 1976 and immediately north of the Sombrio property in 1980 have resulted in considerable interest in this generally poorly known and virtually unexplored area.

Mineral exploration in this area which lies within the west end of the Leech River metamorphic complex has been basically limited to the main highway and older well developed logging roads and largely concentrated on copper deposits. Recent work by prospectors has shown the area is geologically more complex than suspected and that several types of gold deposits can be expected. Until recently all of the placer gold found in streams on the southern part of Vancouver Island were judged to be derived from reworked glacial deposits. The discovery of free gold in quartz veins within the Leech River complex from Sooke to Port Renfrew refutes this outdated concept.



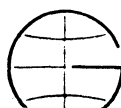
The writer has been active in the general area for considerable time and has been directing exploration programs and mapping the detailed geology of the area for a number of years. The writer examined the SOMBRIO-GOLDRIDGE claim group on several occasions during the summer of 1983.

LOCATION AND ACCESS

The SOMBRIO-GOLDRIDGE claim group straddles the westerly end of San Juan Ridge, an upland area lying between the San Juan and Leech rivers, cut by numerous small consequent streams. Elevations in the claims area are relatively modest lying between 1,000 feet in the lower levels of the creeks to over 3,500 feet on the ridge top. The claims are 5 kilometers due east of Port Renfrew and about 28 kilometers due west of Victoria (Figure 1). San Juan Ridge has a heavy cover of mature timber which is currently being harvested along both the San Juan and Leech river valleys and the many small streams which cut north and south into the upland block.

Glaciation and recent consequent stream development have deeply incised the ridge with cirques well developed on the north side and deep sharp gullies on the south. Stream flows are erratic, depending on the snow and rain which is generally heavy during the short winter. Because of the location the climate is relatively mild and work can generally proceed for 8 to 10 months of the year.

Ongoing logging operations have opened up large parts of San Juan Ridge in recent years. Both sides of the ridge and the mineral claims can now be reached from the main roads up the streams to the flat to rolling ridge top.



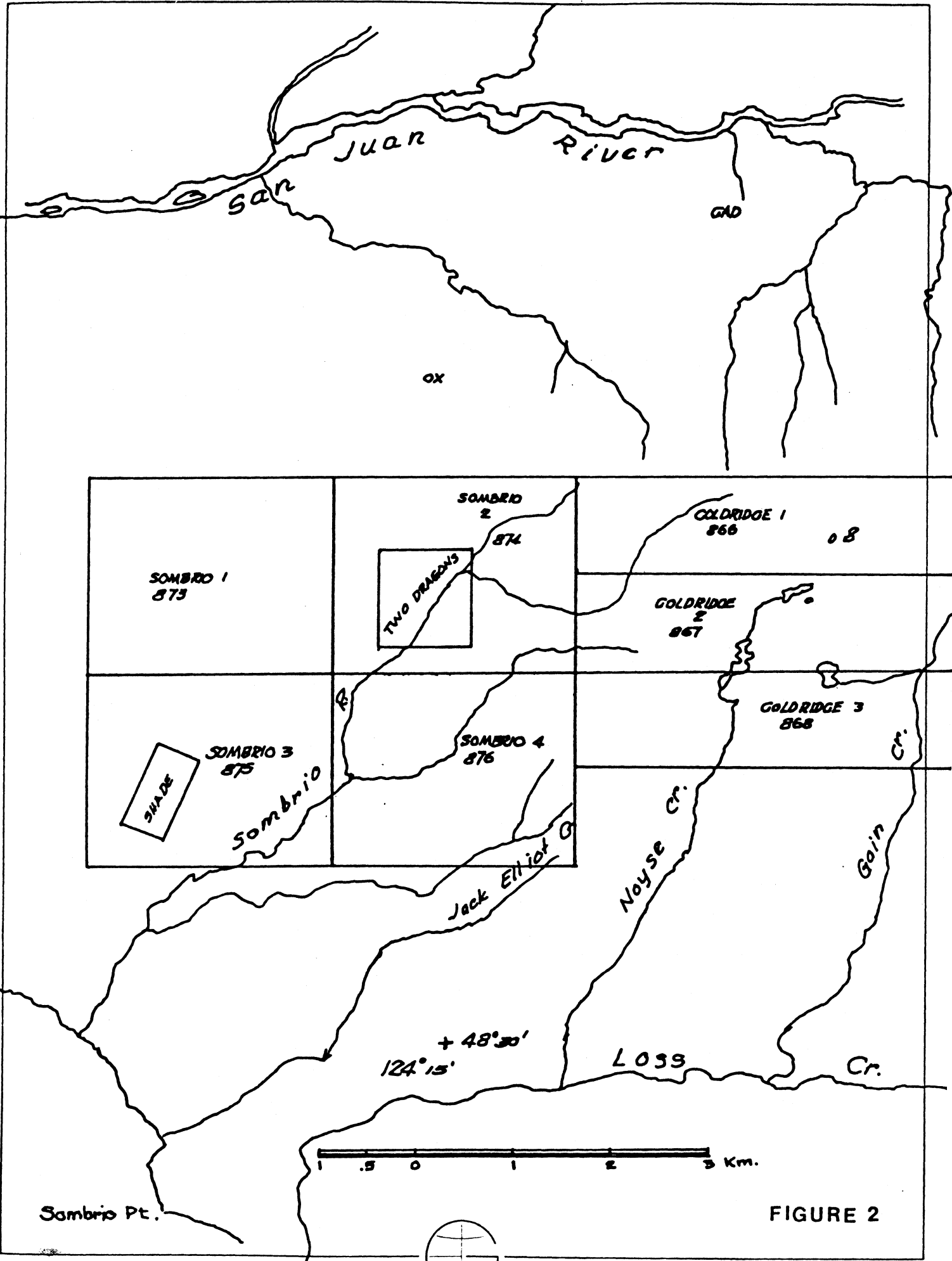


FIGURE 2

SOMBRIO-GOLDRIDGE PROPERTY

The property includes seven staked mineral claims comprising 134 units as follows (Figure 2):

	<u>Units</u>	<u>Record No.</u>	<u>Recorded</u>
SOMBRIO 1	20	873	April 11, 1983
SOMBRIO 2	20	874	April 11, 1983
SOMBRIO 3	20	875	April 11, 1983
SOMBRIO 4	20	876	April 11, 1983
GOLDRIDGE 1	18	866	April 11, 1983
GOLDRIDGE 2	18	867	April 11, 1983
GOLDRIDGE 3	<u>18</u>	868	April 11, 1983
	134		

HISTORY

Available historical records show that placer gold was first found in southern Vancouver Island by Lieutenant David Leech and party on the Leech River in 1864. Although rumours persist that Spaniards had mined placer gold on the San Juan River and Loss Creek at an earlier date no records survived. In more recent years placer gold has been recovered along portions of the San Juan, Jordan, Sooke, and Leech rivers, Loss Creek, Clapp Creek, Old Wolf Creek and other small unnamed creeks that cut across rocks of the San Juan Ridge.

Since 1976 lode gold and gold bearing mineralization have been found in a number of locations within the Leech River complex on San Juan Ridge. In 1976 Beau Pre Explorations Ltd. discovered free gold in a narrow quartz vein on the upper east side of Valentine Mountain. Since

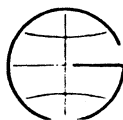


1976 the company has explored the logged-off area in detail and has located 85 or more gold bearing quartz veins in an area 300 meters wide by 2000 meters long. Portions of this zone have been trenched and diamond core drilled showing that the gold veins extend to a depth of at least 150 meters. Gold bearing arsenopyrite in granodiorite was found in 1978 by another explorationist on the OX claims located on the lower north slope of San Juan Ridge just east of Port Renfrew. In 1980 the same group discovered free gold in quartz veins on the same property. In 1983 a gold bearing quartz stockwork with accessory arsenopyrite and pyrite in metasediments and granite was located by soil geochemical surveys on the RENA property midway between the OX and Beau Pre claims.

The recent discovery of lode gold over such a wide area in deposits of such similar aspect and geological occurrence strongly suggests that the placer gold in the area has been locally derived; not produced by the reworking of glacial deposits as still repeated in government papers and other reports.

GEOLOGY

The general geology of Vancouver Island was first studied by George M. Dawson (1887) who made a reconnaissance of the Leech River area in 1876 and examined the newly discovered Leech River placer gold deposits. Subsequently a more detailed study of Southern Vancouver Island by Charles H. Clapp (1912) resulted in the basic geological framework which persists today. The most recent general geology of southern Vancouver Island has been produced by J.E. Muller (1975, 1977). Detailed geology of the Survey Mountain area

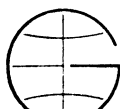


by L.H. Fairchild (1979) and of the adjacent Valentine Mountain area by Edward W. Grove (1982) provide the only current descriptions of the rocks comprising the Leech River Block, the structural framework, and the gold bearing quartz veins.

Generally, all of the rock units forming the Leech River Block (San Juan Ridge) were called Leech River formation by Dawson and Clapp who considered these units to be the oldest on Vancouver Island. Muller (1975) subsequently suggested the country rocks represented mainly turbiditic greywacke-argillite sequences latterly metamorphosed to schist and slate and were of possible Triassic-Jurassic age.

All of the published reports restrict the Leech River schists to a unique structural block between the apparently simple throughgoing San Juan fault on the north, and the equally simple, parallel Leech River fault on the south margin (Figure 3). Fairchild (1979) showed that the easterly end of the Block included a variably metamorphosed sequence which included both metavolcanics and metasediments forming a large gently easterly plunging antiform. He also suggested that the San Juan and Leech River faults now outline an allochthonous microplate pushed into position during the Tertiary.

Although the geology of the SOMBRIO-GOLDRIDGE claim group has not been studied in detail, preliminary work by the writer suggest that the major rock types and rock structures are similar to those in the better known areas to the east. Less than 5% of the claims area has good rock exposure but this is along the streams where the deep cuts

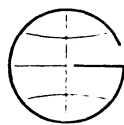


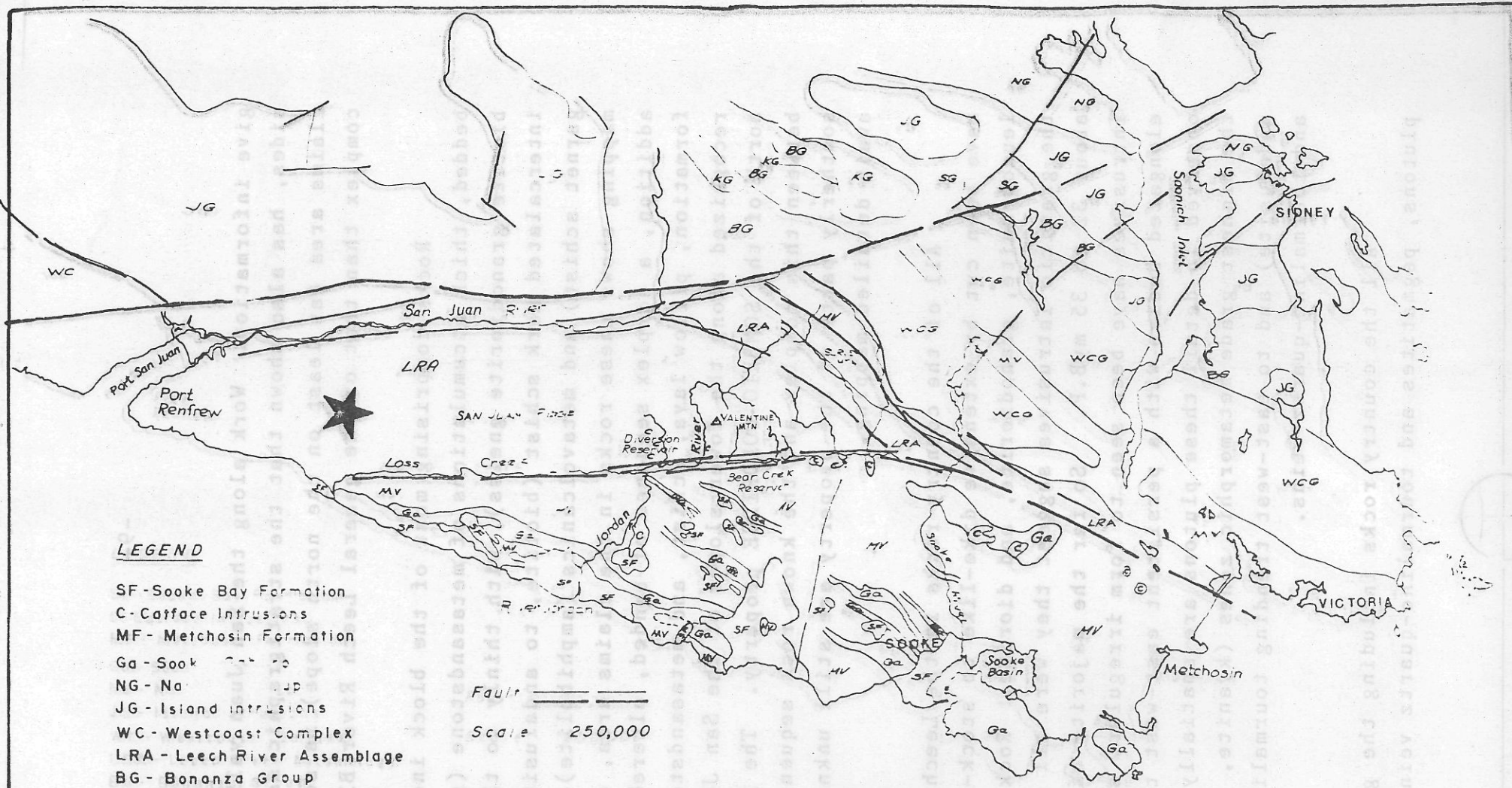
give information. Work along the San Juan valley, on both sides, has also shown that the stratigraphic sequence in the claims area (at least on the north slope) is somewhat more complex than that of the general Leech River Block.

Rocks comprising most of the block include well bedded, thick accumulations of metasandstone (generally a biotite granodiorite gneiss), with thinly to thickly intercalated dark schist (biotite, to andalusite, staurolite garnet schist) and metavolcanics (amphibolite). Recent mapping shows these rocks in the claims area, and in addition, a complex sequence of banded, altered iron formation, pillow lava, schist, and metasandstone has been recognized along the lower slopes of the San Juan valley north of the SOMBRIO-GOLDRIDGE property. The relationship between this complex and the known rock sequence on the southerly parts of the property are still unknown and must await detailed mapping.

All of the country rocks in the Leech River Block have been cut by extensive dike-like to stock-like masses of leucogranite, granodiorite, and diorite. Rock age dates on the granitic intrusives suggest they were all intruded at about 32 to 35 myB.P. So far the majority of these intrusives have been seen to form irregular, sub-parallel elongated bodies with a persistent east-west trend. Where observed in detail these plutons are spatially related to the highest grade metamorphic zones (kyanite, staurolite, andalusite) and to east-west trending tourmaline pegmatites and tourmaline-quartz veins.

All the country rocks including the granitic plutons, pegmatites and tourmaline-quartz veins have been





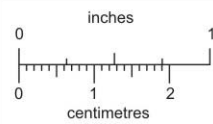
LEGEND

- SF - Sooke Bay Formation
- C - Catface Intrusions
- MF - Metchosin Formation
- Ga - Sook
- NG - Na
- JG - Island intrusions
- WC - Westcoast Complex
- LRA - Leech River Assemblage
- BG - Bonanza Group
- KV - Karmutsen Group
- SG - Sicker Group
- MV - Malahat Volcanics
- WCG - Work & Colquitz Gneiss

Fault
 Scale 250,000

Figure 3
**GENERAL GEOLOGY
 SOUTH VANCOUVER ISLAND**

(adapted from C. J. Corson, Fairchild, Miller)



This reference scale bar has been added to the original image. It will scale at the same rate as the image, therefore it can be used as a reference for the original size.

faulted and cut by en echelon shears. These generally appear to be conjugate structures related to late motion between the major San Juan and Leech River fault zones.

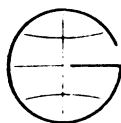
MINERALIZATION

Exploration in the Leech River Block is currently strongly oriented to locating gold bearing mineralization. Discovery of spectacular free gold in quartz veins at Valentine Mountain since 1976, followed by discovery of free gold in quartz veins on the OX property in 1980 led to the staking of the entire Block and adjacent areas in 1982 and 1983.

Gold has also recently been found in several new sites in this area where it is intimately associated with arsenopyrite and pyrite, in dike-like granitic bodies and in extensive quartz stockworks in country rocks and granitic dikes. In all these known occurrences - quartz veins, dikes, stockworks - the mineralization and gold appear to be young (<30m.y.) and confined to materials localized along steep roughly east-west trending fracture systems. These fractures are ubiquitous within the Leech River Block and occasionally are sufficiently closely spaced to form vein swarms such as at Valentine Mountain or stockworks such as on the RENA property, located about halfway between Valentine Mountain and the Sombrio River.

CONCLUSION

The SOMBRIO-GOLDRIDGE claims cover an altered sedimentary sequence dominantly metasandstone with intercalated schist, and some amphibolite. The sequence has

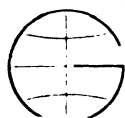


been cut by a number of dike-like intrusives of dioritic and granitic composition and shows strong similarity to areas farther east where free gold and gold bearing mineralization have been recently discovered. A number of quartz veins lying in the preferred easterly trending fractures have been seen on the property during preliminary work which covered only parts of the large area.

The property has not yet been mapped in sufficient detail to outline areas for priority prospecting and exploration and the relationship of the metasedimentary sequence to the recently discovered iron formations is unknown.

The types and occurrence of gold mineralization found so far in the Leech River Block are relatively still unknown in British Columbia but have their counterparts in the Precambrian terrain of Ontario, particularly near Geraldton where iron formation, granitic plutons, and associated pegmatites, tourmaline-quartz veins and quartz-carbonate alteration provide a framework for commercial gold mineralization.

A soil geochemistry program accompanied by prospecting, detailed geological mapping and follow-up trenching to evaluate results is warranted on the property at this time. The expenditure for this preliminary work is estimated at \$50,000.



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Fairchild, L.H. (1979): The Leech River Unit and Leech River Fault, Southern Vancouver Island, British Columbia; M.Sc. Thesis, University of Washington.

Grove, E.W. (1981): Assessment Report, BLAZE & BPEX Claims, Beau Pre Explorations Ltd., Victoria M.D.

(1982) Geological Report and Work Proposal on the Valentine Mountain Property for Beau Pre Explor. Ltd., August 1982.

(1983) Geological Report and Work Proposal on the RENA Claims for Gator Resources Corporation, July 22, 1983.

Muller, J.E. (1975): Victoria Map-Area, British Columbia; Geol. Surv. Can., Paper 75-1, Part A, p. 21-26.

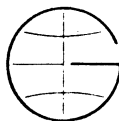


MINERAL EXPLORATION PROPOSAL - SOMBRIO-GOLDRIDGE CLAIMS FOR

UNICORN RESOURCES LTD - NIRVANA OIL & GAS LTD JOINT VENTURE

SOMBRIO 1 to 4 Claims, GOLDRIDGE 1 to 3 Claims, Sombrio River Area, Victoria M.D.

1. Soil Geochemistry Survey	
4 men, @ \$125/man/day	\$12,000
Samples, @ \$10.50/sample	8,400
Data Processing	1,500
2. Prospecting	
2 men, @ \$125/man/day	3,800
Samples	1,200
3. Geology, 1 man, report	5,500
4. Accommodation & Meals, @ \$50/man/day	4,500
5. Transportation	2,600
6. Supervision & Documentation	2,500
7. Sundries	<u>1,000</u>
Sub-Total	\$43,000
Contingencies @ 15% (rounded)	<u>7,000</u>
PROPOSED BUDGET	\$50,000
=====	



CERTIFICATE

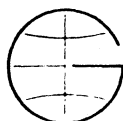
I, Edward W. Grove, of the Municipality of Central Saanich, do hereby certify that:

1. I am a consulting geologist with an office at 6751 Barbara Drive, Victoria, British Columbia.
2. I am a graduate of the University of British Columbia (1955) with a Master's degree, Honours Geology (M.Sc. Hon. Geol.) and a graduate of McGill University (1973) with a doctorate in Geological Sciences (Ph.D.).
3. I have practiced my profession continuously since graduation while being employed by such companies as the Consolidated Mining and Smelting Co. of Canada Ltd., British Yukon Exploration Ltd., the Quebec Dept. of Natural Resources, and the British Columbia Ministry of Energy, Mines and Petroleum Resources. I have been in corporate consulting practice since January 1981.
4. I have no direct, indirect or contingent interest in Unicorn Resources Ltd. or Nirvana Oil & Gas Ltd. or any of its properties nor do I expect to acquire any such interest.
5. I am a member in good standing of the Association of Professional Engineers of the Province of British Columbia.
6. I consent to the use of this report in a Prospectus or Statement of Material Fact.

January 2, 1984
Victoria, B.C.



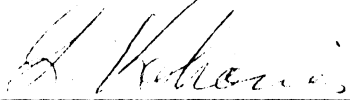
Edward W. Grove, Ph.D., P.Eng.



CERTIFICATE OF THE DIRECTORS AND PROMOTERS OF THE ISSUER

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Statement of Material Facts.

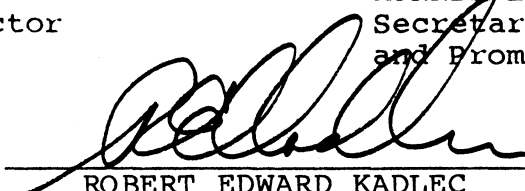
DATED: APRIL 30, 1984.



GEORGE KOKONIS
President, Director
and Promoter



MORRIS ELDEN SCHORN
Secretary, Director
and Promoter



ROBERT EDWARD KADLEC
Director

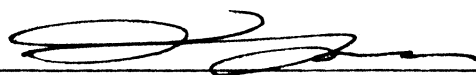
CERTIFICATE OF THE AGENTS

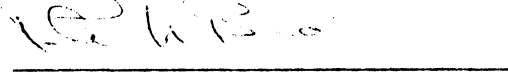
To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Statement of Material Facts.

DATED: APRIL 30, 1984.

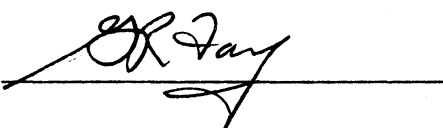
JONES, GABLE & COMPANY LIMITED

CANARIM INVESTMENT CORPORATION LTD.

Per: 

Per: 

CONTINENTAL CARLISLE DOUGLAS

Per: 

5% OR GREATER SHAREHOLDERS OF THE UNDERWRITERS

The following beneficially own, directly or indirectly, in excess of 5% of each class of issued shares of the Underwriters:

Jones, Gable & Company Limited

Irving E. Jones and Wayne A. McCoy.

Canarim Investment Corporation Ltd.

Alfred E. Turton, Peter M. Brown, Brian D. Harwood, C. Channing Buckland and Michael W. Murphy.

Continental Carlisle Douglas

Angus I. MacPhail, G. Robert Fay, D. Grant MacDonald, Douglas A. Scammell, Thomas A. Taylor and J. Arthur Charpentier.