

White Elephant

THIS PROSPECTUS CONSTITUTES A PUBLIC OFFERING OF THESE SECURITIES ONLY IN THOSE JURISDICTIONS WHERE THEY MAY BE LAWFULLY OFFERED FOR SALE AND THEREIN ONLY BY PERSONS PERMITTED TO SELL SUCH SECURITIES. NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HEREUNDER AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

Tom Schroeder  
NEW ISSUE

PROSPECTUS

# LUCKY 7 EXPLORATION LTD.

(hereinafter called the "Issuer")  
308 - 1155 West Pender Street  
Vancouver, British Columbia V6E 2P4

White Elephant  
889475

DATED: June 22, 1988

## 500,000 Common Shares

Shares	Price to Public	Agent's Commission	Net Proceeds to be received by the Issuer*
Per Share .....	\$0.60	\$0.09	\$0.51
Total .....	\$300,000	\$45,000	\$255,000

\* Before deduction of the balance of the cost of the issue estimated to be \$20,000.

THERE IS NO MARKET THROUGH WHICH THESE SECURITIES MAY BE SOLD. THE PRICE OF THIS ISSUE HAS BEEN DETERMINED BY NEGOTIATION BETWEEN THE ISSUER AND THE AGENT. THE ISSUE PRICE TO THE PUBLIC PER COMMON SHARE EXCEEDS THE NET BOOK VALUE PER COMMON SHARE IMMEDIATELY PRIOR TO THE DATE OF THE PROSPECTUS BY \$0.54 PER SHARE. THE NET BOOK VALUE PER COMMON SHARE AFTER GIVING EFFECT TO THIS OFFERING WILL BE \$0.16 PER COMMON SHARE REPRESENTING A 73% DILUTION OF THE OFFERING PRICE PER COMMON SHARE.

THE VANCOUVER STOCK EXCHANGE HAS CONDITIONALLY LISTED THE SECURITIES BEING OFFERED PURSUANT TO THIS PROSPECTUS. LISTING IS SUBJECT TO THE ISSUER FULFILLING ALL THE LISTING REQUIREMENTS OF THE VANCOUVER STOCK EXCHANGE ON OR BEFORE DECEMBER 28, 1988, INCLUDING PRESCRIBED DISTRIBUTION AND FINANCIAL REQUIREMENTS.

A PURCHASE OF THE SECURITIES OFFERED BY THIS PROSPECTUS MUST BE CONSIDERED A SPECULATION. THE PROPERTIES IN WHICH THE ISSUER HAS AN INTEREST ARE IN THE EXPLORATION STAGE ONLY AND ARE WITHOUT A KNOWN BODY OF COMMERCIAL ORE. NO SURVEY OF THE PROPERTIES OF THE ISSUER HAS BEEN MADE AND THEREFORE IN ACCORDANCE WITH THE LAWS OF THE JURISDICTION IN WHICH THE PROPERTIES ARE SITUATE, THEIR EXISTENCE AND AREA COULD BE IN DOUBT. REFER TO THE HEADING "RISK FACTORS" ON PAGE 9 FOR FURTHER DETAILS.

UPON COMPLETION OF THIS OFFERING THIS ISSUE WILL REPRESENT 23.5% OF THE SHARES THEN OUTSTANDING. THE SHARES NOW OWNED BY CONTROLLING PERSONS, PROMOTERS, DIRECTORS AND SENIOR OFFICERS OF THE ISSUER, UNDERWRITER AND THEIR ASSOCIATES REPRESENT 46.2% OF THE SHARES WHICH WILL BE ISSUED AND OUTSTANDING ON COMPLETION OF THIS OFFERING. REFER TO THE HEADING "PRINCIPAL HOLDERS OF SECURITIES" HEREIN FOR DETAILS OF SHARES HELD BY UNDERWRITERS AND THEIR ASSOCIATES.

ONE OR MORE OF THE DIRECTORS OF THE ISSUER HAS AN INTEREST, DIRECT OR INDIRECT, IN OTHER NATURAL RESOURCE COMPANIES. REFERENCE SHOULD BE MADE TO THE ITEM "DIRECTORS AND OFFICERS" FOR A COMMENT AS TO THE RESOLUTION OF POSSIBLE CONFLICTS OF INTEREST.

NO PERSON IS AUTHORIZED BY THE ISSUER TO PROVIDE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS IN CONNECTION WITH THE ISSUE AND SALE OF THE SECURITIES OFFERED BY THE ISSUER.

THIS OFFERING IS SUBJECT TO A MINIMUM SUBSCRIPTION BEING RECEIVED BY THE ISSUER WITHIN 180 DAYS OF THE EFFECTIVE DATE. REFER TO HEADING "MINIMUM SUBSCRIPTION" ON PAGE 3 FOR FURTHER DETAILS.

THIS PROSPECTUS ALSO QUALIFIES FOR SALE TO THE PUBLIC ANY SHARES OF THE ISSUER WHICH THE AGENT MAY ACQUIRE PURSUANT TO THE GREENSHOE OPTION. REFERENCE SHOULD BE MADE TO "PLAN OF DISTRIBUTION" ON PAGE 1.

WE, AS AGENT, CONDITIONALLY OFFER THESE SECURITIES SUBJECT TO PRIOR SALE, IF, AS AND WHEN ISSUED BY THE ISSUER AND ACCEPTED BY US IN ACCORDANCE WITH THE CONDITIONS CONTAINED IN THE AGENCY AGREEMENT REFERRED TO UNDER THE ITEM "PLAN OF DISTRIBUTION" OF THIS PROSPECTUS.

AGENT

### HAYWOOD SECURITIES INC.

11th Floor, 400 Burrard Street  
Vancouver, British Columbia

EFFECTIVE DATE: June 30, 1988

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## PROSPECTUS SUMMARY

The information given below is intended to provide a summary only of the principal features of the Offering. Reference is made to the more detailed information appearing elsewhere in this Prospectus.

### THE OFFERING

Price:	\$0.60 per Common Share
Agent's Commission:	\$0.09 per Common Share
Offering:	500,000 Common Shares
Amount:	\$300,000
Minimum Subscription:	500,000 Common shares
Amount:	\$300,000
Greenshoe Option:	75,000 Common shares at \$0.51 per share

**Use of Proceeds:** If all of the Shares being offered are sold, the Issuer will receive net proceeds of \$255,000 after payment of estimated Agents' commissions of \$45,000. The Issuer intends to use these proceeds together with unallocated working capital as at May 31, 1988 of approximately \$90,678 to pay the balance of the estimated issue costs of \$20,000, to conduct a recommended trenching and drilling program on the Issuer's White Elephant Property at an estimated cost of \$125,000, to conduct a recommended trenching and drilling program on the Issuer's Ni Claim Group Property at an estimated cost of \$125,000, to make property payments totalling \$20,000 on the Issuer's White Elephant and NI claim group properties and the balance of \$55,678 will be used by the Issuer for working capital.

**Risk Factors:** The securities offered hereby are speculative investments and prospective purchasers should consider a number of risk factors. The Issuer's business is subject to the risks normally encountered in mineral resource exploration and development. The properties in which the Issuer has an interest are in the exploration and development stage only and are without a known body of commercial ore. No survey of the properties of the Issuer has been made and therefore in accordance with the laws of the jurisdiction in which the properties are situated, their existence and area could be in doubt. Refer to the heading "Risk Factors" on page 9 for further details.

### THE ISSUER

The principal business which the Issuer carries on or intends to carry on is the acquisition, exploration and development of resource properties.

The Issuer holds an option to purchase a 100% interest in the White Elephant Property comprising five crown granted and one reverted crown granted mineral claims situated in the Vernon Mining Division in the Province of British Columbia. In addition, the Issuer staked the Golden Elephant mineral claim situated three kilometres northwest of the White Elephant claim group. Refer to heading "White Elephant Property" on page 5 for further details on the property.

The Issuer also holds an option to purchase a 100% interest in three mineral claims comprising 33 metric units situated in the Port Alberni Mining Division in the Province of British Columbia known as the Ni Claim Group property. Refer to heading "Ni Claim Group Property" on page 7 for further details on the property.

(1) PLAN OF DISTRIBUTION

**Offering**

The Issuer by its Agent hereby offers (the "Offering") to the public through the facilities of the Vancouver Stock Exchange (the "Exchange") 500,000 common shares (the "Shares") of the Issuer at a price of \$0.60 per Share. The Offering will be made in accordance with the rules and policies of the Exchange on a day (the "Offering Day") determined by the Agent and the Issuer, with the consent of the Exchange, within a period of 180 days from the date upon which the Shares are conditionally listed on the Exchange (the "Effective Date").

The Exchange has conditionally listed the securities being offered pursuant to this Prospectus. Listing is subject to the Issuer fulfilling all the listing requirements of the Exchange on or before December 28, 1988, including prescribed distribution and financial requirements.

**Appointment of Agent**

The Issuer, by an agreement (the "Agency Agreement") dated March 31, 1988, as amended June 10, 1988 appointed Haywood Securities Inc. as its agent (the "Agent") to offer on a best efforts basis the Shares through the facilities of the Exchange. The Agent will receive a commission of \$0.09 per Share sold. The obligations of the Agent under the Agency Agreement may be terminated prior to the opening of the market on the Offering Day at the discretion of the Agent on the basis of its assessment of the state of the financial markets or upon the occurrence of certain stated events.

The Agent is entitled to over-allot the shares of the Issuer in connection with this Offering and the Issuer has granted to the Agent an option (the "Greenshoe Option") to purchase at \$0.60 per share (less commission of \$0.09 per share) such number of shares of the Issuer, being the lesser of 15% of the Offering or the actual number of Shares subscribed for by way of an over-subscription during distribution of the securities offered hereunder. The Greenshoe Option shall be exercisable for a period of thirty trading days from the Offering Day. The number of shares subject to the Greenshoe Option shall be determined at the conclusion of the Offering. Alternatively, the Agent is entitled to cover such over-allotment by making purchases of the Issuer's shares in the open market through the facilities of the Exchange at the market price from time to time during the exercise period of the Greenshoe Option.

The Agent reserves 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 Issuer has granted the Agent 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 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.

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

### Minimum Subscription

This Offering is subject to a minimum of 500,000 Shares being sold on the Offering Day. All funds received from the sale of the Shares will be held in trust by the Agent or The Royal Trust Company until the minimum amount of \$300,000 has been raised and notice of the release of funds is given to the Superintendent of Brokers for British Columbia ("Superintendent"), at which time the full amount less \$45,000 being the commission payable to the Agent will be paid to the Issuer. If the minimum subscription is not reached, all funds will be returned to the purchasers without deduction.

### (2) USE OF PROCEEDS TO ISSUER

The net proceeds to be received from this Offering if all Shares are sold will be \$255,000. The Issuer intends to use these proceeds together with unallocated working capital as at May 31, 1988 of approximately \$90,678 as follows:

(a)	To pay the balance of the cost of this issue, including legal, audit and printing costs...	\$ 20,000
(b)	To carry out an exploration program on the Issuer's White Elephant Property, as recommended by Chris J. Sampson, P.Eng. in his report dated September 28, 1987 which forms part of this Prospectus...	\$ 125,000
(c)	To make property payments in the sum of \$15,000 due December 31, 1988 to keep the option agreements covering the White Elephant Property in good standing...	15,000
(d)	To carry out an exploration program on the Issuer's Ni claim group as recommended by Chris J. Sampson, P.Eng. in his report dated October 18, 1987 which forms part of this Prospectus...	\$ 125,000
(e)	To make a property payment in the sum of \$5,000 due December 31, 1988 to keep the option agreement covering the NI Property in good standing...	5,000
(f)	To provide working capital...	<u>\$ 55,678</u>
	TOTAL	<u>\$ 345,678</u>

No part of the proceeds shall be used to invest, underwrite or trade in securities other than those that qualify as investments in which trust funds may be invested under the laws of the jurisdictions in which the securities offered by this Prospectus may lawfully be sold.

Should the Issuer intend to use the proceeds to acquire other than trustee-type securities, approval by the shareholders of the Issuer must first be obtained, and notice of the intention filed with the securities regulatory authorities having jurisdiction over the sale of the securities offered by this Prospectus.

The Issuer may, pursuant to the written recommendations of a qualified engineer or geologist, abandon in whole or in part any of its property or may alter, as work progresses, the recommended work programs, or may make arrangements for the performance of all or any portion of such work by other persons or companies and may use any money not so expended for the purpose of conducting work or examining other properties acquired by the Issuer after the date of this Prospectus, although the Issuer has no present plans in this regard. If any such event occurs during the distribution of the securities offered by this Prospectus, an amendment to this Prospectus will be filed. If any such event occurs subsequent to completion of the distribution, shareholders will be notified.

(3) SHARE CAPITAL STRUCTURE

The Issuer is authorized to issued 10,000,000 common shares without par value, of which 1,572,500 are presently issued and outstanding.

All of the shares of the Issuer, including those offered by this Prospectus, are common shares, they are not subject to any future call or assessment, and they all have equal voting rights. There are no special rights or restrictions of any nature attached to any of the shares, and they all rank pari passu, each with the other, as to all benefits which might accrue to the holders of the shares.

Designa- tion of Shares	Shares autho- rized	Outstanding on date of balance sheet herein	Outstanding on date of Prospectus	Outstanding after Offering
Common	10,000,000	1,572,500	1,572,500	2,124,500*

\*Includes a total of 52,000 shares which are to be issued in consideration of property as described in Item 5. An additional 75,000 shares may be issued in the event the Greenshoe Option described in Item 1 is exercised and an additional 200,000 shares may be issued in the event the incentive options described in Item 13 are fully exercised.

Prior sale of shares sold for cash at the date of the Prospectus:

<u>No. of Shares</u>	<u>Price</u>	<u>Commission Paid</u>	<u>Cash Received</u>
221,000*	\$0.25	Nil	\$55,250
601,500	\$0.30	Nil	\$180,450
750,000**	\$0.01	Nil	<u>\$7,500</u>
<u>1,572,500</u>			<u>\$243,200</u>

\*All these shares are subject to a pooling agreement (see Item 11). A total of 170,000 of these shares were purchased as tax "flow-through" shares pursuant to Section 66 of the Income Tax Act (Canada), and the proceeds were expended on preliminary exploration of the Issuer's White Elephant Property (see Item 5). Under the terms of the share subscription agreements the Issuer renounced the resulting deductions for tax purposes to the subscribers and such deductions are not available to the Issuer to deduct against its future taxable income.

\*\*These shares are subject to an escrow agreement (see Item 11).

Management's Comment on the Financial Condition of the Issuer

There has been no material change in the financial condition of the Issuer since December 31, 1987, the date of the Issuer's Financial Statements forming part of this Prospectus. Expenditures incurred by the Issuer in the ordinary course of business are summarized as follows:

(a) Exploration

White Elephant property	\$ 2,101
NI Claim Group property	<u>1,825</u>

\$ 3,926

(b) Administrative

Legal and Accounting	\$ 3,945
Licences and Fees	1,800
Office	672
Professional Fees	350
Rent	3,604
Telephone	1,036
Travel and Meeting	<u>75</u>

\$11,482

Additional expenditures related to the issue of shares pursuant to this Prospectus of \$9,730 have also been incurred.

(4) NAME AND INCORPORATION OF ISSUER

The full corporate name of the Issuer is Lucky 7 Exploration Ltd. The Issuer was incorporated under the laws of the Province of British Columbia on

September 11, 1986. The Issuer has its head office and principal place of business at 308 - 1155 West Pender Street, Vancouver, British Columbia.

(5) DESCRIPTION OF BUSINESS

The principal business which the Issuer carries on or intends to carry on is the acquisition, exploration and development of resource properties.

**White Elephant Property**

The Issuer has acquired an option to purchase an undivided 100% interest in the White Elephant Property which consists of five crown granted and one reverted crown granted mineral claims located in the Vernon Mining Division of the Province of British Columbia. The property is more particularly described as:

Claim Name	Lot No.	Acres	Expiry Date
White Elephant	4880	40.01	-
Baby Belle Fraction	4924	24.60	-
Skookum Fraction	5043	41.16	-
North*	4825	28.27	January 8, 1989
Lora Bell	4859	28.76	-
Buckhorn	4860	35.01	-

\*reverted crown grant, record no. 781(1)

The Issuer has also staked on July 12, 1987 a 15 metric unit claim known as the Golden Elephant mineral claim Record No. 2298, located three kilometres north-west of the White Elephant Group at a cost of \$800.

The owner of the White Elephant, Baby Belle Fraction and Skookum Fraction mineral claims is Vernon Mining Co., Ltd. of R.R. #4, 460 Okaview Road, Kelowna, B.C. ("Vernon"). By agreement dated December 29, 1986 Vernon granted an option to the Issuer to purchase the claims in consideration of \$252,000 payable by an initial payment of \$2,000, \$7,000 payable by December 31, 1988, \$10,000 payable by December 31, 1989, \$12,000 payable by December 31, 1990, \$20,000 payable by December 31, 1991, \$25,000 payable by December 31, 1992, \$30,000 payable by December 31, 1993 and December 31, 1994, \$36,000 payable by December 31, 1995, \$40,000 payable by December 31, 1996 and the balance of \$40,000 payable by December 31, 1997. As additional consideration the Issuer has agreed to issue 25,000 shares to Vernon immediately following the Effective Date of this Prospectus. Vernon is also entitled to a royalty of 1% of net smelter returns from the mineral claims.

Vernon is a non-reporting company at arms length to the Issuer. The shares of Vernon are widely held and no insider of the Issuer owns in excess of 5% or more of the shares of Vernon. Charles Brett, the President and a director of the Issuer is also a director of Vernon.

The owner of the North mineral claim is Anne Anderson of 500 Kalamalka Lake, Vernon, B.C. ("Anderson"). By agreement dated February 9, 1987 Anderson granted an option to the Issuer to purchase the North claim in consideration of \$58,200 payable by an initial payment of \$2,200, \$3,000 payable by December 31, 1988 and 1989, \$4,000 payable by December 31, 1990 and 1991, \$5,000 payable by



December 31, 1992 and 1993, \$6,000 payable by December 31, 1994 and December 31, 1995 and \$10,000 payable by December 31, 1996 and 1997. As additional consideration the Issuer has agreed to issue 5,000 shares to Anderson immediately following the Effective Date of this Prospectus. Anderson is also entitled to a royalty of 1% of net smelter returns from the mineral claim.

The owner of the Lora Bell and Buckhorn mineral claims is Dorothy Hendry of 1882 Taylor Street, Victoria, B.C. ("Hendry"). By agreement dated February 10, 1987, Hendry granted an option to the Issuer to purchase the Lora Bell and Buckhorn mineral claims in consideration of \$129,000 payable by an initial payment of \$4,000, \$5,000 by December 31, 1988, \$6,000 payable by December 31, 1989, \$7,000 payable by December 31, 1990, \$8,000 payable by December 31, 1991, \$10,000 payable by December 31, 1992, \$12,000 payable to December 31, 1993, \$15,000 payable by December 31, 1994, \$17,000 payable by December 31, 1995, \$20,000 payable by December 31, 1996 and the balance of \$25,000 payable by December 31, 1997. As additional consideration the Issuer has agreed to issue 10,000 shares to Hendry immediately following the Effective Date of this Prospectus. Hendry is also entitled to a royalty of 1% of net smelter returns on the mineral claims.

The following information has been summarized from the report of Chris J. Sampson, P.Eng., the Issuer's consulting geologist, dated September 28, 1987, which forms a part of this Prospectus.

The property is located on the west side of Okanagan Lake, approximately 24 kilometres southwest of Vernon and 4.5 kilometres west-northwest of Fintry, British Columbia. Access is easily gained by two wheel-drive vehicle (summer) or four wheel-drive vehicle (winter) by means of a gravel road which runs across the property and connects with the paved highway on the west side of Okanagan Lake, approximately two kilometres north of Fintry.

The property is located approximately five miles from the Brett Claims owned by Huntington Resources Ltd. which recently announced the results of a drill program on its Brett Claims that disclosed an intersection averaging 2.03 ounces of gold per ton over 235 feet from reverse circulation hole RC-88-11.

The White Elephant mineral claim covers a significant mineralized quartz body containing free gold and bismuth-telluride. Limited old records indicate that the quartz body contains ore shoots over mineable widths that run in the 0.37 - 0.4 oz./ton gold range. Although considerable underground exploration work was done by Precambrian Mines Limited in the 1930's, it was restricted by lack of working capital and limited to the upper 300 feet of the quartz body. No systematic geological mapping, geophysical, geochemical or diamond drilling programs were done. The property lay dormant between 1935 and 1950 when an attempt was made to de-water the workings.

During the summer of 1987, the Issuer carried out programs of mapping, soil sampling and VLF E.M. and Induced Polarization surveys over five of the crown granted mineral claims at a cost of \$73,909. Soil samples were also collected on the Golden Elephant claim and analyzed for gold, silver, lead, zinc and copper. Various strong copper anomalies with coincident gold and some silver were located. A limited VLF E.M. survey was also done on this claim but located no significant conductors.

The geochemical surveys on the crown granted claims located two strong east/west anomalies with some associated arsenic, bismuth and copper values. The VLF E.M. survey located two conductors, both related to geochemical anomalies. The Induced Polarization survey located chargeability highs and resistivity lows in the area of the main showings. The magnetic survey located very high values close to the area of old workings, probably caused by presence of massive pyrrhotite.

The size, strike dip of the quartz body and associated mineralization are not known. It may represent a fracture located vein system striking in a general northeast-southwest direction. Alternatively, it could be a quartz pipe. It is known, however, that the body is over 50 feet wide at the 300 foot level (the lowest level to which mining has so far proceeded) and open both to depth in a long strike. Prior to closing down the mining operation, a 7 foot ore shoot grading 0.37 oz/ton gold with values up to 0.66 oz/ton gold was encountered on the 300 foot level. It is concluded that the possibility of a zone with a quartz body containing a few hundred thousand tons of 0.4 oz/ton gold or a higher grade zone of smaller tonnage is quite possible and Mr. Sampson recommends pursuing this target.

In his report dated September 28, 1987, Chris J. Sampson recommends a program of trenching with a large backhoe to investigate geochemical and geophysical targets at an estimated cost of \$25,000 and a diamond drilling program to explore the mineralized quartz body at an estimated cost of \$100,000. The Issuer intends to carry out the recommended programs from proceeds raised from this Offering.

There is no surface or underground plant or equipment on the property and it contains no known body of commercial ore. The proposed exploration program is an exploratory search for ore.

#### Ni Claim Group Property

The Issuer has acquired an option to purchase a 100% interest in three mineral claims located in the Port Alberni Mining Division in the Province of British Columbia, more particularly described as:

<u>Claim</u>	<u>Record No.</u>	<u>Units</u>	<u>Expiry Date</u>
Ni 1	2184	20	May 23, 1992
Ni 2	3175	12	April 6, 1991
Ni 3	3176	1	April 6, 1992

The owners of the Ni mineral claims are Ron Bilquist of P.O. Box 81, Gabriola, British Columbia and Leslie Allan of P.O. Box 128, Gabriola, British Columbia as to 37-1/2% each and Samuel Craig of P.O. 71, Tofino, British Columbia as to 25% (the "Optionors"). By agreement dated August 15, 1987, the Optionors granted an option to the Issuer to purchase the mineral claims in consideration of \$506,000 payable by an initial payment of \$6,000, \$5,000 by December 31, 1988 and 1989, \$10,000 by December 31, 1990, \$20,000 by December 31, 1991, \$30,000 by December 31, 1992, \$70,000 by December 31, 1993 and the balance of \$360,000 by December 31, 1994. As additional consideration, the Issuer agreed to issue 12,000 shares to the Optionors within five business days from the date the Issuer's shares are called for trading on the Exchange. The Optionors are

also entitled to a royalty of 1.5% of net smelter returns from the mineral claims.

The following information has been summarized from the report of Chris J. Sampson, P.Eng. dated October 18, 1987, which forms part of this Prospectus.

The property is situated on the Little Nitinat River, approximately 40 kilometres south of Port Alberni and 43 kilometres west of Lake Cowichan, Vancouver Island, British Columbia and six kilometres north of the north end of Nitinat Lake. Access is easily gained, using a regular two wheel-drive vehicle, by a system of logging roads either from Port Alberni through the Franklin Camp and ten kilometres south, or alternatively from Lake Cowichan west to the Nitinat River and then via the road along the Little Nitinat River.

Mineralization was first reported in the area in the B.C.D.M. Annual Report, 1916. Although outcrop is relatively scarce on the property, there are two main mineral showings, the "Camp" and "Copper" zones, which are situated close to the Nitinat main haulage logging road. These mineralized zones have been trenched and sampled by previous owners and three diamond holes were drilled by Summit Pass Mining Corporation on the Camp zone in 1979-80. Chip samples taken from both zones have shown significant silver, lead, zinc and copper values. Other less explored showings occur on the claims. To the north of the Camp zone, between the Nitinat logging road and the Little Nitinat River, a 20 foot adit explored a zone of disseminated pyrrhite and galena which may be conformable with the rhyolite country rock. In the northwestern quadrant of the property, there are several pyrrhite and sphalerite filled fractures up to 1.5 metres wide.

In 1984-85, Falconbridge ran programs of geochemical soil sampling over most of the claims which assayed up to 8.45% zinc and 7.31 oz/ton silver. The geochemical soil sampling outlined an area of anomalous zinc, lead and silver values in the northwest quadrant of the grid area on the Ni 1 claim.

In the summer of 1987, the Issuer ran lines between those sampled by Falconbridge, reducing the spacing to 75 metres and collected soil samples at 25 metre intervals. Values obtained for lead, zinc and silver were similar to those of Falconbridge, thus defining and extending the anomalies. Due to a very hot, dry summer in 1987, the Department of Forestry closed the bush and the Issuer was required to leave the area before completing their originally planned program. The geochemical soil sampling successfully reproduced and defined the anomalies that had been located by the earlier surveys on the claims. The exploration work on the property was carried out by the Issuer at a cost of \$13,843.

In his report dated October 18, 1987, Chris J. Sampson recommends an initial program of trenching using a large backhoe to explore the bedrock sources of the various geochemical anomalies at an estimated cost of \$25,000 and a diamond drilling program to test mineralized zones exposed by trenching at an estimated cost of \$100,000. If all of the Shares are sold from the Offering, the Issuer intends to use proceeds therefrom to carry out the recommended programs on the property. If only the minimum subscription is obtained from the Offering, the Issuer intends to seek "flow-through" funds during 1988 to carry out the recommended programs on the property.

No underground exploration has been done, and the Issuer has no surface or underground plant or equipment on the property. There is no known body of commercial ore on the property and the proposed exploration program is an exploratory search for ore.

(6) RISK FACTORS

The securities offered hereby are speculative investments, and prospective purchasers should consider the following risk factors.

The Issuer's business is subject to risks normally encountered in mineral resource exploration. The profitability of the Issuer's business and the market value of the Shares will be related to the success the Issuer experiences in exploration of resource properties. Mineral exploration involves a significant risk and while the rewards if an ore body is discovered may be substantial, few properties which are explored are ultimately developed into producing mines. Substantial expenditures may be required to establish ore reserves through drilling, to develop metallurgical processes to extract the metals from the ore and to construct the mining and processing facilities at any site chosen for mining. No assurance can be given that current exploration programs will result in any commercial mining operation.

(7) PROMOTER

The Promoter of the Issuer is Charles Brett the President, Chief Executive Officer and a director of the Issuer. The Promoter beneficially owns 650,000 escrowed shares of the Issuer, which were acquired at a price of \$0.01 per share and 101,000 pooled shares which were acquired at a price of \$0.25 per share (100,000 flow-through shares, see Item 3). The Promoter has also been granted an incentive option entitling him to purchase up to 50,000 shares of the Issuer (see Item 13).

(8) LEGAL PROCEEDINGS

There are no pending legal proceedings to which the Issuer is a party or of which any of its property is the subject.

(9) DIRECTORS AND OFFICERS

<u>Name and Address</u>	<u>Position with Issuer</u>	<u>Principal Occupation for the past 5 years</u>
Charles Ingram Brett Kelowna, B.C.	Chief Executive Officer, President, Promoter and a Director	Self-employed prospector and a director of Huntington Resources Inc.

Ian Staveley  
Richmond, B.C.

Chief Financial  
Officer, Secretary and a  
Director

Currently President, Micount Business Services Ltd., a financial consulting firm; April 1985 to Sept. 1986, Manager, Corporate Finance Group of Peat Marwick and Partners; April 1983 to March 1985 Chief Financial Officer for Tyrer Holdings Ltd. and Subsidiaries; Sept. 1979 to Dec. 1983 Senior Accountant with Peat Marwick Mitchell & Co.

Ronald M. Hunts  
Sante Fe, New Mexico

Director

C.P.A., currently self-employed businessman and investor, currently investor and director of four U.S. radio stations and one oil drilling program; previously President of Total Concepts Inc. and North Coast Private Postal Service

David Terrance Mehner  
Vernon, B.C.

Director

Self employed geologist since Oct. 1985; a director of INX InSearch Group of Companies Ltd. and Vice-President of Loki Gold Corporation; previously exploration geologist, with Cominco Ltd. from 1979 to Oct. 1985

Charles Brett, David Mehner and Ronald Hunts are also directors or officers of other companies whose principal business is the acquisition, exploration and development of resource properties. It is possible, therefore, that a conflict may arise between their duties as a director or officer of the Issuer and their duties as a director or officer of such other companies. All such conflicts will be disclosed by them in accordance with the Company Act, and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

Ian Staveley, Ronald Hunts and David Mehner are the members of the Issuers' Audit Committee.

(10) EXECUTIVE COMPENSATION

There are two executive officers of the Issuer, Charles Brett and Ian Staveley. No aggregate direct compensation was paid or payable by the Issuer to its executive officers for services rendered for the most recently completed financial year ending August 31, 1987.

The Issuer has agreed to pay Micount Business Services Ltd., a company owned by Ian Staveley, a monthly fee of \$500 in consideration of providing administrative services to the Issuer of which an aggregate amount of \$5,000 has been paid as at January 31, 1988. The Issuer has also paid Micount Business Services Ltd. an additional sum of \$4,500 in consideration of accounting and management services provided.

The executive officers have also been granted incentive options entitling each of them to purchase up to 50,000 shares of the Issuer (see Item 13).

The Issuer has also paid a total of \$5,832 as geological consulting fees to a director of the Issuer and expects to pay the directors or officers in accordance with industry practice for any such services provided in the future.

(11) ESCROWED SECURITIES

<u>Designation of Shares</u>	<u>Number of Shares Held in Escrow</u>	<u>% of Issued Shares</u>
Common	750,000	47.7%

As at the date of this Prospectus, 750,000 shares of the Issuer have been issued to the Issuer's Promoter and Directors at a price of \$0.01 per share. The shares were issued to provide an incentive and to provide a measure of control in order that work on the development of the Issuer's properties may proceed in an orderly fashion. The shares are held in escrow by The Royal Trust Company, of 505 Burrard Street, Vancouver, British Columbia subject to the direction or determination of the Superintendent or the Exchange. The shares may not be traded in or dealt with in any manner whatsoever without the prior written consent of the Superintendent or the Exchange and will be released on a pro rata basis at the discretion of the Superintendent or the Exchange. Any shares not released at the end of 10 years from the Effective Date of this Prospectus will be cancelled.

As at the date of this Prospectus, there are 221,000 shares held subject to a Pooling Agreement by The Royal Trust Company. Upon the shares of the Issuer being called for trading on the Exchange, the Pooling Agent shall forthwith release twenty-five percent of the shares from the provisions of the Pooling Agreement and shall release a further twenty-five percent every three months thereafter, each such release to be made pro rata to the shareholders.

(12) PRINCIPAL HOLDERS OF SECURITIES

- (a) As of the date of this Prospectus, the following persons own 10% or more of the issued shares of the Issuer:

<u>Name &amp; Address</u>	<u>Class of Shares</u>	<u>Type of Ownership</u>	<u>No. of Shares</u>	<u>Issued Shares</u>
Charles Brett 460 Okaview Road Kelowna, B.C.	Common	Beneficial & of Record	650,000* <u>101,000**</u> 751,000	47.8%

\*Escrowed shares

\*\*Pooled shares

- (b) As of the date of this Prospectus, the Directors and Senior Officers of the Issuer as a group beneficially own, directly or indirectly, in the aggregate the number of shares set out below:

<u>Designation of Class</u>	<u>No. of Shares</u>	<u>% of Issued Shares</u>
Common Shares	971,000*	61.75%

\*Represents 45.7% of the shares which will be issued and outstanding on completion of the Offering.

- (c) Underwriters, their shareholders, partners, employees and associates own, directly or indirectly, 10,000 shares in the capital stock of the Issuer, all of which shares were acquired at a purchase price of \$0.30 per share. The shares purchased by the Underwriters and their associates are subject to a hold period of six months after the Effective Date.

(13) **OPTIONS TO PURCHASE SECURITIES**

As of the date of this Prospectus the Issuer has granted options to purchase up to that number of shares of the Issuer to its executive officers and directors as set out below at a price of \$0.60 per share to be exercised within two years after the Effective Date of this Prospectus. The options are not assignable and terminate if the optionee ceases to be an employee or director of the Issuer.

<u>Position</u>	<u>Total Number of Shares Under Option</u>
2 Executive Officer Options	100,000
2 Director Options	100,000

(14) **PRIOR SALES**

Reference should be made to Item 3 for particulars of shares sold for cash prior to the date of this Prospectus.

(15) **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Reference should be made to Items 5, 10 and 13 for particulars of the interests of management and others in material transactions.

(16) MATERIAL CONTRACTS

The only material contracts entered into by the Issuer other than in the ordinary course of business are as follows:

- (a) Agreements dated December 29, 1986, February 9, 1987 and February 10, 1987 pertaining to the acquisition of the White Elephant claims referred to under the heading "White Elephant Property" in Item 5;
- (b) Agreement dated August 15, 1987 pertaining to the acquisition of the Ni mineral claims referred to under the heading "Ni Claim Group Property" in Item 5;
- (c) Agency Agreement dated March 31, 1988 referred to under the heading "Appointment of Agent" in Item 1;
- (d) Escrow Agreement dated November 15, 1987 referred to in Item 11;
- (e) Pooling Agreement dated November 15, 1987 referred to in Item 11;
- (f) Incentive Option Agreement dated November 15, 1987 referred to in Item 13;
- (g) Administration Agreement dated April 1, 1987 with Micount Business Services Ltd. referred to in Item 10.

All material contracts may be inspected at the Issuer's registered office, 10th floor, 595 Howe Street, Vancouver, British Columbia, during normal business hours during the period of distribution of the securities offered hereby and for thirty days thereafter.

(17) AUDITOR, TRANSFER AGENT AND REGISTRAR

The Auditor of the Issuer is Peat Marwick, Chartered Accountants, of 212 - 4800 No. 3 Road, Richmond, British Columbia.

The Transfer Agent and Registrar of the shares of the Issuer is The Royal Trust Company of 505 Burrard Street, Vancouver, British Columbia.

(18) OTHER MATERIAL FACTS

None

(19) STATUTORY RIGHTS OF RESCISSION AND WITHDRAWAL

The Securities Act provides a purchaser with a right to withdraw from an agreement to purchase securities within two business days after receipt or deemed receipt of a prospectus and further provides a purchaser with remedies for rescission or damages where the prospectus and any amendment contains a material misrepresentation or is not delivered to the purchaser prior to delivery of the written confirmation of sale or prior to midnight on the second business day after entering into the agreement, but such remedies must be exercised by the purchaser within the time limit prescribed. For further information concerning these rights and the time limits within which they must be exercised the purchaser should refer to sections 66, 114, 118 and 124 of the Securities Act or consult a lawyer.



LUCKY 7 EXPLORATION LTD.

Vancouver, Canada

Auditors' Report

Financial Statements - December 31, 1987



# Peat Marwick

Chartered Accountants

212-4800 No.3 Road  
Richmond, British Columbia  
V6X 3A6

Telephone (604) 273-0011  
Telefax (604) 273-3109

## AUDITORS' REPORT

To the Directors  
Lucky 7 Exploration Ltd.

We have examined the balance sheets of Lucky 7 Exploration Ltd. as at December 31, 1987 and August 31, 1987 and the statements of deferred exploration and administrative expenditures and changes in financial position for the four month period ended December 31, 1987 and from the date of incorporation, September 11, 1986, to August 31, 1987. Our examinations were 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 December 31, 1987 and August 31, 1987 and the results of its operations and the changes in its financial position for the periods then ended in accordance with generally accepted accounting principles applied on a consistent basis.

*Peat Marwick*

Chartered Accountants

Richmond, Canada  
January 25, 1988, except as  
to Note 5, which is as of  
June 10, 1988



LUCKY 7 EXPLORATION LTD.

Balance Sheets

	December 31, 1987	August 31, 1987
<u>Assets</u>		
Current assets:		
Cash	\$ 11,999	73,510
Term deposit	101,670	100,000
Trust deposit	-	8,000
Accounts receivable	<u>1,783</u>	<u>-</u>
Total current assets	115,452	181,510
Mineral claims (Note 2)	14,216	14,216
Deferred exploration and administrative expenditures, per accompanying statement	<u>115,532</u>	<u>79,331</u>
	<u>\$ 245,200</u>	<u>275,057</u>

Liabilities and Shareholders' Equity

Accounts payable	\$ 2,000	31,857
Shareholders' equity:		
Share capital (Note 3)	243,200	243,200
Commitments (Note 2).	<u>          </u>	<u>          </u>
	<u>\$ 245,200</u>	<u>275,057</u>

See accompanying notes to financial statements.

On behalf of the Board:

Jan Staveley Director David Mehner Director

LUCKY 7 EXPLORATION LTD.

Statement of Deferred Exploration  
and Administrative Expenditures

	Four months ended December 31, 1987	From the date of incorporation, September 11, 1986, to August 31, 1987	Cumulative expenditures
Exploration:			
White Elephant Property			
Assays	\$ 11,510	12,639	24,149
Field	370	3,653	4,023
Geological	1,829	11,482	13,311
Sub-contract	-	30,092	30,092
Supplies	-	1,642	1,642
Travel	-	1,492	1,492
	<u>13,709</u>	<u>61,000</u>	<u>74,709</u>
NI Claim Group Property			
Assays	6,158	-	6,158
Field	-	800	800
Geological	2,423	-	2,423
Sub-contract	4,462	-	4,462
	<u>13,043</u>	<u>800</u>	<u>13,843</u>
Total exploration	26,752	61,800	88,552
Administrative:			
Accounting	-	4,000	4,000
Legal and audit	7,740	9,818	17,558
Licences and fees	-	600	600
Office	363	1,911	2,274
Rent	2,000	2,000	4,000
Telephone	492	1,227	1,719
Travel and meetings	1,106	1,658	2,764
Total administrative	<u>11,701</u>	<u>21,214</u>	<u>32,915</u>
	38,453	83,014	121,467
Interest income	<u>2,252</u>	<u>3,683</u>	<u>5,935</u>
Total expenditures	<u>\$ 36,201</u>	<u>79,331</u>	<u>115,532</u>

See accompanying notes to financial statements.

LUCKY 7 EXPLORATION LTD.

Statement of Changes in Financial Position

	Four months ended December 31, 1987	From the date of incorporation, September 11, 1986, to August 31, 1987
Investing activities:		
Deferred exploration and administrative expenditures	\$ (36,201)	(79,331)
Purchase of mineral claims	-	(14,216)
Net change in receivables, payables and trust deposit relating to investing activities	<u>(23,640)</u>	<u>23,857</u>
Cash applied to investing activities	(59,841)	(69,690)
Financing activity:		
Issue of share capital	<u>-</u>	<u>243,200</u>
Increase (decrease) in cash	(59,841)	173,510
Cash and term deposits, beginning of period	<u>173,510</u>	<u>-</u>
Cash and term deposits, end of period	<u>\$ 113,669</u>	<u>173,510</u>

See accompanying notes to financial statements.

LUCKY 7 EXPLORATION LTD.  
Notes to Financial Statements  
December 31, 1987

1. Summary of significant accounting policies:

(a) Mineral claims and deferred exploration and administrative expenditures:

Amounts shown as mineral claims and the deferred exploration and administrative expenditures thereon have been capitalized on an area of interest basis. These expenditures will be charged against income when properties are developed to the stage of commercial production, through unit of production depletion. If an area of interest is abandoned or if it is determined that its value is less than book value, the related costs will be charged against income in the year of abandonment or determination of value.

The amounts represent costs to date and do not necessarily reflect present or future values.

(b) Future operations:

The Company is a development stage company and its ability to generate cash depends solely on public share offerings since there are no active projects which are likely to generate cash in the near future.

2. Mineral claims:

(a) White Elephant Property:

(i) By an agreement dated December 29, 1986, the Company has acquired a sole and exclusive option to purchase all of the interest in three mining claims known as White Elephant, Baby Belle Fraction and Skookum Fraction. The option is subject to a royalty of 1% of net smelter returns. As consideration for acquiring the option, the Company has agreed to issue 25,000 common shares upon obtaining regulatory approval of its prospectus for a public offering (Note 5) and is required to make payments as follows:

\$2,000 paid upon execution of the agreement.

Payable on or before December 31:

1988	\$ 7,000
1989	10,000
1990	12,000
1991	20,000
1992	25,000
1993	30,000
1994	30,000
1995	36,000
1996	40,000
1997	<u>40,000</u>
	<u>\$ 250,000</u>

LUCKY 7 EXPLORATION LTD.

Notes to Financial Statements, continued

December 31, 1987

2. Mineral claims, continued:

(a) White Elephant Property, continued:

Should the Company fail to comply with the terms of the option, the Company's option to purchase the claims will be terminated.

- (ii) By an agreement dated February 10, 1987, the Company has acquired a sole and exclusive option to purchase all of the interest in two mining claims known as Lora Bell and Buckhorn.

The option is subject to a royalty of 1% of net smelter returns. As consideration for acquiring the option, the Company has agreed to issue 10,000 common shares upon obtaining regulatory approval of its prospectus for a public offering (Note 5) and is required to make payments as follows:

\$4,000 paid upon execution of the agreement.  
Payable on or before December 31:

1988	\$ 5,000
1989	6,000
1990	7,000
1991	8,000
1992	10,000
1993	12,000
1994	15,000
1995	17,000
1996	20,000
1997	<u>25,000</u>
	\$ <u>125,000</u>

Should the Company fail to comply with the terms of the option, the Company's option to purchase the claims will be terminated.

- (iii) By an agreement dated February 9, 1987, the Company has acquired a sole and exclusive option to purchase all of the interest in a mining claim known as the North mineral claim.

The option is subject to a royalty of 1% of net smelter returns. As consideration for acquiring the option, the Company has agreed to issue 5,000 common shares upon obtaining regulatory approval of its prospectus for a

LUCKY 7 EXPLORATION LTD.

Notes to Financial Statements, continued

December 31, 1987

2. Mineral claims, continued:

(a) White Elephant Property, continued:

public offering (Note 5) and is required to make payments as follows:

\$2,200 paid upon execution of the agreement.

Payable on or before December 31:

1988	\$ 3,000
1989	3,000
1990	4,000
1991	4,000
1992	5,000
1993	5,000
1994	6,000
1995	6,000
1996	10,000
1997	<u>10,000</u>
	\$ <u>56,000</u>

Should the Company fail to comply with the terms of the option, the Company's option to purchase the claims will be terminated.

(b) NI Claim Group Property:

By an agreement dated August 15, 1987, the Company has acquired a sole and exclusive option to purchase all of the interest in three mining claims known as the NI1, NI2 and NI3 mineral claims.

The option is subject to a royalty of 1.5% of net smelter returns.

As consideration for acquiring the option, the Company has agreed to issue 12,000 common shares upon obtaining regulatory approval of its prospectus for a public offering (Note 5) and is required to make payments as follows:

\$6,000 paid upon execution of the agreement.

Payable on or before December 31:

1988	\$ 5,000
1989	5,000
1990	10,000
1991	20,000
1992	30,000
1993	70,000
1994	<u>360,000</u>
	\$ <u>500,000</u>

Should the Company fail to comply with the terms of the option, the Company's option to purchase the claims will be terminated.



LUCKY 7 EXPLORATION LTD.

Notes to Financial Statements, continued

December 31, 1987

3. Share capital:

- (a) Authorized share capital consists of 10,000,000 no par value common shares.

Details of shares issued are as follows:

	<u>Number</u>	<u>Amount</u>
Issued during the period to		
August 31, 1987:		
Flow-through shares (Note 3(b))	170,000	\$ 42,500
Shares held in escrow at		
August 31, 1987 (Note 3(c))	750,000	7,500
Ordinary shares at \$.25 per share	51,000	12,750
Ordinary shares at \$.30 per share	<u>601,500</u>	<u>180,450</u>
Balance, August 31, 1987 and		
December 31, 1987	<u>1,572,500</u>	<u>\$ 243,200</u>

- (b) Flow-through shares:

On August 1, 1987, the Company issued 170,000 flow-through shares. The subscription proceeds were specifically allocated to fund exploration expenditures.

These expenditures qualify as Canadian exploration expenses (CEE) under the Income Tax Act. The Company has renounced in favour of the subscribers any income tax deductions relating to CEE expenditures incurred through the use of funds from this offering.

- (c) Shares held in escrow:

A total of 750,000 principals' shares are subject to an escrow agreement with their release at the direction or determination of the applicable regulatory authorities.

- (d) Pooling agreement:

A total of 221,000 shares are subject to pooling agreements under which the shares will be released, on the following basis:

(i) 25% at the time of listing of the Company's shares on the Vancouver Stock Exchange;

(ii) 25% at three, six and nine month intervals thereafter.

- (e) Share options:

The Company has granted certain directors and employees of the Company options to purchase up to 200,000 shares at \$.60 per share. The options expire 2 years after the public offering (Note 5) and terminate if the participant ceases to be an employee or director.

LUCKY 7 EXPLORATION LTD.

Notes to Financial Statements, continued

December 31, 1987

4. Related party transactions:

- (a) Under the terms of an agreement dated April 1, 1987, the Company paid administration fees of \$2,500 for the period to August 31, 1987 and \$2,000 for the period to December 31, 1987 to Micount Business Services Ltd. ("Micount"), a company owned by a director of the Company. For the period to August 31, 1987 the Company has also paid Micount management and accounting fees of \$4,500.
- (b) The Company paid geological consulting fees of \$4,557 for the period to August 31, 1987 and \$1,725 for the period to December 31, 1987 to a director of the Company.
- (c) The Company's interest in three of the White Elephant area project claims (Note 2(a)) was optioned from a company in which the President of Lucky 7 Exploration Ltd. is the president and a director.

5. Subsequent event:

The Company has entered into an agency offering agreement dated March 31, 1988 and amended June 10, 1988 ("the Agreement") with Haywood Securities Inc. ("the Agents") whereby the Agents will undertake to sell 500,000 common shares of the Company at \$.60 each. The Company has agreed to pay a commission of \$.09 per share sold. The Agents are entitled to purchase up to 75,000 additional shares, the Greenshoe Option, pursuant to the Agreement at \$.60 per share for a period up to thirty days from the date of the offering.

REPORT ON  
GEOLOGY, GEOCHEMICAL SOIL SAMPLING,  
VLF E.M., MAGNETOMETER, INDUCED POLARIZATION

WHITE ELEPHANT GROUP  
(WHITE ELEPHANT, BABY BELL FR., SKOOKUM FR., LORA BELL,  
BUCKHORN CROWN GRANTS; NORTH CLAIM AND  
GOLDEN ELEPHANT CLAIM)

OKANAGAN LAKE AREA, VERNON MINING DIVISION  
BRITISH COLUMBIA

Latitude: 50°8'52"N

Longitude: 119°33'19"W

N.T.S. 82L4

for

LUCKY 7 EXPLORATION LTD.  
308 - 1155 West Pender Street  
Vancouver, B.C. V6E 2P4

Vancouver, B.C.  
28 September 1987

Chris J. Sampson, P.Eng.  
Consulting Geologist

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15. Golden Elephant Claim : Geochemical Surveys	In Pocket

APPENDIX A: Sample locations, descriptions, and assay results from sampling of quartz body and massive sulphides by Brian Hughes, July 1987.

**SAMPSON ENGINEERING INC.**

2696 West 11th Avenue  
Vancouver B.C. V6K 2L5

## SUMMARY

Lucky Seven Exploration Ltd. hold the White Elephant Crown grant which covers a significant mineralized quartz body containing free gold and bismuth-telluride. Limited old records indicate that the quartz body contains ore shoots over mineable widths that run in the 0.37 - 0.4 oz/ton gold range. Although considerable underground exploration work was done in the 1930's, it was restricted by lack of working capital and limited to the upper 300 ft. of the body. No systematic geological mapping, geophysical, geochemical or diamond drilling programmes were done.

The size, strike dip of the quartz body and associated mineralization are not known. It may represent a fracture located vein system striking in a general NE-SW direction. Alternately, it could be a quartz pipe. It is known, however, that the body is over 50 ft. wide at the 300 ft. level (the lowest level to which mining has so far proceeded) and open both to depth and along strike. Prior to closing down the mining operation, a 7 ft. ore shoot grading 0.37 oz/ton gold with values up to 0.66 oz/ton gold was encountered on the 300 ft. level. It is concluded that the possibility of a zone within the quartz body containing a few hundred thousand tons of 0.4 oz/ton gold or a higher grade zone of smaller tonnage is quite possible and this target should be pursued.

During summer 1987 Lucky Seven personnel carried out the following surveys over the White Elephant group:

1. Ran a base line at 305° bearing and flagged cross lines at 50 m and 100 m spacing.
2. Mapped the geology and sampled the showings.
3. Collected soil samples at 20 m spacing along the lines (10 m spacing over favourable zones).
4. Ran Magnetometer and VLF E.M. surveys.
5. Ran an Induced Polarization survey over 5 of the Crown grants.

On the Golden Elephant claim (15 metric units), Lucky Seven flagged NE/SW 200 m spaced lines and collected soil samples at 25 m spacing, which were analyzed for Copper, Lead, Zinc, Gold and Silver. A limited VLF E.M. survey was also done but located no significant conductors.

The geochemical surveys on the White Elephant claims located two strong east/west gold anomalies with some associated arsenic, bismuth and copper values. The VLF E.M. survey located two good conductors -- both related to geochemical anomalies. The I.P. surveys located chargeability highs and resistivity lows in the area of the main showings. The magnetic survey located very high values close to the area of old workings -- probably caused by presence of massive pyrrhotite.

## INTRODUCTION

On 9 December 1986, accompanied by Mr. David Mehner the writer visited the White Elephant property of Lucky 7 Exploration which covers a gold bearing quartz body in Jurassic intrusives and is situated approx. 25 kms south-west of Vernon, B.C. During the period 1922-1935, the property was explored and developed by 100 ft. vertical shaft, 300 ft. inclined shaft and a minimum of 773 ft. of drifting on 35, 60, 100, 200, and 300 ft. levels.

During this period, various batches of ore were run through a small floatation mill on the property and although no plans or assay data concerning the underground workings are available today, the mill records indicate that 5,670 short tons grading 0.37 to 0.4 oz/gold per ton was treated. The property was inactive between 1935 and 1950 when an attempt was made to dewater the workings. Subsequent work in the early 1980's consisted of a magnetometer survey.

During summer 1987, Lucky Seven have carried out programmes of mapping, soil sampling, VLF E.M. magnetometer and I.P.

LUCKY 7 EXPLORATION LTD.

WHITE ELEPHANT CLAIMS

VERNON M.D., B.C.

NTS: 82 L/4

LOCATION MAP

BY: CJS/rwr

DATE: SEPT., 1987

FIGURE: 1



*Chris J. Sampson*



The present report is based on the field examination, a report by D. Mehner (October 1986), study of data in BCDM files and annual reports and various data belonging to the Vernon Mining Corporation, the previous owners of the property.

### PROPERTY, LOCATION, ACCESS, TOPOGRAPHY

The White Elephant property is located in Vernon Mining Division, B.C. on the west side of Okanagan Lake, approx. 24 kms south-west of Vernon and 4.5 kms west-north-west of Fintry, B.C.

Access is easily gained by 2 wheel-drive (summer) or 4 wheel-drive vehicle (winter) by means of a gravel road which runs across the Crown grants and connects with the paved highway on the west side of Okanagan Lake, leaving this road approx. 2 kms north of Fintry. The claim details are as follows:

<u>NAME</u>	<u>LOT NO.</u>	<u>RECORD NO.</u>	<u>OWNER</u>	<u>ACRES</u>
White Elephant	4880		Lucky 7 Exploration	40.01
Baby Bell Fraction	4924		under option from:	24.60
Skookum Fraction	5043		Vernon Mining Co.	41.16
North <sup>i</sup>	4825	781(1)	Anne Anderson	28.27
Lora Bell	4859		Mrs. J. Hendry	28.76
Buckhorn	4860		Mrs. J. Hendry	35.01

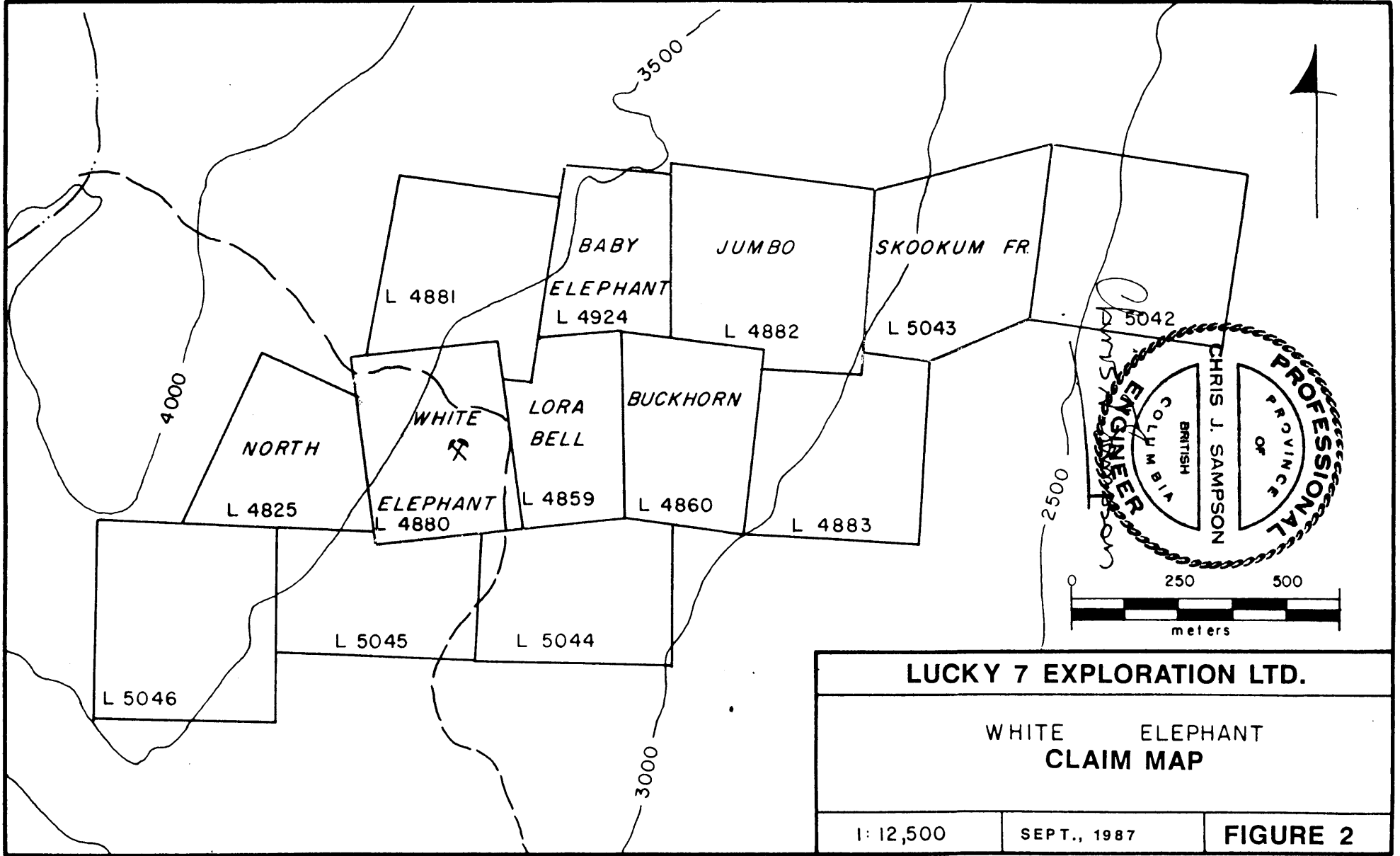
<sup>i</sup>reverted crown grant

Note: Survey pins for the White Elephant Crown grant have been located (Figure 4).

In addition, Lucky Seven staked on 4-6 July the Golden Elephant 15 metric unit claim, situated 3 kms north-west of the White Elephant group.

The White Elephant claims are situated on the eastern side of a broad ridge which runs parallel with Okanagan Lake. The highest point on the claim group is at the western end of the group of Crown grants on the upper part of the ridge with an elevation of approx. 1220 m (4000 ft). The lowest part of the claim group on the Skookum fraction is at approx. 790 m (2600 ft).





L 5046

L 4825

NORTH

WHITE ELEPHANT  
L 4880

WHITE  
X

L 4859

LORA BELL

L 4860

BUCKHORN

L 4883

L 4882

JUMBO

BABY ELEPHANT  
L 4924

L 4881

L 5043

SKOOKUM FR.

L 5042

L 5045

L 5044

The general slope of the ground is quite moderate, rarely exceeding 20 degrees, and thus access by crawler equipment to most of the claim group is possible. Vegetation on the property consists principally of widely spaced large fir and pine trees with local stands of poplar, spruce and small open meadows. Snow cover is a problem only during the brief period December through early March.

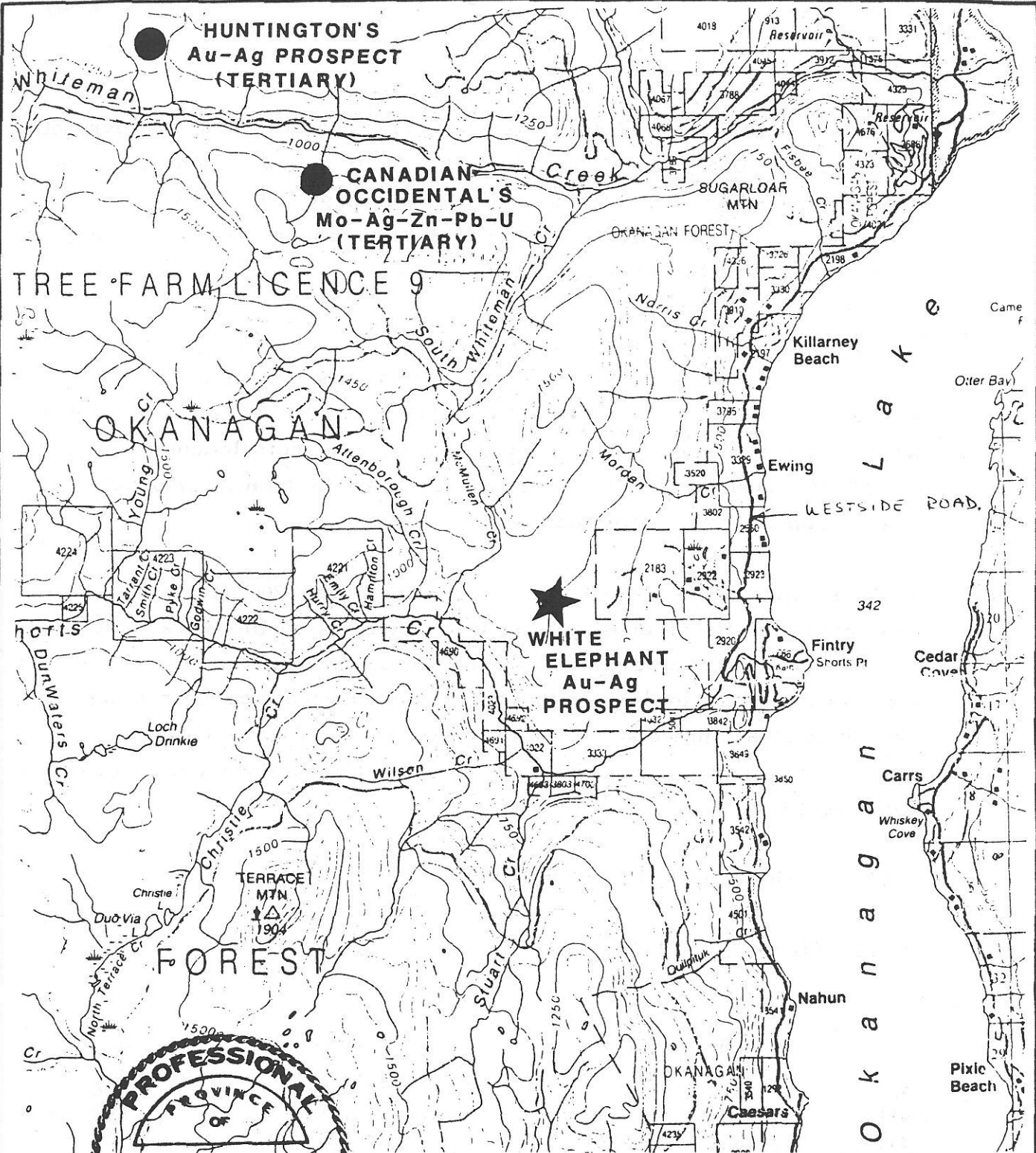
## HISTORY

The discovery of what is now the White Elephant is attributed to Archie Clarke who in 1912 discovered a quartz body in intrusive rocks containing free gold, bismuth-telluride and massive pyrrhotite lenses. During the period 1921-1922 he dug several open cuts, stripped the overburden from the quartz body and sank a 7 ft. exploratory shaft.

In 1923, W.D. Rehnard and Associates optioned the property and put in a 20 ft. adit and 15 ft. exploratory winze. From a 40 ft. open cut on the main quartz body they mined and shipped 309 tons which averaged 1.5 oz/ton Au and 0.5 oz/ton Ag.

By 1924, the property had passed to Okanagan Premium Mines who sank a 100 ft. shaft to explore the pyrrhotite lenses on the footwall of the quartz body. Results were discouraging and the property was dropped.

In 1928, Precambrian Mines Limited purchased the property for \$15,000 and proceeded to carry out 200 ft. of drifting in a north-westerly direction from the bottom of the 100 ft. shaft. They also did an unknown amount of drifting on the pyrrhotite mineralization at the 35 ft. level. A 25 tpd floatation mill was installed to extract gold from the pyrrhotite lenses, but lower than anticipated values and lack of sufficient water supply caused problems with the milling.



<b>LUCKY 7 EXPLORATION LTD.</b>	
<b>WHITE ELEPHANT CLAIMS</b>	
VERNON M.D., B.C.	NTS: 82 L/4
<b>TOPOGRAPHIC MAP</b>	
BY: CJS/rwr	
DATE: SEPT., 1987	
<b>FIGURE: 3</b>	

By 1930, Precambrian changed its exploration target from the pyrrhotite lenses to the quartz body and started sinking a new double compartment inclined shaft down the footwall of the quartz body. By 1933, the inclined shaft had reached the 200 ft. level and ore grading 0.37 oz/ton gold was mined and 32 tons of concentrate were shipped.

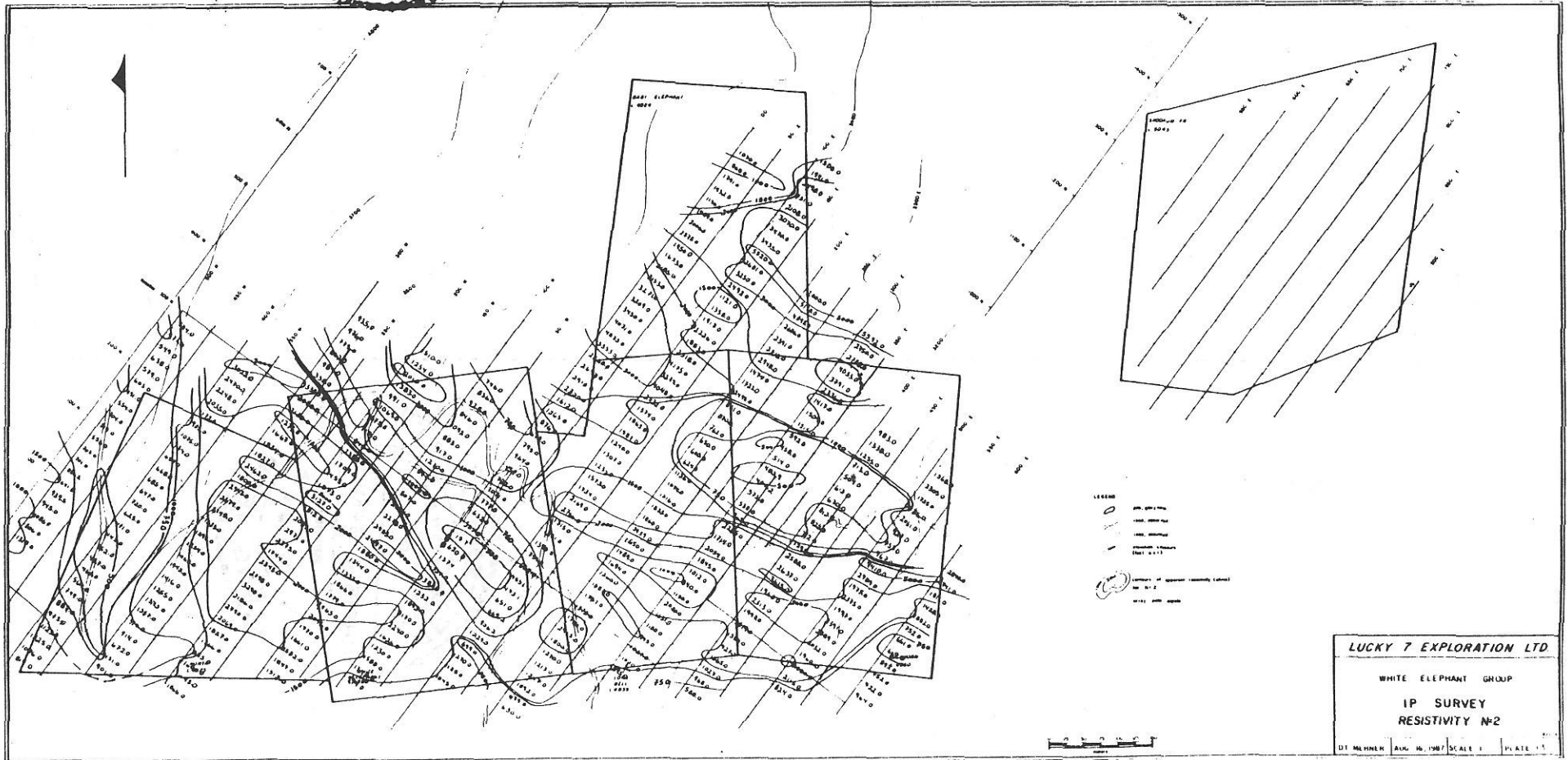
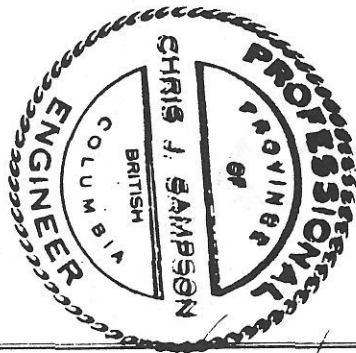
In 1934, exploration and development activity on the property increased. A 90 ft. raise from the 200 ft. level and a raise from the 60 ft. level through to the Glory Hole were driven. In addition, a 90 ft. stoping raise was driven from the 100 ft. level and drifts and crosscuts totalling 146 ft. on the 200 ft. level and 90 ft. on the 60 ft. level. A total of 2740 tons of ore grading approx. 0.46 oz/ton gold were milled.

In 1935, the inclined shaft was deepened to the 300 ft. level where a minimum of 107 ft. of drifting was done. Reports on this work indicate a 7 ft. wide ore shoot grading 0.37 oz/ton gold, encountered in one direction while values of up to 0.66 oz/ton gold were reported from barren appearing rock in another direction. Financial troubles, principally lack of operating capital, caused the company to cease work in mid 1935 and Precambrian subsequently went into receivership.

BCDM Min File records list production as:

#### PUBLISHED PRODUCTION DATA

Year	Tonnes mined	Tonnes milled	Gold (grams)	Silver (grams)
1922	264	0	13,468	5,256
1933	354	354	3,701	560
1934	2,861	2,812	36,639	3,110
1935	1,667	1,667	9,362	622
TOTALS=	5,146	4,833	63,170	9,548
IMPERIAL	5,570	5,300 (tons)	2,030(oz) (0.38 oz/t)	306(oz)

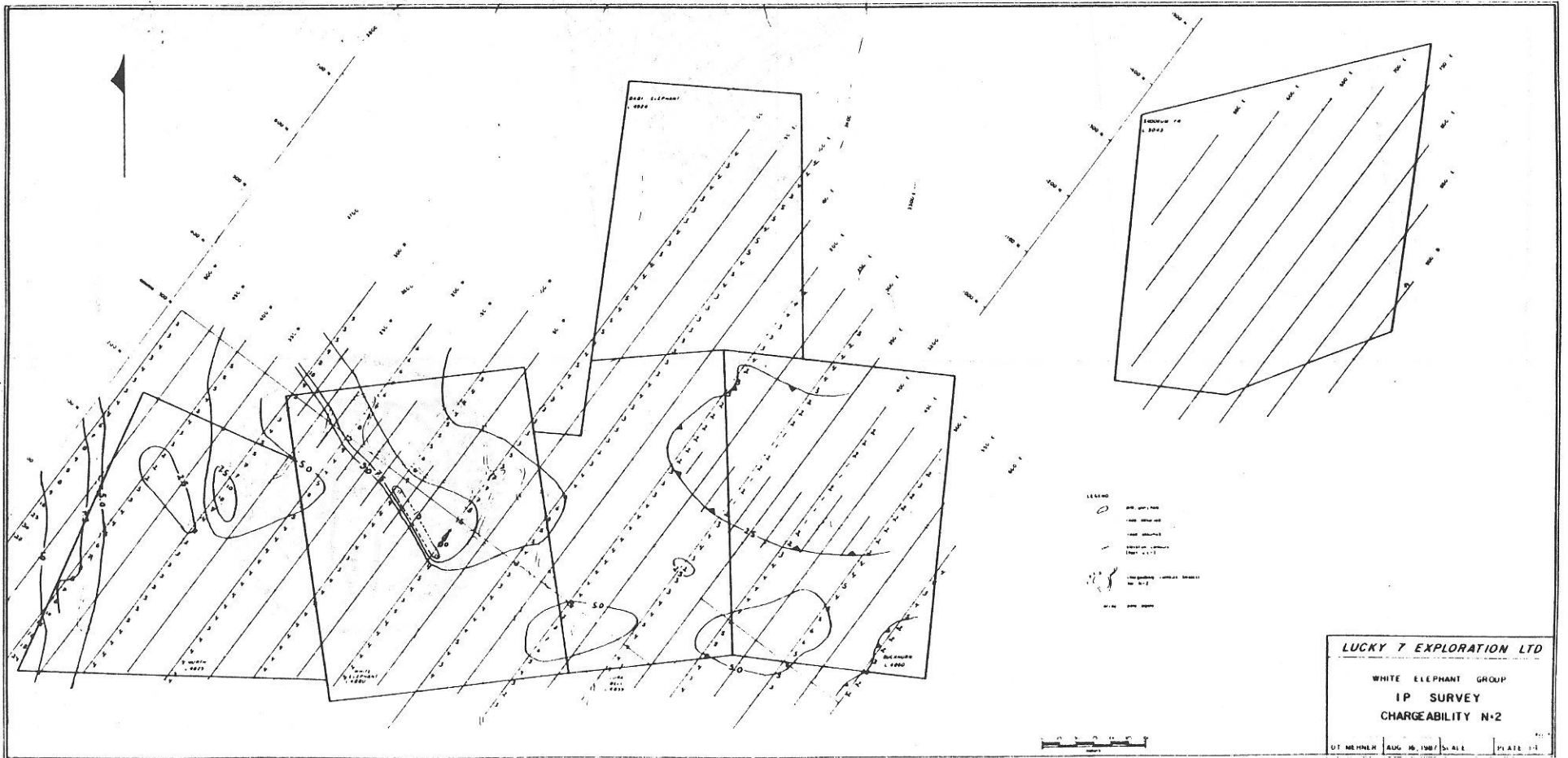
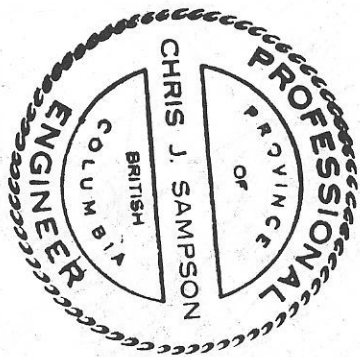


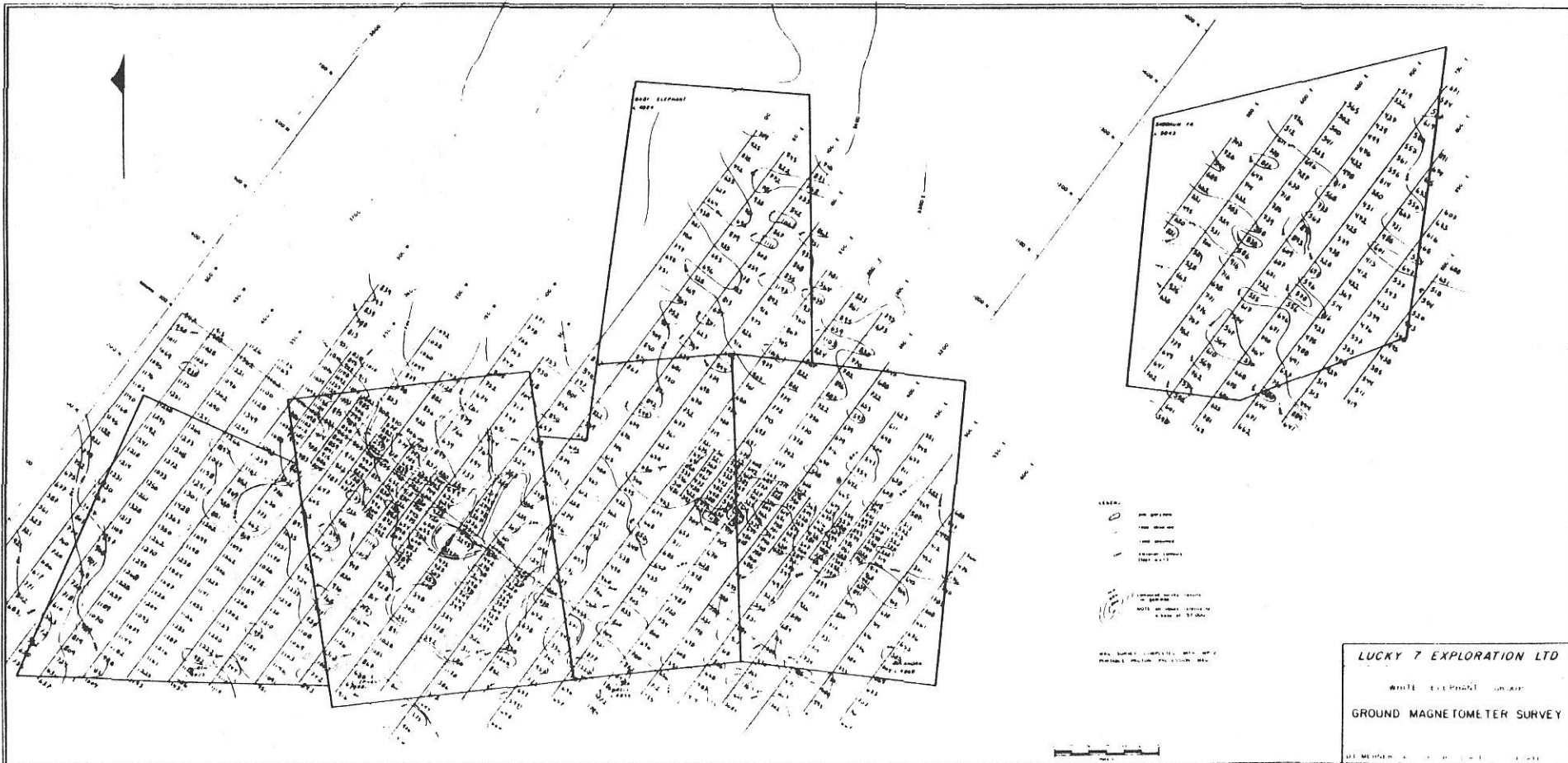
LUCKY 7 EXPLORATION LTD.

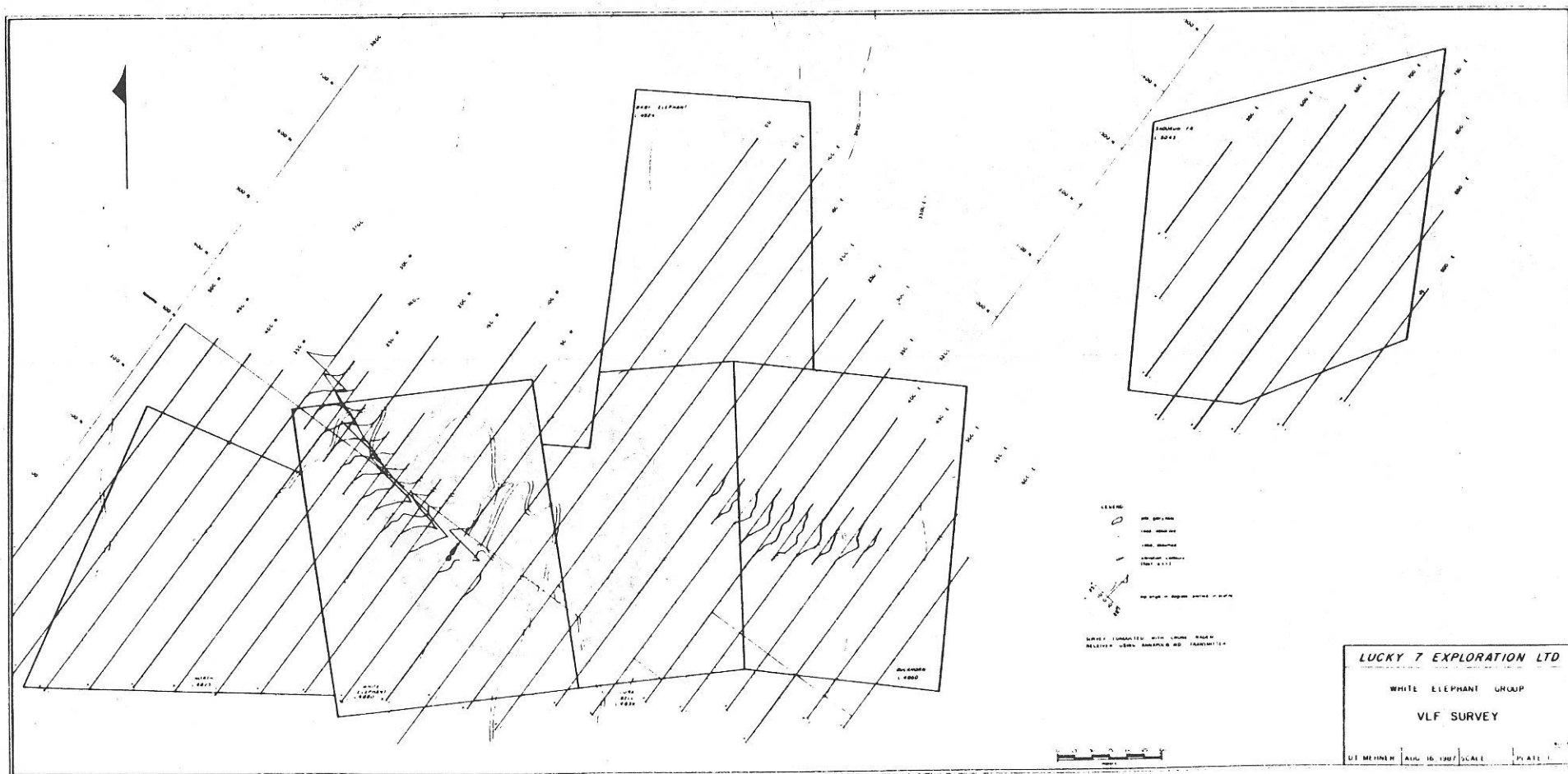
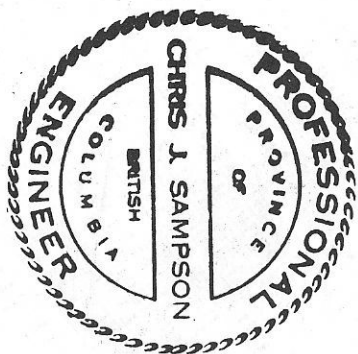
WHITE ELEPHANT GROUP

IP SURVEY  
RESISTIVITY #2

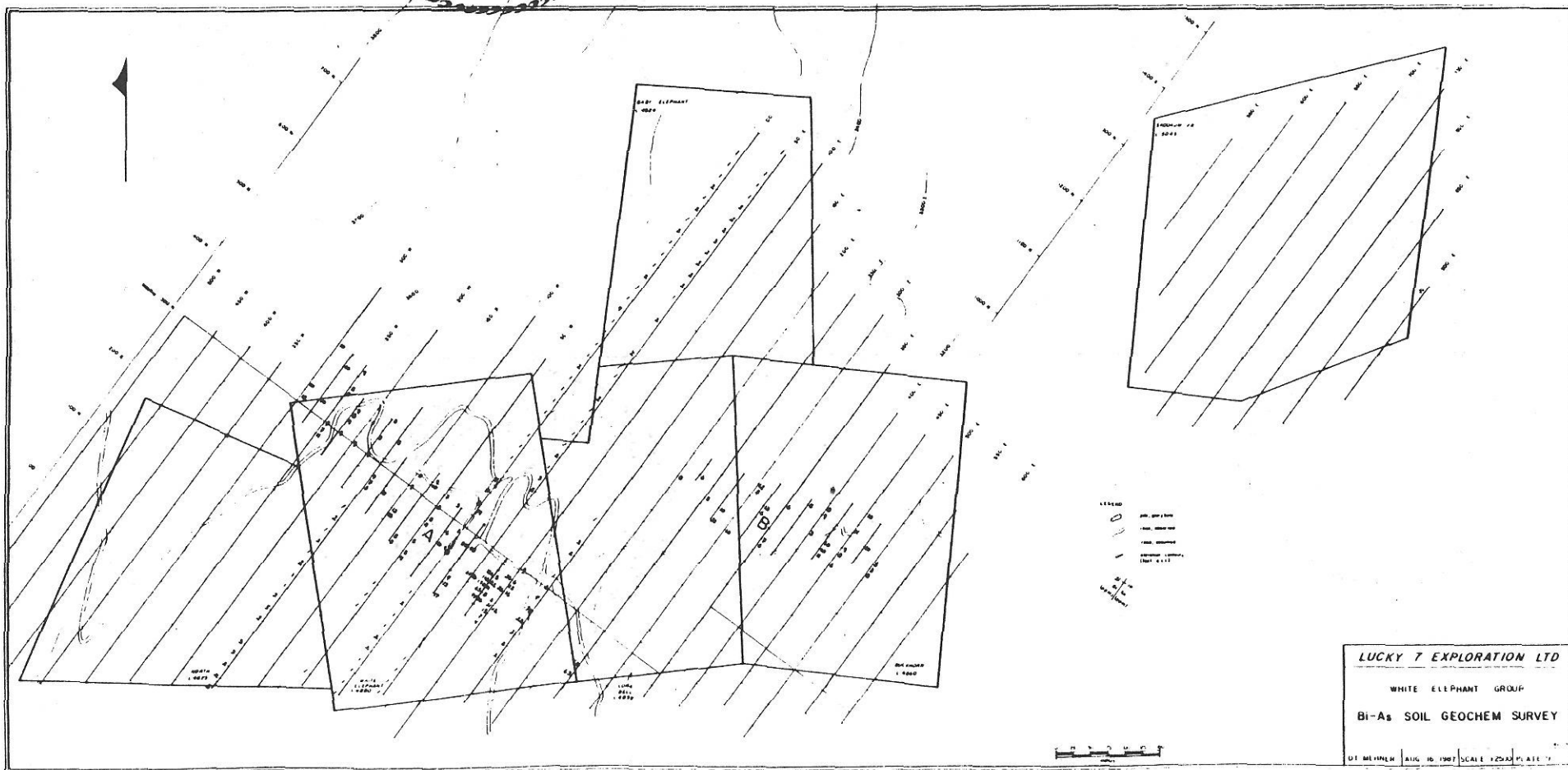
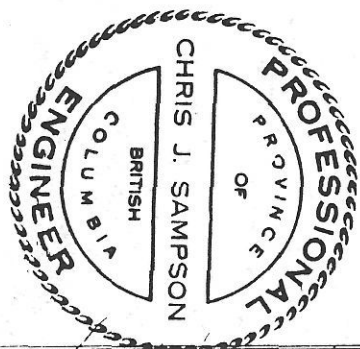
DT MILLNER AUG. 16, 1987 SCALE 1 PLATE 15

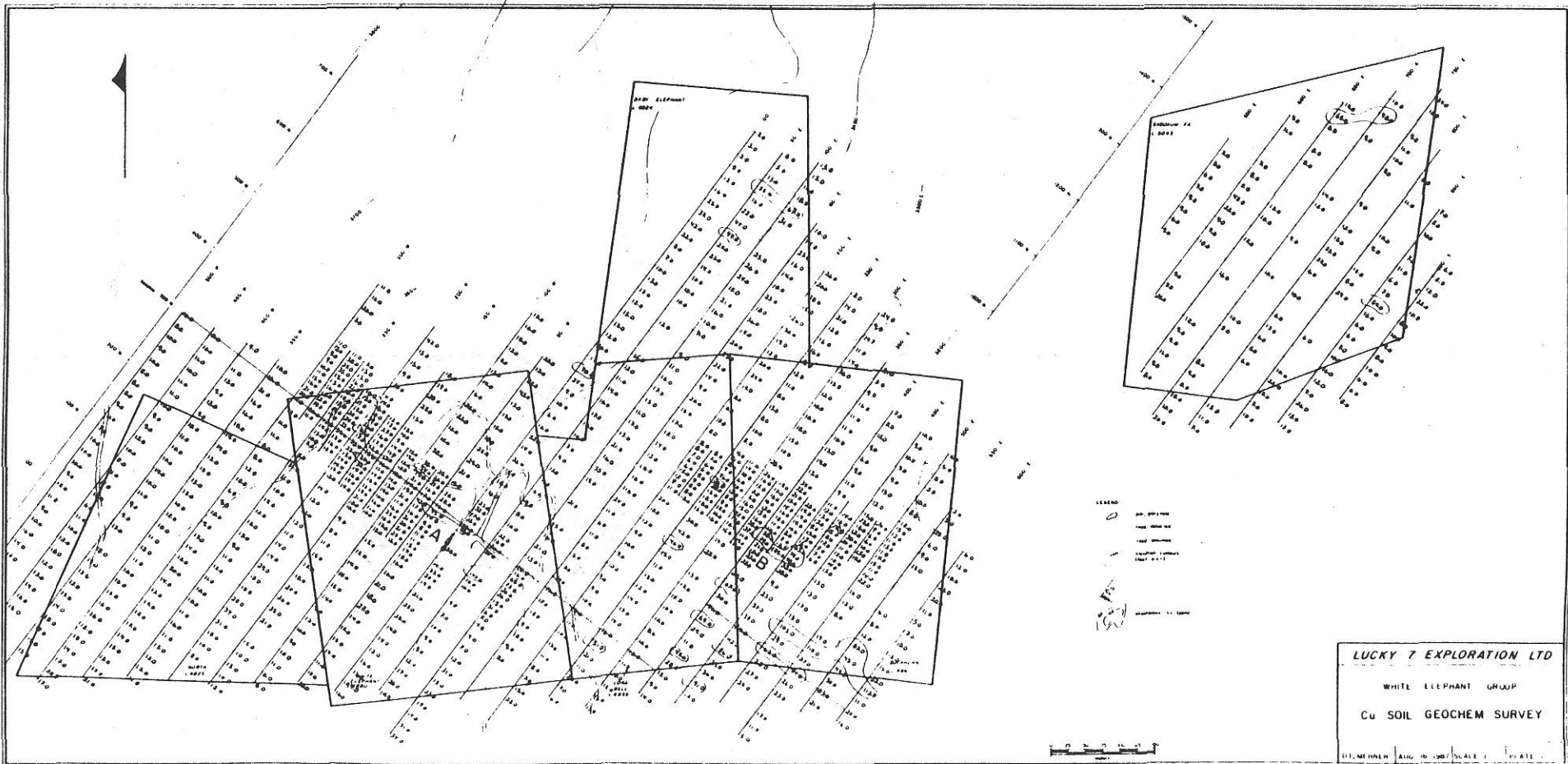




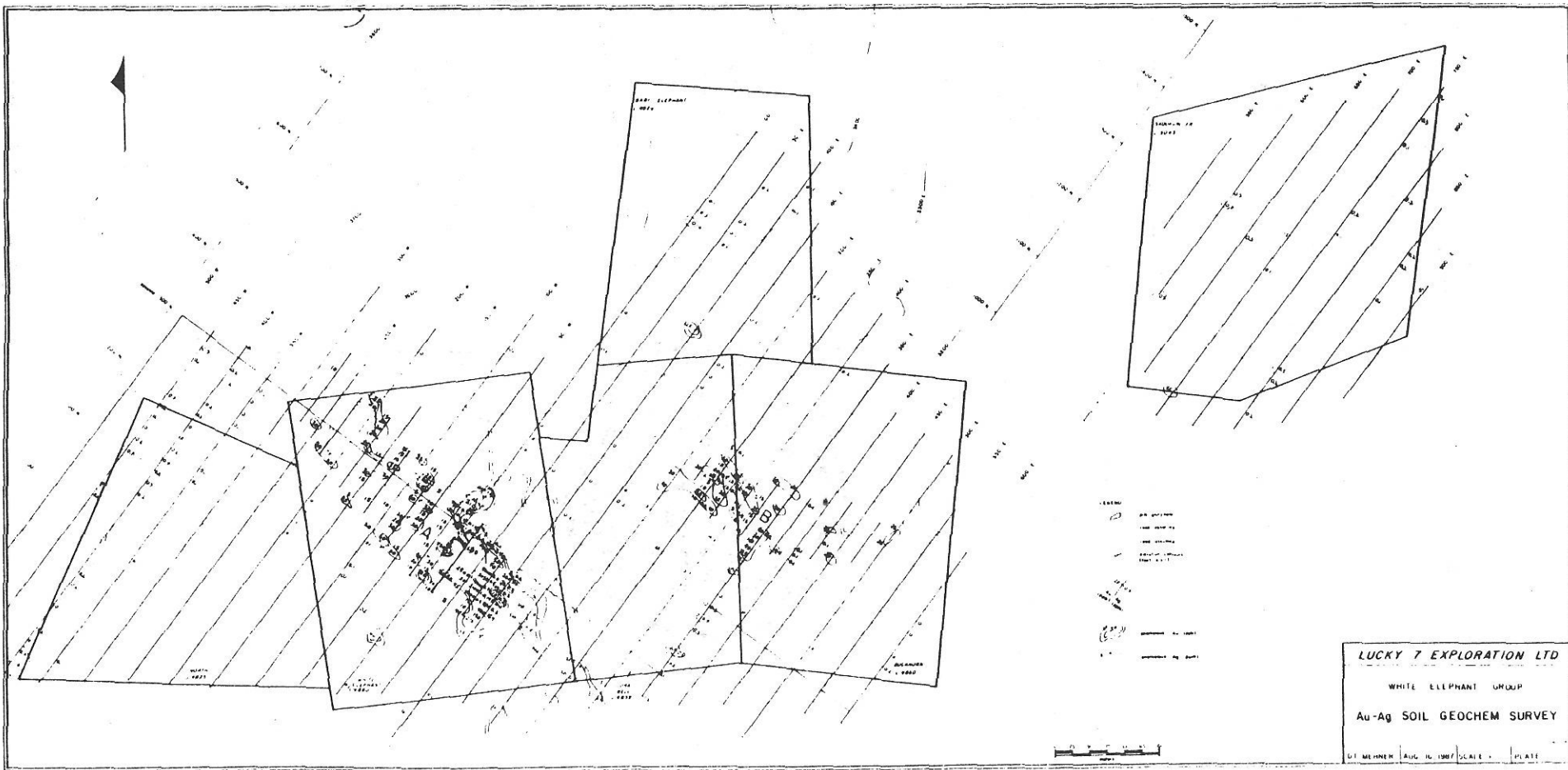
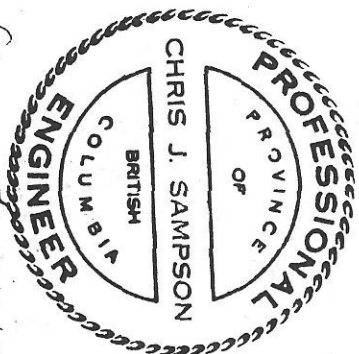








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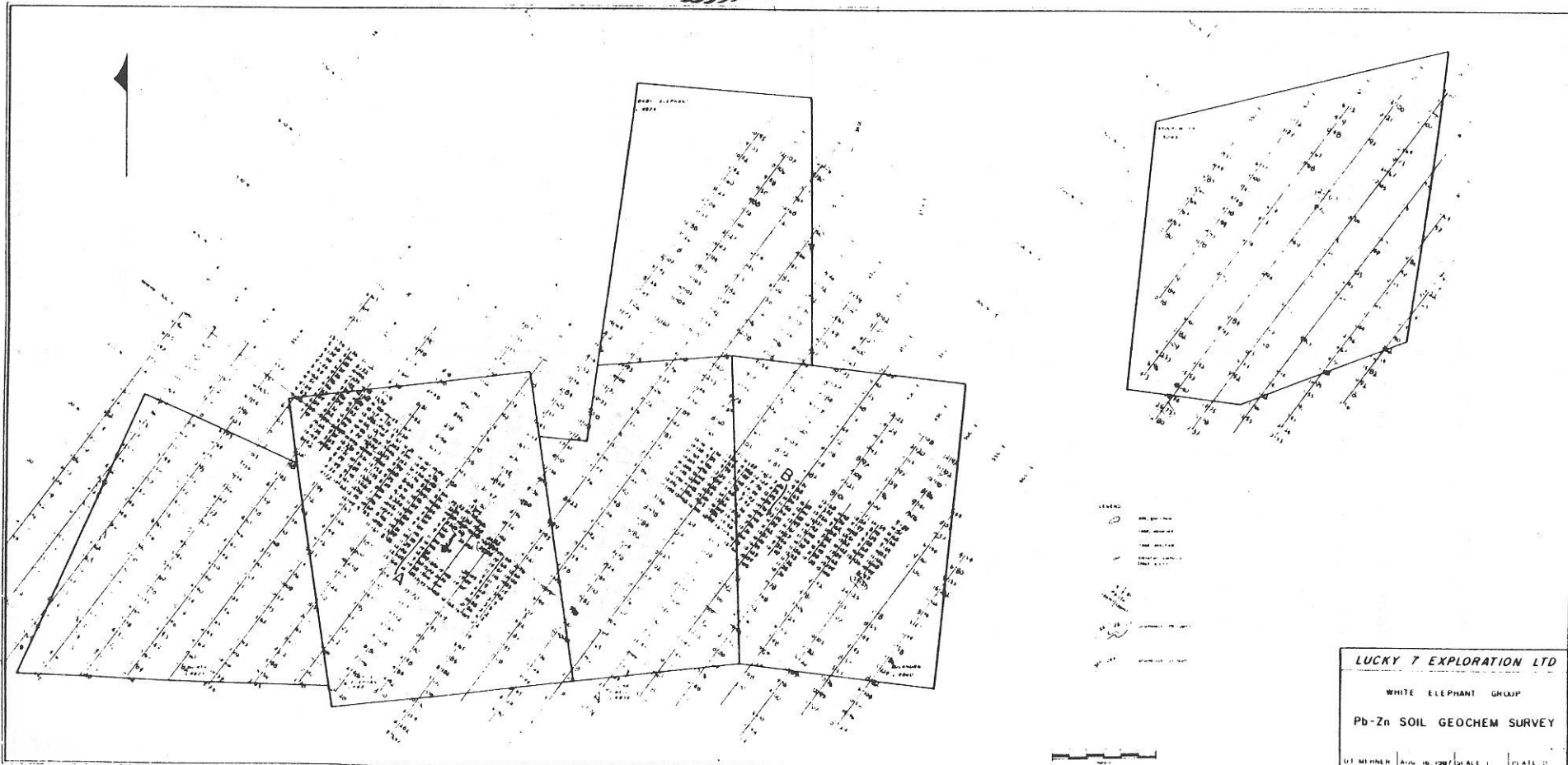
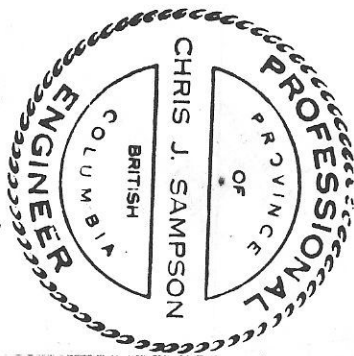


LUCKY 7 EXPLORATION LTD

WHITE ELEPHANT GROUP

Au-Ag SOIL GEOCHEM SURVEY

GT MERRIM AUG. 16, 1987 SCALE 1: PLATE



**LUCKY 7 EXPLORATION LTD**  
 WHITE ELEPHANT GROUP  
**Pb-Zn SOIL GEOCHEM SURVEY**  
 DT M/FINER A/CN 10, 1987 SCALE 1 PLATE 2



*Chris J. Sampson*

<b>LUCKY 7 EXPLORATION LTD.</b>	
<b>WHITE ELEPHANT CLAIMS</b>	
VERNON M.D., B.C.	NTS: 82 L/4
<b>SURVEY MAP OF WHITE ELEPHANT CLAIM</b>	
BY: CJS/rwr	FIGURE: 4
DATE: SEPT., 1987	

The property lay dormant for a number of years until Mr. H.H. Armstrong of the Vernon Mining Company acquired it and attempted to dewater the property in 1950. In 1970, engineers from Dames and Moore examined the property and recommended a work programme for Vernon Mining. In 1980, Edward Kondra obtained an option to conduct exploration on a number of Crown grants within the group.

### REGIONAL GEOLOGY

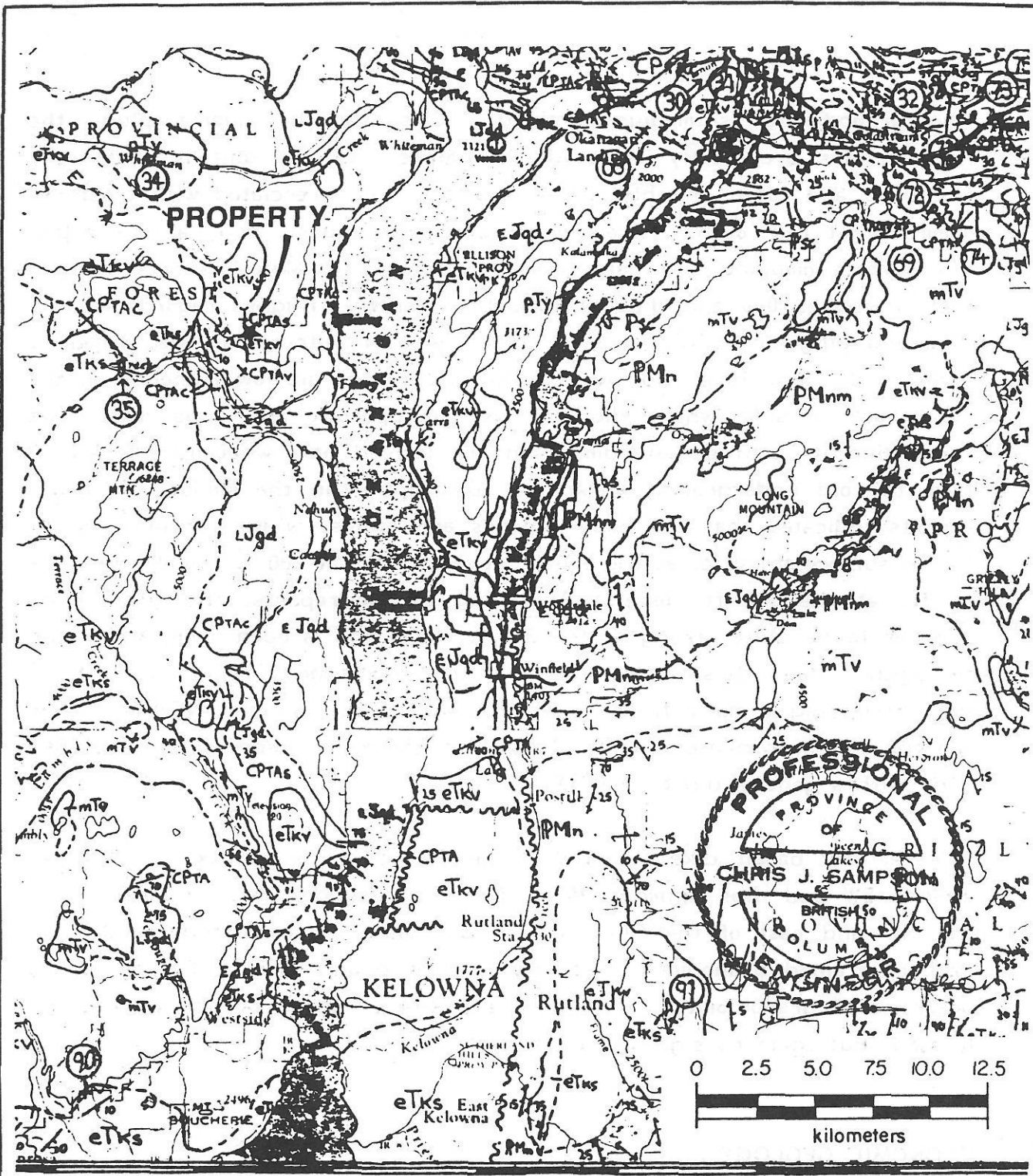
The White Elephant group of claims is located on the eastern edge of the Thompson plateau in the Intermontaine belt of south central British Columbia. The geology of the area on the west side of Okanagan Lake is shown in GSC Open File 637. The oldest rocks in the district consist of clastic and carbonate sediments and greenstones and tuffs of the Carboniferous/Permian Thompson assemblage. This package of sediments and volcanics is intruded by Jurassic quartz diorites and late Jurassic granodiorite. These intrusive rocks underlie most of the prospect area.

To the north of the claim group along Whiteman Creek a Paleocene or Eocene granitic stock, currently being explored for epithermal gold mineralization by Huntington Resources, cuts the Jurassic intrusives.

Clastic sediments and basic volcanics of the Eocene and Oligocene Kamloops group overlie the stratigraphy to the north and west. Small outliers of Miocene and/or Pliocene plateau basalts occur to the south.

### PROPERTY GEOLOGY (Based on July 1987 report by Brian Hughes)

Figure 6 shows the geology in the immediate vicinity of the workings. Most outcrops examined consist of late Jurassic hornblende granodiorite cut by a quartz plug. A series of narrow (1 to 2 metre) steeply dipping tertiary basalts dikes cut both the granodiorite and quartz plug.



119°30'

119°15'

**TERTIARY**  
**MIOCENE &/OR PIOCENE**  
mTv plateau lava

**EOCENE & (?) OLIGOCENE**  
eTkv andesite, basalt, dacite, trachyte flows, dykes  
etks clastics

**PALEOCENE OR EOCENE**  
pTy syenite, granite, monzonite, shonkinite

**JURASSIC**  
Ljgd granodiorite, granite  
Ejqd quartz diorite, granodiorite

**CARBONIFEROUS & PERMIAN (Thompson Assemblage)**  
CPTAS clastics, minor limestone  
CPTAV greenstone, tuff  
CPTAC limestone, conglomerate, chert

From GSC OPEN FILE 637

**LUCKY 7 EXPLORATION LTD.**

**WHITE ELEPHANT CLAIMS**

VERNON M.D., B.C. NTS: 82 L/4

**REGIONAL GEOLOGY**

BY: CJS/rwr  
DATE: SEPT., 1987

**FIGURE: 5**

The granodiorite is medium grained. Close to the quartz plug, the hornblendes are partly replaced by biotite and the unit is moderately fractured and often crumbly. The quartz is well brecciated with fractures commonly at  $040^{\circ}/80^{\circ}W$ . Size and shape of the quartz body are uncertain but surface mapping and data from the Minister of Mines reports suggest that it strikes  $040$  and dips at probably  $50^{\circ}NW$ . (Hughes regards it as a pipe plunging  $30-40^{\circ}NE$ .) It is only seen in outcrop in the immediate vicinity of Glory Hole and was not located in the shallow trenches on the north-eastern side which did not get to bedrock and thus most data concerning its attitude and dimensions is derived from what little is known from the old underground workings. Description in the Minister of Mines reports indicates that the body pinches and swells, width varying from 47 ft. on surface to 20 ft. at the 150 ft. level, 72 ft. at 200 ft. level, and over 50 ft. at the 300 ft. level. According to the reports, the quartz body appears to be quite strong at the 300 ft. level and is open along strike and to depth. It is thus unclear whether the quartz body represents a large vein occupying a major fracture which would strike approx.  $NE-SW$ , dip to the NW and probably plunge to the NE or whether it represents a pipe-like body with a general dip to the NW.

The tertiary basalt dike exposed in the Glory Hole is approx. 2 m. thick, strikes EW and dips approx.  $35-40^{\circ}N$ . It is amygdaloidal. Prospecting to the NW and east of the Glory Hole has located outcrops and boulders of medium grained granodiorite with no sign of quartz float. To the south, outcrops of granodiorite and tertiary andesite or dacite porphyry flows are located, but again no sign of quartz float.

### ECONOMIC GEOLOGY

Mineralization at the White Elephant property consists of a massive quartz plug with irregular veins, stringers and lenses of pyrrhotite that reach up to 8 ft. wide. The pyrrhotite is concentrated on the south-eastern side of the Glory Hole in what is probably the footwall of the quartz plug, i.e. it underlies the quartz plug. Within both the quartz and pyrrhotite are veinlets, fracture fillings and disseminated grains of free gold, bismuth-telluride and minor scheelite and chalcopyrite.

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According to the old reports, the ore concentrate ran 75 to 90% pyrrhotite with some pyrite, telluride and free gold above the 200 ft. level, but below this level the ore tends to be pyritic rather than pyrrhotitic.

Within the quartz plug the ore occurs as gold rich shoots which dip at a shallower angle than the quartz body (believed to dip at 50-60 degrees). Individual shoots are known to reach 15-25 ft. wide by 50 ft. long. Although complete mining and milling records are not available what data is available suggests that mine head grade ran 0.37-0.4 oz/ton gold.

Mr. David Mehner took 7 grab samples from the muck pile on the south side of the Glory Hole. One sample showed visible gold and grey tellurides. Assays were as follows:

<u>Sample No.</u>	<u>Au oz/ton</u>	<u>Ag oz/ton</u>	<u>As ppm</u>
1	0.921	0.01	6
2	0.030	0.01	1
3	0.004	0.01	1
4	0.021	0.13	40
5	0.029	0.01	2
6	0.062	0.09	1
7	1.04	0.79	1

During the summer 1987 geological mapping programme Brian Hughes took 1 m. chip samples across the quartz body and associated massive sulphides. A list of samples taken and assay results is contained in Appendix A.

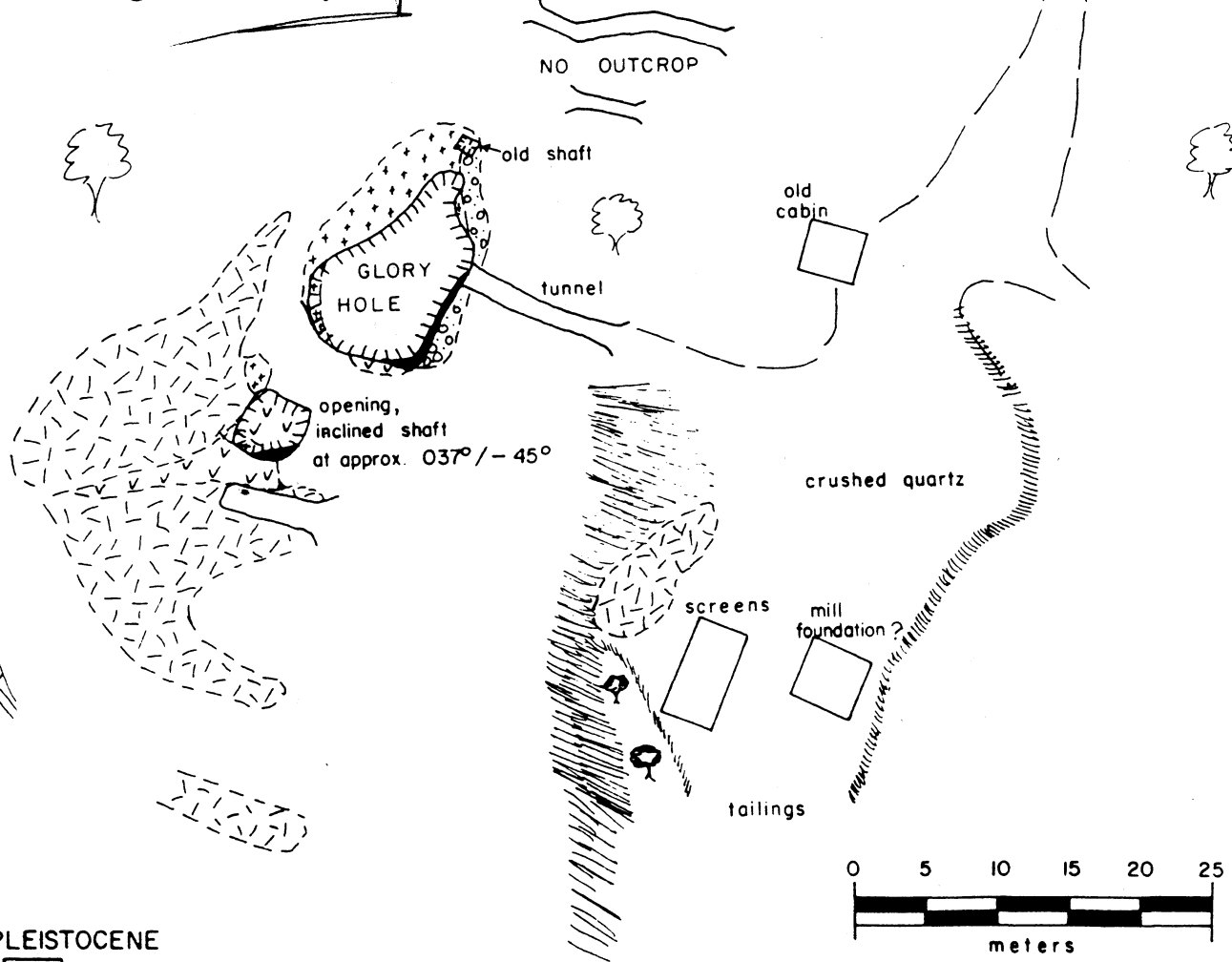
Although the massive sulphides contain silver values up to 0.14 oz/ton and strong copper values up to 740 ppm, the most interesting gold values are in the quartz body:


31839 1 m. chip containing 0.5 m. sulfide bleb: 1.52 oz/ton Au, 0.32 oz/ton Ag, 270 ppm Cu, 1360 ppm Bi;


31850 1 m. chip containing 10 cm. massive sulphide: 0.36 oz/ton Au, 0.20 oz/ton Ag, 240 ppm Cu, 230 ppm Bi.



*Chris J. Sampson*



PLEISTOCENE  
 conglomerate

TERTIARY  
 basalt dyke

JURASSIC  
 pyrrhotite

 quartz

 granodiorite

**LUCKY 7 EXPLORATION LTD.**

**WHITE ELEPHANT CLAIMS**

VERNON M.D., B.C.

NTS: 82 L/4

**GEOLOGY OF SHOWINGS**

BY: CJS/rwr

DATE: SEPT., 1987

FIGURE: 6

## GEOCHEMICAL RESULTS

During July, August 1987 Lucky Seven personnel ran a 1100 m. 305° base line across the North, White Elephant, Baby Elephant, Lora Bell and Buckhorn claims. 100 m. spaced lines were flagged across the claims and also across the Skookum fraction. In areas of particular interest (e.g. around the old workings), intermediate lines at 50 m. spacing were flagged. 100 gm. samples were collected at 20 m. spacing (10 m. in areas of showings) from the B soil horizon using shovels to dig shallow pits. The soil samples were placed in standard Kraft geochemical soil sample bags and shipped to Kamloops Research and Assay for analysis for Gold, Silver, Lead, Zinc, Bismuth, Arsenic and Copper. Values for each metal were plotted as histograms assuming a log normal distribution and threshold and anomalous values established.

Values for each metal are plotted on 1:2500 scale maps:

- Gold (Au) - Silver (Ag) Figure 7
- Lead (Pb) - Zinc (Zn) Figure 8
- Bismuth (Bi) - Arsenic (As) Figure 9
- Copper (Cu) Figure 10.

Several coincident anomalies were located, which cluster in two areas:

A: From 2N to 2+50N from 2+50W to 3E.

This shows very high gold values (up to 4000 ppb) partly caused by old tailings, but also showing probable extensions of mineralization to the north-west. Some coincident lead, zinc and copper anomalies are present, but surprisingly arsenic and bismuth values are not anomalous - despite their presence in samples taken from the mineralized zone.

B: 2+50E to 5+00E, 4+50N to 5+50N

Again strong gold values with some weak lead, zinc and copper correlation. Arsenic and bismuth are not anomalous. This anomaly probably represents either a parallel zone to the principal White Elephant mineralization or the faulted extension of the main body.

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On the Golden Elephant claim a series of 200 m. spaced NE-SW lines tied to a NW-SE base line were flagged. Soil samples collected at 25 m. intervals from the B horizon were analyzed for gold, silver, lead, zinc and copper. Values are plotted on a 1:2500 scale map.

Various strong copper anomalies with coincident gold and some silver were located.

### GEOPHYSICAL RESULTS

Luky Seven personnel did programmes of VLF E.M. and Magnetometer surveys on the White Elephant group. Results are plotted on Maps 11 and 12.

The VLF Electromagnetic survey outlined two strong conductors, one of which runs through the area of the mine workings and continues west to 300W. The conductor is interpreted as caused by a shallow feature and could be caused by a cable or pipe.

The eastern conductor is probably caused by a deeper conductive body.

The magnetometer survey showed very strong magnetic values in the immediate area of the Glory Hole - probably caused by the massive pyrrhotite body. Some high values are also seen in the vicinity of the eastern VLF E.M. conductor.

Lucky Seven also ran programmes of Induced Polarization over 5 of the White Elephant claims (Maps 13 and 14). These show an E-W trending chargeability high and resistivity low in the area of the mine workings. A resistivity low also occurs in the vicinity of the eastern VLF E.M. conductor by chargeability here is low.

### CONCLUSIONS AND RECOMMENDATIONS

Although outcrop is fairly limited on the White Elephant property (10-20%), overburden appears to be shallow in most areas and geochemical and geophysical targets should be investigated by a programme of trenching with a large backhoe (Cat 225, etc.).

The mineralized quartz body should be explored both along strike and downdip by a diamond drilling programme.

(The possibility of dewatering the old workings, mapping and sampling was considered. This would give much data concerning grade, attitude and thickness of ore shoots and the strike dip, etc. of the main quartz body. This type of programme is not recommended at present, however, due to probable high risks and expenditure involved:

- a) The mine waters are probably highly acid - leading to major environmental problems since the discharge water would flow into Okanagan Lake.
- b) Probably due to the fractured nature of the quartz even the uppermost (exposed) part of the decline has caved. The lower flooded section is probably extensively caved and would require major excavation and support.
- c) A series of new ladders, stulls, cribbing, etc. would need to be installed to permit access.)

COST ESTIMATES

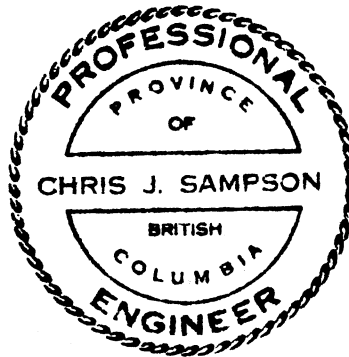
## Trenching:

Backhoe rental: 12 days @ \$1000/day	12,000.00
Assays	3,000.00
Supervision, accommodation	8,000.00
Truck rental, Freight, etc.	<u>2,000.00</u>
	25,000.00

## Diamond Drilling:

1000 m. NQ diamond drilling @ \$75/m.	75,000.00
Assays	9,000.00
Supervision, Report Preparation	<u>16,000.00</u>
	100,000.00

TOTAL: PROGRAMMES \$125,000.00



*Chris J. Sampson*

Vancouver, B. C.  
28 September 1987

Chris J. Sampson, P.Eng.  
Consulting Geologist

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- British Columbia Report of the Minister of Mines: 1900, 1922-1925; 1927-1935; 1950.
- Geological Survey of Canada, Open File 637, Thompson-Shuswap-Okanagan Geology and Mineral Inventory Maps; 1:250,000.
- Geological Survey of Canada, Summary Report 1931 A-86, Memoir 296, p. 151.
- Hughes, Brian B.: Report on Surface Geology White Elephant Group for Lucky Seven Explorations, 17 July 1987.
- Mehner, D.T., Report on Geology and Exploration Potential White Elephant Group, 6 October 1986.
- Nielson, J.M., 1970: Report on the White Elephant Mining Claim for Vernon Mining Company (unpublished).
- Pre Cambrian Gold Mines, 1934: Report to the Stockholders of Pre Cambrian Gold Mines.
- Pre Cambrian Gold Mines: Summary of Operations between 1928-1935, author unknown.

CERTIFICATE

I, Christopher J. Sampson, of 2696 West 11th Avenue, Vancouver, B.C. V6K 2L6, hereby certify that:

1. I am a graduate (1966) of the Royal School of Mines, London University, England with a Bachelor of Science degree (Honours) in Economic Geology.
2. I have practised my profession of mining exploration for the past 21 years in Canada, Europe, United States and Central America. For the past 11 years I have been based in British Columbia.
3. I am a consulting geologist. I am a registered member in good standing of the Association of Professional Engineers of British Columbia.
4. I have not written any other reports on the White Elephant claims nor on any other properties within 10 kms of those claims.
5. The present report is based on knowledge gained from a visit to the property in December 1986, study of published and unpublished reports, and results of 1987 work programmes.
6. I have not received, nor do I expect to receive, any interest, direct or indirect, in the properties or securities of Lucky 7 Exploration Ltd. or in those of its associated companies.
7. Lucky 7- Exploration Ltd. and its affiliates are hereby authorized to use this report in, or in conjunction with, any prospectus or statement of material facts.
8. I have no interest in any other property or company holding property within 10 kilometres of the White Elephant and Golden Elephant group of claims.



*Chris J. Sampson*  
 Christopher J. Sampson, P.Eng.  
 Consulting Geologist

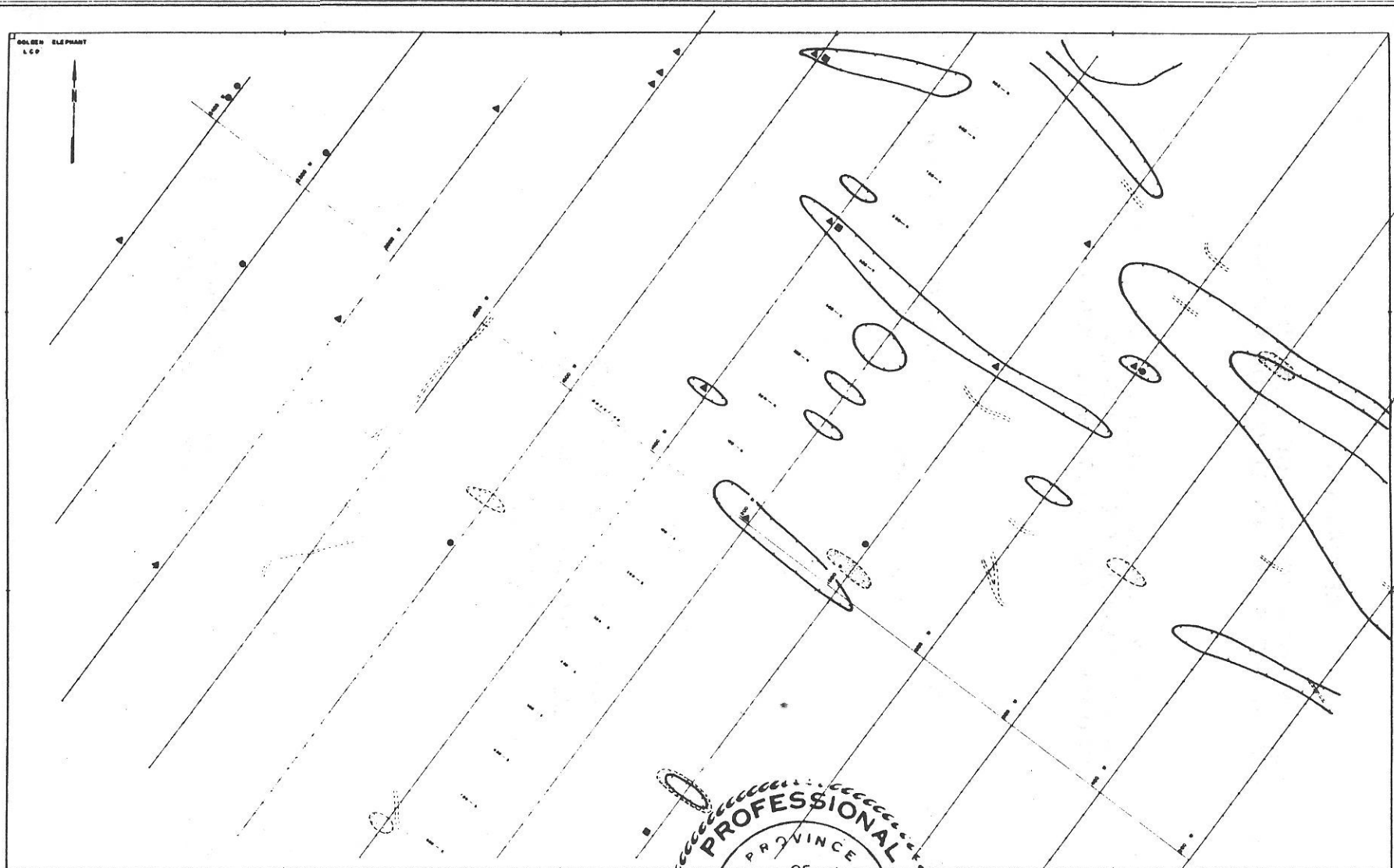
Vancouver, B.C.  
 28 September 1987

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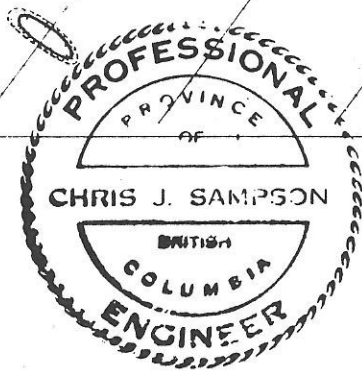


GOLDEN ELEPHANT  
LCO



LEGEND:

-  ANOMALOUS Au > 20 PPM
-  ANOMALOUS Ag > 0.4 PPM
-  ANOMALOUS Pb > 35 PPM
-  ANOMALOUS Zn > 255 PPM
-  ANOMALOUS Cu > 45 PPM



LUCKY 7 EXPLORATION LTD  
GOLDEN ELEPHANT CLAIM  
SOIL GEOCHEMISTRY  
ANOMALY MAP  
G1 MINDER SEP 14 1987 SCALE PAGE 15

REPORT ON  
GEOLOGY, GEOLOGICAL SOIL SAMPLING,  
V.L.F.E.M. SURVEYS AND EXPLORATION POTENTIAL

Ni 1, 2, 3 (2184, 3175, 3176) CLAIMS  
PORT ALBERNI MINING DIVISION,  
VANCOUVER ISLAND, BRITISH COLUMBIA

Latitude: 48°52'N

Longitude: 124°41'W

N.T.S. 92-C-15E

for

LUCKY 7 EXPLORATION LTD.,  
308 - 1155 West Pender Street  
Vancouver, B. C.  
V6E 2P4

Vancouver, B.C.  
18 October 1987

Chris J. Sampson, P.Eng.  
Consulting Geologist

**SAMPSON ENGINEERING INC.**

2696 West 11th Avenue  
Vancouver, B.C. V6K 2L6

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### FIGURES

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3. CLAIM MAP	Follows page 3
4. GEOLOGICAL SKETCH MAP OF VANCOUVER ISLAND	Follows page 5
5. COMPILATION MAP	In pocket
6. GEOCHEMICAL SOIL SAMPLING: Au-Ag	In pocket
7. GEOCHEMICAL SOIL SAMPLING: PB-Zn	In pocket
8. GEOCHEMICAL SOIL SAMPLING: Cu	In pocket
9. V.L.F. E.M. SURVEY	In pocket

## SUMMARY

Lucky 7 Exploration Ltd. hold the 33 metric units Ni claims which are situated on the Little Nitinat River 40 kms south of Port Alberni, Vancouver Island, B.C.

Although outcrop is relatively scarce on the property, there are two main mineral showings, the «Camp» and «Copper» zones, which are situated close to the Nitinat main haulage logging road. These mineralized zones have been trenched and sampled by previous owners of the property. Three diamond holes were drilled on the Camp zone in 1979, 1980.

Chip samples taken from both zones have shown significant silver, lead, zinc and copper values.

Other, less explored showings occur on the Ni claims. To the north of the Camp zone, between the Nitinat logging road and the Little Nitinat River, a 20 ft adit explored a zone of disseminated pyrite and galena which may be conformable with the rhyolite country rock.

In the northwestern quadrant of the property, there are several pyrite and sphalerite filled fractures up to 1.5 wide.

In 1984 and 1985, Falconbridge ran programmes of geochemical soil sampling over most of the Ni claims. Several good strength coincident lead, zinc, silver anomalies were located.

In summer 1987, Lucky Seven ran lines between those sampled by Falconbridge - thus reducing the spacing to 75 m and collected soil samples at 25 m intervals. Values obtained for lead, zinc and silver were similar to those of Falconbridge - thus defining and extending the anomalies.

## INTRODUCTION

On Wednesday, September 2nd, 1987, the writer accompanied by Lloyd Addie, visited the Ni Claims of Lucky Seven Resources. The 33 metric unit claim group is situated on the Little Nitinat River, 40 kms south of Port Alberni, Vancouver Island, B.C.

During the course of the property examination, the writer examined the showings and adits which are located along the Nitinat main haulage logging road and some mineralized shears situated in the north-western part of the property where geochemical soil sampling by Lucky Seven personnel in summer 1987 had indicated presence of geochemical anomalies. This report is based on the field examination together with study of data from Lucky 7 files, particularly reports by Falconbridge on work they did in 1984 and 1985.

## LOCATION & ACCESS

The property is situated on the Little Nitinat River, approximately 40 kms south of Port Alberni, Vancouver Island, B.C. and 6 kms north of the north end of Nitinat Lake. The property is 43 kms west of Lake Cowichan and is situated at 48°54'N latitude and 124°43'W longitude, N.T.S. 92-C-15E.

Access is easily gained, using a regular two wheel-drive vehicle, by a system of logging roads either from Port Alberni through the Franklin Camp and thence 10 km south, or alternatively from Lake Cowichan west to the Nitinat River and then via the road along the Little Nitinat River. There is an extensive network of logging roads on the property, but four wheel-drive vehicle is necessary on some of these roads.

## CLAIM DATA

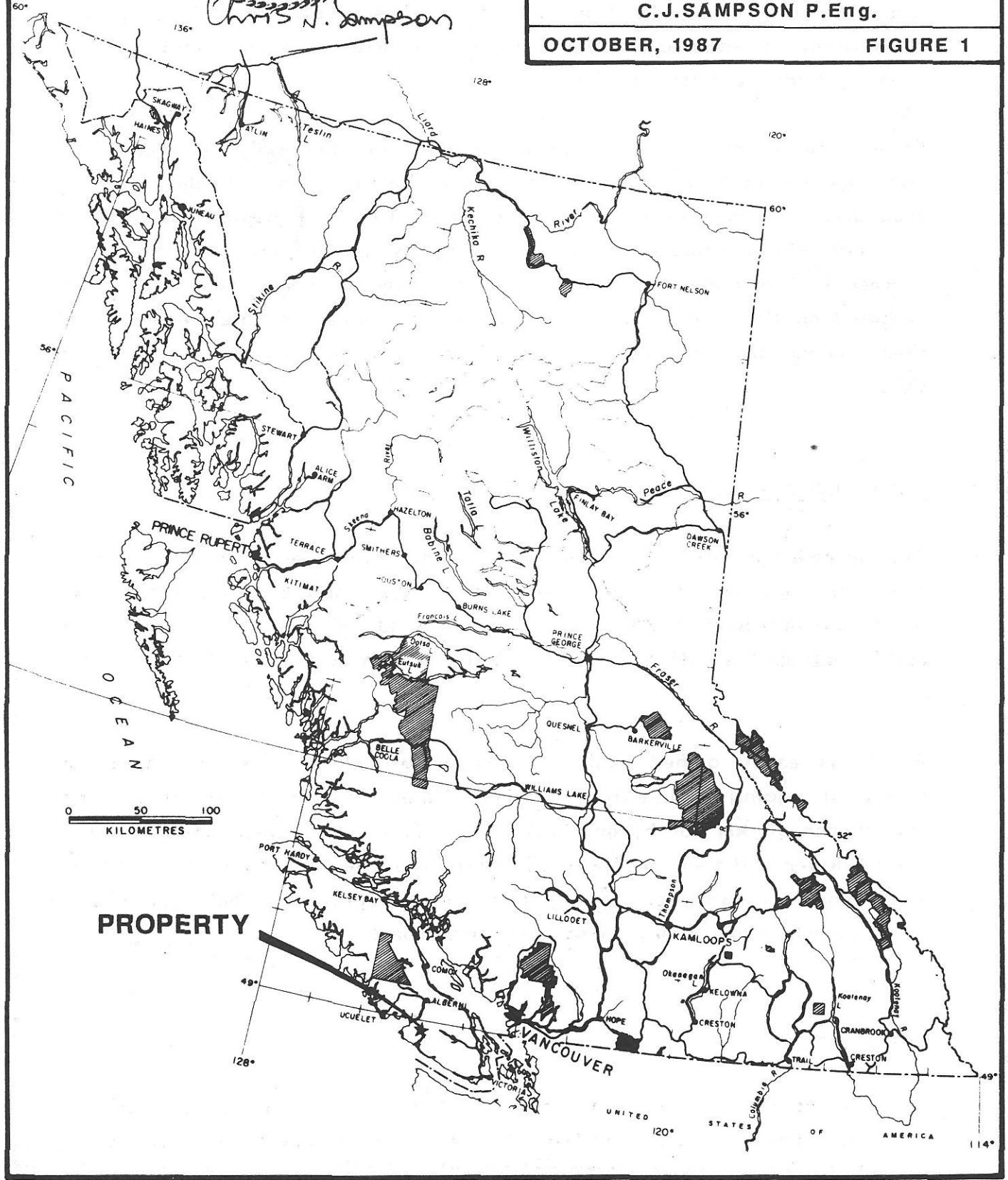
The 33 metric unit Ni claims are situated in the Port Alberni Mining Division. They are shown on Map 92-C-15E. Claim details are as follows:

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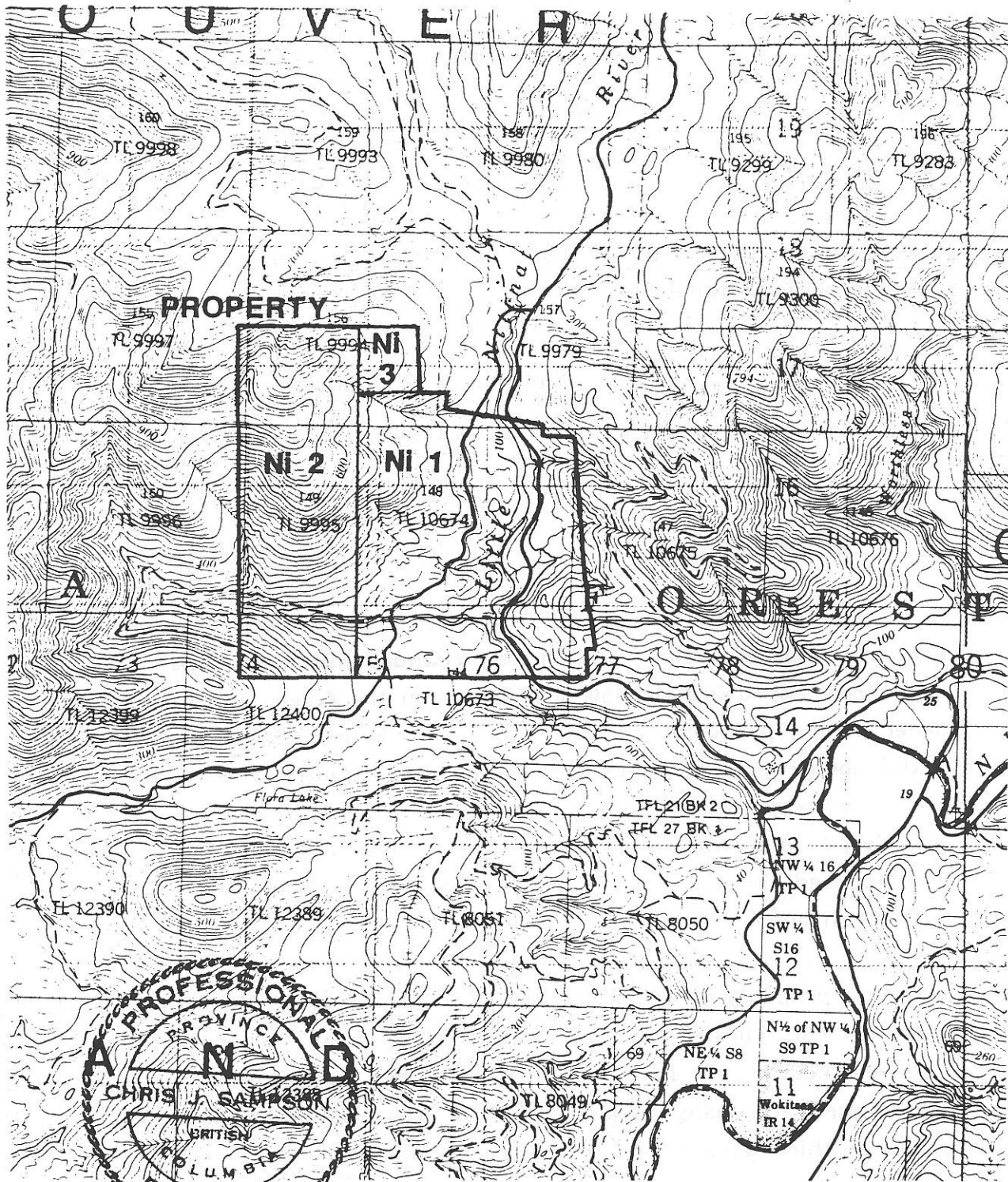
2696 West 11th Avenue  
Vancouver, B.C. V6K 2L6

**PROFESSIONAL**  
PROVINCE  
OF  
**CHRIS J. SAMPSON**  
BRITISH  
COLUMBIA  
**ENGINEER**  
*Chris J. Sampson*

**LUCKY 7 EXPLORATION LTD.**  
**Ni CLAIMS**  
**ALBERNI MINING DIVISION, B.C.**  
**NTS:92C/15**  
**LOCATION MAP**  
**C.J.SAMPSON P.Eng.**  
**OCTOBER, 1987** **FIGURE 1**



**PROPERTY**



*Chris J. Sampson*

0 1 2  
Km



LUCKY 7 EXPLORATION LTD.	
Ni CLAIMS	
ALBERNI MINING DIVISION, B.C.	NTS: 92C/15
<b>TOPOGRAPHIC MAP</b>	
C.J.SAMPSON, P.Eng.	
DATE: OCTOBER, 1987	FIGURE: 2

<u>Claim</u>	<u>Record No.</u>	<u>Units</u>	<u>Registered Owner</u>	<u>Recording Date</u>	<u>Expiry Date</u>
Ni 1	2184	20	Ron Bilquist	23 May 84	23 May 88
Ni 2	3175	12	Les Allen	6 April 87	6 April 88
Ni 3	3176	1	Les Allen	6 April 87	6 April 88

The property is held by Lucky 7 Exploration under an option agreement from the original owners:

Ron Bilquist	37½%	Gabriola, B.C.	Gabriola, B.C.
Les Allen	37½%		
Sam Craig	25%	Tofino, B.C.	

### TOPOGRAPHY

The Ni Claim Group which straddles the Little Nitinat River is of relatively moderate relief, with mostly rounded hills and ridges. Elevations range from approximately 150 m (500 ft) on the river, at the south-eastern corner of the property, to a high point of 760 m (2,500 ft) above sea level in the north-western corner of the property. Outcrop is generally scarce due to an extensive blanket of overburden, which in many localities is not very deep, since wherever logging roads have been constructed bedrock is well exposed in the various road cuts. In some localities, however, overburden appears to be tens of metres thick.

Since the property is situated on the western side of Vancouver Island, it enjoys a mild climate with very little snow cover during the winter and relatively heavy rain fall. It is situated in a prime logging area and has been logged for many years. Most of the vegetation occurring is thus second or third growth fir, spruce, some pine and alder.

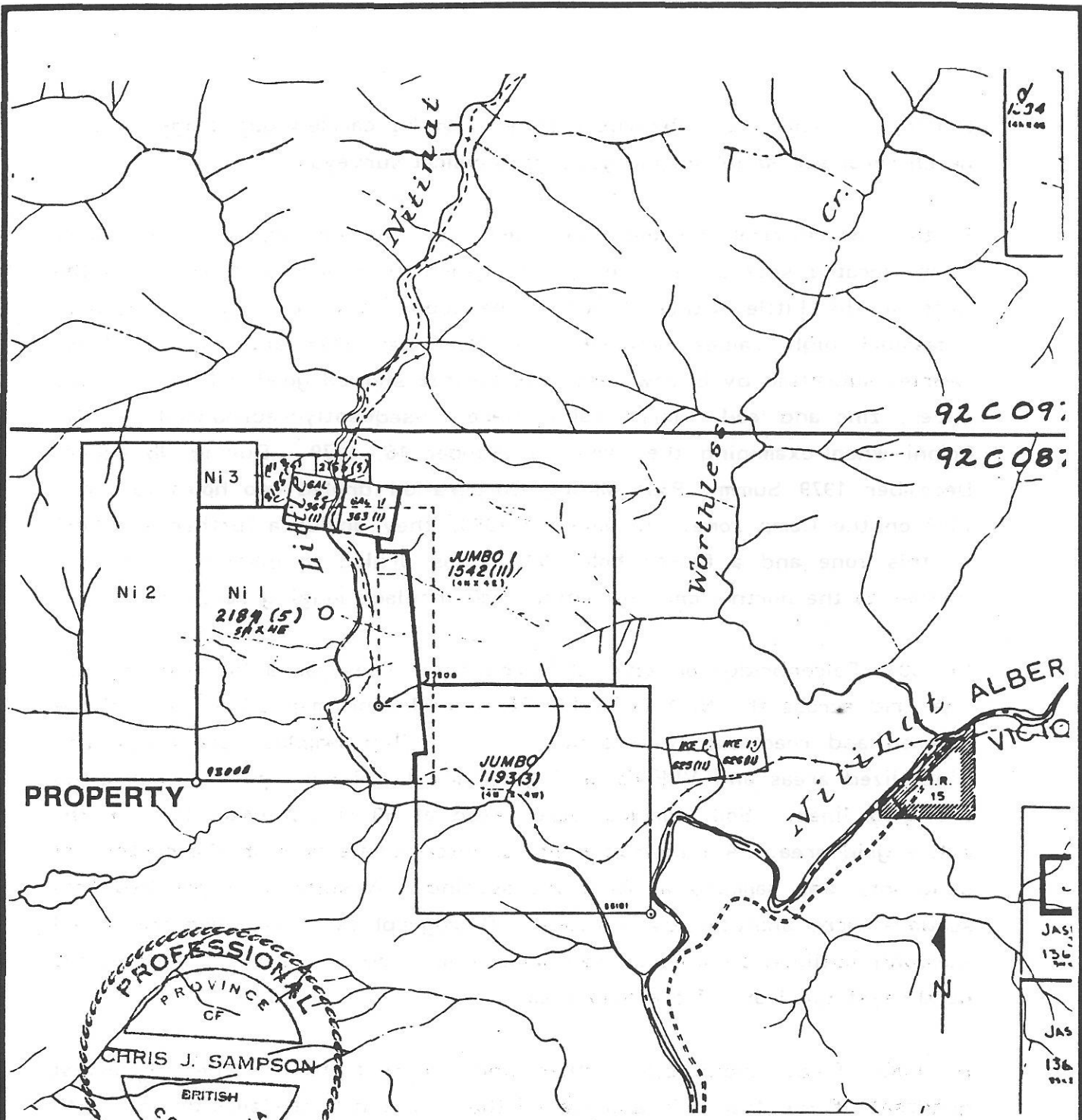
### HISTORY OF THE PROPERTY

Mineralization was first reported in the area in B.C.D.M. Annual Report 1916. The short adit located near the Camp showing on the Nitinat main haulage road is believed to have been driven at that time.

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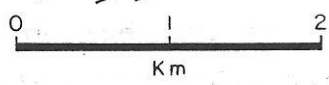
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 CF  
 CHRIS J. SAMPSON  
 BRITISH  
 COLUMBIA  
 ENGINEER

*Chris J. Sampson*



LUCKY 7 EXPLORATION LTD.	
Ni CLAIMS	
ALBERNI MINING DIVISION, B.C. NTS: 92C/15	
<b>CLAIM MAP</b>	
C.J.SAMPSON, P.Eng.	
DATE: OCTOBER, 1987	FIGURE: 3

During 1967-1968, Belvedere Mines Limited carried out programmes of geochemical soil sampling and some geophysical surveys.

Further geochemical surveys were done by Noranda Mines in 1972-1973. These located several zinc and silver geochemical anomalies mostly to the west of the Little Nitinat River. The copper geochemistry showed only occasional high values however. In December 1978 and January 1979, samples submitted by Envoy Resources Limited showed good values for gold, silver, zinc and lead. These values were subsequently reproduced by John Poloni when examining the property October 16, 1979. During November, December 1979 Summit Pass Mining Corporation drilled two holes 79-1 and 79-2 on the Camp zone. In January 1980, they drilled a further hole 80-1 on this zone and a fourth hole, 80-2, was drilled to investigate an area further to the north along the Nitinat main haulage logging road.

In 1984, Falconbridge optioned the property. They ran a 150 metre spaced line grid across the Ni 1 claim (31.5/km total) and mapped as much of the outcrop and road cut as possible. Chip samples were taken from mineralized areas and VLF-EM and geochemical soil surveys were run along the grid lines. Soil samples were taken at 50 metre intervals over the entire grid area. A follow-up grid, of intermediate lines in the north-west quadrant, was sampled at 25 metre spacing. A suite of 9 polished thin sections were analyzed by Vancouver Petrographics. The geochemical soil sampling outlined an area of anomalous zinc, lead and silver values in the north-west quadrant of the grid area.

In 1985, Falconbridge did further work concentrated in the north-west quadrant of the 1984 grid and staked the Ni 2 and Ni 3 claims to the north and west of the Ni 1. The work located several small sphalerite lenses, occurring in altered dacite volcanics. These assayed up to 8.45% Zn and 7.31 oz/ton Ag.

In summer 1987, Lucky Seven personnel ran a 1.6 km 300° bearing base line across the central and north-western part of the claim group and then ran 030 bearing cross lines across an area which included that part of the

property which had been explored in detail by Falconbridge. The 75 metre spaced cross lines were soil sampled at 25 m intervals. These soil samples were analyzed for copper, lead, zinc, silver and gold. In addition, a few lines were run with VLF-EM. Due to the very hot, dry summer in 1987 the Department of Forestry closed the bush and Lucky Seven were required to leave the area before completing their originally planned programme. The geochemical soil sampling successfully reproduced and defined the anomalies that had been located by the earlier Falconbridge surveys.

### REGIONAL GEOLOGY

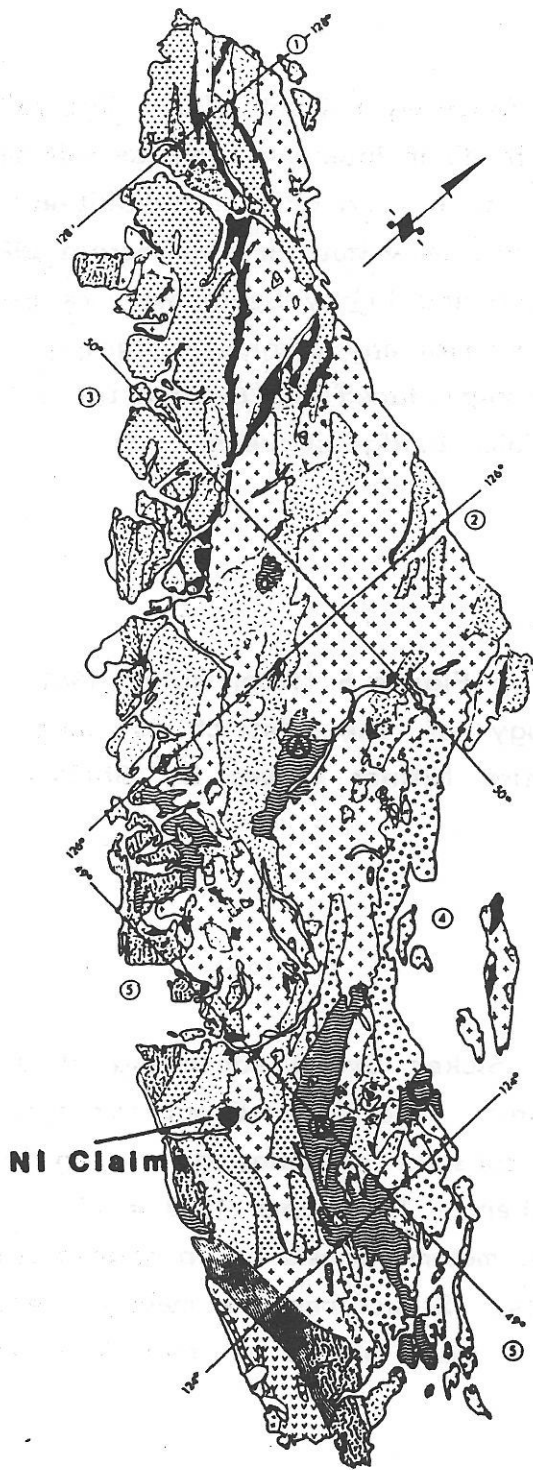
The regional geology is well shown on Figure 5 (from Muller 1981). The following description of the geology of the district is taken from Falconbridge Summary Report on the Nitinat claims by Shelley Lear, February 1986.

«The oldest rocks are the Paleozoic Sicker Group consisting of a lower volcanic and an upper sedimentary unit. The Sicker Group averages 4,400 m in thickness; the lower 300 m consists of pillowed and agglomerate basalts, pyroclastics, argillite and chert. The upper 1400 m of sediments includes some limestone. Folding and metamorphism has produced chlorite-actinolite and chlorite-sericite schists. Structures are mainly overturned and isoclinal folds indicating two or more phases of tectonism (Muller, 1981).

The Vancouver Group of late to middle Triassic age dominates the island's lithologies and averages 6,100 m in thickness (Muller, 1980). The group is composed of Karmutsen Formation volcanics, capped by Quatsino Formation limestone and Parson Bay Formation calcareous sediments.

**figure 3**

Geological sketch map of Vancouver Island.



**LEGEND**

	CARMANAH GROUP	MIDDLE TERTIARY
	CATFACE INTRUSIONS	EARLY TO MIDDLE TERTIARY
	METCHOSIN VOLCANICS	EARLY TERTIARY
	NANAIMO GROUP	LATE CRETACEOUS
	QUEEN CHARLOTTE GROUP KYUQUOT GROUP	LATE JURASSIC TO EARLY CRETACEOUS
	LEECH RIVER FORMATION PACIFIC RIM COMPLEX	EARLY CRETACEOUS
	ISLAND INTRUSIONS	EARLY AND (?) MIDDLE JURASSIC
	BONANZA GROUP	EARLY JURASSIC
	VANCOUVER GROUP	
	PARSON BAY FORMATION QUATSINO FORMATION	LATE AND (?) MIDDLE TRIASSIC
	KARMUTSEN FORMATION	
	SICKER GROUP	PALEOZOIC
	METAMORPHIC COMPLEXES	JURASSIC AND OLDER



**LUCKY 7 EXPLORATION LTD.**

**Ni CLAIMS**  
ALBERNI MINING DIVISION, B.C. NTS: 92C/15

**GEOLOGICAL SKETCH MAP OF VANCOUVER ISLAND**

C.J.SAMPSON, P.Eng.

DATE: OCTOBER, 1987

FIGURE: 4

The Karmutsen Formation consists of tholeiitic ocean floor pillow lavas, massive flows, breccias and tuffs with minor layers of limestone and other sediments in the upper 1,100 m. In central Vancouver Island this formation reaches a thickness of 6000 m while in the southwest region the estimated thickness is between 1000 and 2000 metres (Muller, 1976). Large scale northerly and westerly trending block faulting is common. Burial metamorphism has reached prehnite-pumpellyite grade (Kuniyoshi, 1971).

Quatsino Formation overlies the Karmutsen and consists of mainly massive, fairly pure, flat lying limestone of upper Triassic Age.

The early Jurassic Bonanza Group (Muller, 1977) is described as having a varied and heterogenous lithology. The lavas range in composition from basaltic andesites which are commonly amygdaloidal, to rhyodacites. Interbedded with these flows are maroon and green coloured tuffs breccias and several intercalated marine sediments. Regional metamorphism has reached zeolite grade.

Island intrusions form NW trending regions in the southwest part of Vancouver Island. These intrusions are mainly quartz diorite and granodiorite and post date the Bonanza volcanics.»

## PROPERTY GEOLOGY

The following descriptions of the geology of the property are also taken from the Falconbridge reports.

### «(a) Lithology

#### UNIT 2m - Mafic Tuffs and Flows

Mafic volcanic flows in the southwest form wide zones trending approximately 110 degrees, with minor intercalated limestone and mudstone beds as well as felsic and intermediate volcanics. In the northeast

quadrant broad zones of mafic and intermediate volcanics strike in a 090 degree direction. The mafic volcanics are massive or porphyritic with minor hematized regions.

On weathered surfaces the mafic volcanics are a forest green color or occasionally powdery orange. The hematized variety has a reddish-grey exposed surface. The weathering rind is often 5 mm deep.

Massive mafic volcanics are fine to medium grained flows and tuffs. The benched nature of some outcrops may indicate several successive flows each less than one metre thick. The basaltic tuff is composed of fine plagioclase-chlorite-hematite intergrowths surrounding porphyritic volcanic fragments and rounded quartz fragments.

Porphyritic mafic volcanics are composed of hornblende and feldspar phenocrysts in a highly chloritized fine grained matrix. The feldspars are commonly altered to clays and feldspar. The porphyritic textured volcanics may be derived from the center of thick flows where slower cooling allowed for longer crystal growth.

The massive and porphyritic volcanics are hematized in discrete localities although it is not a common feature of this property. The hematization may be an indication of local subaerial emplacement of the volcanics (Tipper & Richards). The mafic volcanics display some vesicular texture with local quartz infillings. Veinlets of quartz and calcite commonly fill the fracture network of the mafic volcanics. This mafic volcanic unit may be correlative with the basaltic andesites by Muller (1979) and may also indicate highly chloritized dacites.

#### UNIT 2i - Intermediate tuffs and flows

The intermediate volcanics dominate the central map area in the form of thick flows and narrow laminated tuffs. Minor felsic and mafic volcanics as well as substantial limestone beds are interbedded within the intermediate volcanics. The mafic volcanic-intermediate volcanic contacts are of both a gradational and sharp nature.

The weathered surface is a greenish-grey color with a local rusty pocked texture from weathered out pyrite. Manganese and limonite stains occur along the fine system of fractures.

These volcanics have a porphyritic and a massive character. The porphyritic volcanics are flows composed of feldspars up to 2 mm long and minor euhedral pyroxene crystals in a fine intergrowth of quartz and plagioclase. The feldspar laths have been locally replaced by calcite and clays. The massive volcanics are fine to medium grained flows and tuffs. Crude flow banded texture was observed along the banks of the Little Nitinat River where quartz and feldspar streaks were subparallel to chlorite rich indistinct layers. The tuffs are composed of fine intergrowths of plagioclase-quartz and sericite which form streaky patches and crude laminations. A slumped texture of the laminated tuff was noted in the field. Cubes of pyrite are disseminated throughout the tuffs. Hematization of intermediate volcanics occurs in the northwest map area. The porphyritic textures and the color suggest these intermediate volcanics are analagous to dacite within the Bonanza volcanics described by Muller (1974).

#### UNIT 2f - Felsic Volcanic Tuffs and Flows

Felsic volcanics generally occur in association with intermediate volcanics. The weathered surface is mottled looking, often with a pale pink hue. The fresh surface is a grey-white to pale green color. Limonite and manganese staining of the weathered surface is common.

Phenocrysts of feldspar and quartz in a siliceous matrix are common to the felsic volcanic unit. Many fracture surfaces have a calcareous coating. These volcanics appear to be of rhyolitic to rhyodacitic composition.

#### UNIT 31s - Limestone

Limestone lenses strike approximately 110 degrees in sharp irregular contact with the volcanic units. It has a smooth orange or pale grey weathered

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surface which is sometimes pock marked by relict pyrite. Fresh surface is pale grey to indigo blue color, or a mottled green and grey color. The limestone is medium to coarse grained with wisps of a mafic material up to 1 mm long.

#### UNIT 3mst - Mudstone

The mudstone lies in undulatory contact with felsic and mafic volcanics. It is a very fine grained and homogeneous sediment which has been hematized.

#### UNIT 1ip - Diorite Sill

A diorite sill intrudes along a contact of intermediate and felsic volcanics in the SE map area. It is even and medium grained. Massive and prophyritic dykes of mafic, intermediate and felsic composition occur dominantly in the south and east map areas.

#### b) Alteration

The volcanic and sedimentary units underlying the Ni Claims have undergone a regional low grade greenschist facies metamorphism. An argillic alteration assemblage is superimposed locally on the regional alteration. It is most pronounced in the dacites of the central map regions and to a lesser extent occurs in the mafic volcanics. Subsequent calcite alteration effects all the units. Intense silicification of intermediate volcanics is associated with major faulting.

Epidote and chlorite occur as inclusions in plagioclase phenocrysts, in the matrix of the volcanics and as fracture coatings. Sub-rounded pyrite grains are often associated with epidote. This chlorite-pyrite-epidote alteration assemblage, observed in all the volcanic units, suggests greenschist metamorphism.

The argillic alteration zones are easily recognized by their powdery bleached appearance, often with a pastel yellow hue to the fresh surface. The feldspars have been completely altered to kaolinite, sericite, illite and



montmorillonite. Sericite also forms grains surrounded phenocrysts and indistinct streaky patches. Subrounded pyrite grains are disseminated throughout the altered zones within the kaolinite and sericite.

Calcite alteration is superimposed on the sericite-clay and epidote-pyrite-chlorite alteration assemblages. It takes the form of indistinct calcite layers, replaced phenocrysts and fracture coatings.

One unit composed of 82% quartz in the form of fine rounded grains and microveinlets occurs along the northern extent of the Little Nitinat River. The other major mineral present is sericite. Pyrite is disseminated throughout the zone and locally weathered out leaving limonite stained cavities. From thin section analysis this rock is thought to be either a sericitic chert or a silicified volcanic. In the field the quartz rich unit is paralleled by mafic volcanic contacts. The trend of these rocks, however, is strongly divergent from the general trend of the property. Possibly the mafic volcanic unit is actually a highly chloritized dacite zone parallel to intermediate volcanics which have been intensely silicified. The silicification and pyritization may be associated with faulting along the Little Nitinat River. Tabular sericite aggregates after feldspar support the theory that this unit is a silicified volcanic.

### c) Structure

The volcanic and sedimentary units within the map area dip steeply to the W-SW with local variations in trend. An equal area plot of 30 field measurements indicates that contact orientations cluster at 090/84S, 110/86SW and 161/63W (Figure 4). The central map area trends 161 degrees while the surrounding area varies between 090 and 110 degrees. The variation may be a result of the irregularities of paleotopography.

Fractures are common in the volcanics often forming a fine network with manganese, limonite, calcite and quartz coating fracture surfaces. Local conjugate fracture patterns occur but generally the fracture pattern appears to be the result of several stress fields.

Among the twelve shears measured there is a dominant steep SW dip that trends between 120 and 160 degrees.

A fault approximately 600 m in length and trending 190 degrees in the southeast map region is suggested by field data. There is no correlating lineation on the air photo but a major parallel lineation occurs 200 m to the east. A second fault is thought to occur along the northern section of the Little Nitinat River, which is offset by a fault at 108 degrees. This zone is marked by extreme pyritization and silicification. Air photo lineations correspond to these fault orientations. This northern fault is also proposed by Muller (1976). »

### MINERALIZATION

The two principal showings explored by previous exploration programmes (particularly Summit Pass Mining Corp. 1979, 1980) situated on the east side of the Nitinat Main haulage logging road are the Camp and Copper showings.

At the Camp zone, mineralization consists of pyrite, pyrrhotite, sphalerite, galena, chalcopyrite and possibly marcasite in an iron stained fractured, sheared partly porphyritic volcanic which strikes S35°E and dips southwest. Assay data shows the presence of gold and silver. A chip sample taken by Poloni across 2.13 metres assayed 0.050 oz/t Au, 4.86 oz/t Ag, 0.22% Cu, 7.22% Pb and 10.90% Zn (other sample results by Craig, etc. are shown on Figure 5).

The copper zone consists of massive sulfides 4 metres by 1½ metres located along the east side of the Nitinat main haulage road south of the Camp Zone. Assay data from samples taken by Poloni, Western Mines, etc. shows appreciable copper and silver values -- 0.051 oz/t Au, 6.12 oz/t Ag, 5.01% Cu, 0.16% Pb, and 0.57% Zn.

The following descriptions of 1979, 1980 drilling results are taken from Poloni's reports:

«Drill hole data indicates that andesite, at times somewhat porphyritic in nature, a grey siliceous unit and a wide quartz vein exist in the areas explored. Mineralization as pyrite and pyrrhotite is widely disseminated. Thin sections are seen to contain galena, zinc, copper, silver and gold mineralization.

Surface assay data is as follows:

<u>Au oz/ton</u>	<u>Ag oz/ton</u>	<u>Cu %</u>	<u>Pb %</u>	<u>Zn %</u>	<u>Width</u>	<u>Zone</u>
0.050	4.86	0.22	7.22	10.90	2.13	Camp
0.051	6.12	4.01	0.16	0.57	1.50 m	Copper

Drill hole assay data is as follows

<u>DDH #</u>	<u>Au oz/ton</u>	<u>Ag oz/ton</u>	<u>Cu %</u>	<u>Pb %</u>	<u>Zn %</u>	<u>Width</u>	<u>Interval</u>
79-1	0.006	Trace	N/A	0.01	0.01	5.0'	22.0 - 27.0
	0.010	Trace	0.05	0.01	0.02	10.0'	258.0 - 261.0
	0.004	Trace	0.04	0.01	0.02	12.0'	268.0 - 280.0
	0.006	0.10	0.04	0.37	0.65	3.5'	280.0 - 283.5
	0.010	0.46	0.03	0.52	0.57	9.5'	283.5 - 293.0
	0.010	0.68	0.07	0.54	1.05	5.0'	293.0 - 298.0
79-2	0.002	Trace	0.02	0.01	0.01	10.0'	72.0 - 82.0
	0.002	Trace	0.02	0.04	0.02	9.0'	96.6 - 105.6
	0.038	2.76	0.17	6.87	6.61	4.4'	105.6 - 110.0
	0.002	Trace	0.01	0.03	0.01	10.0'	110.0 - 120.0
	0.002	Trace	0.05	0.03	0.01	5.0'	127.0 - 132.0
	0.002	0.79	0.01	0.20	0.29	5.0'	299.0 - 304.0
	0.002	0.02	0.01	0.01	0.01	9.0'	314.0 - 323.0
80-1	0.004	0.43	N/A	0.13	1.83	2.0'	161.0 - 163.0
	0.014	Trace	N/A	0.02	0.08	5.0'	214.0 - 219.0
	0.012	Trace	N/A	0.01	0.02	3.0'	278.0 - 281.0
80-2	0.008	Trace	N/A	0.01	0.01	3.0'	41.0 - 44.0
	0.010	Trace	N/A	0.15	0.09	3.0'	83.0 - 86.0
	0.016	Trace	N/A	0.01	0.05	5.0'	108.0 - 113.0
	0.018	Trace	N/A	0.04	0.30	6.0'	137.0 - 143.0
	0.001	0.06	N/A	0.01	0.03	2.0'	221.5 - 223.5
	0.010	0.02	N/A	0.02	0.01	12.0'	289.0 - 300.0
	0.002	0.05	N/A	0.03	0.16	6.4'	330.6 - 337.0
	0.004	0.04	N/A	0.01	0.02	10.0'	341.7 - 351.7
	0.010	Trace	N/A	0.11	0.56	9.3'	351.7 - 361.0
	0.001	Trace	N/A	0.01	0.72	5.0'	361.0 - 366.0

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No drilling was undertaken on the Copper zone during this drill program. The Camp zone was described by Hudson and Lear of Falconbridge as follows:

«A pod of pyrite with associated chalcopyrite and sphalerite occurs along the roadside approximately 100 m north of the baseline at 600 E. It is within calcified intermediate volcanics along a shear and terminated to the south by a fault. It was traced for 10 meters to the north and it appears to be narrowing. Gold and silver values of 495 and 230 ppb Au and 6406.2 and 68.1 ppm Ag were the highest of the property. Zinc (3560, 1360 ppm) and Cu (7.5% and 2.1%) were also anomalous. Arsenic, antimony and cadmium levels are also high suggesting an epithermal rather than volcanogenic emplacement of the massive sulphides.»

During the property examination the writer examined various showings in the north-western area of the Ni 1 claim. These consisted of steeply dipping fractures cross cutting various volcanics and diorite. One in particular at 6+35W and 4+25N (Lucky 7 grid) consists of a 1-1½ m wide fracture, striking 310°, dip 90° containing disseminated to massive pyrite. Grab sample assay results (17926-19729) are shown in Appendix A.

The writer also sampled mineralization from the portal of the adit which is situated on the east side of the Little Nitinat River - between the river and the Nitinat Main haulage road. The adit is probably about 20 ft long, and was driven in direction 080° across a zone of disseminated pyrite which contains 1-2 mm fractures carrying quartz and galena in a pale grey siliceous country rock - probably rhyolite. The mineralized zone apparently strikes at 310° and dips 70°W. The adit is currently inaccessible and sampling was confined to mineralization around the portal from which grab samples were collected which showed abundant pyrite and galena (17930, 17931 - Appendix A).

## GEOCHEMISTRY

In summer 1984, Falconbridge ran a grid with 150 metre spaced 030° lines, across the Ni 1 claim. They collected geochemical soil samples at 50 metre intervals along the grid lines and also ran a series of intermediate lines in the north-west quadrant, which were sampled at 25 metre spacing to further investigate anomalous values turned up by the initial survey. Samples were analyzed for 26 element ICP and AA gold. A series of coincident lead, zinc and silver anomalies was outlined in the north-west quadrant of the claim. Lead values were particularly high with a maximum of 2,260 ppm and many values in excess of 200 ppm. Anomalous silver values generally coincident with the lead anomalies were also located. Maximum silver value was 41.6 ppm. High zinc values were also located coincident with the lead, silver anomalies.

Since the lead, zinc, silver anomalies located by the 1984 work were trending off the Ni 1 claim to the north-west, the Ni 2 & 3 claims were staked and further geochemical soil sampling was carried out in 1985. This further defined the lead, zinc, silver anomalies and extended the anomalous areas to the north-west onto the new claims.

In summer 1987, Lucky Seven personnel ran a grid over the Ni claims, using the same base line as Falconbridge, but situating their 150 metre spaced lines between those of Falconbridge. Lucky Seven collected soil samples at 25 metre spacing, which were analyzed for copper, lead, zinc, silver and gold. Resultant anomalous values were plotted on three sheets (Figures 5, 6 & 7). The Lucky Seven anomalies reproduced and extended those found by the earlier Falconbridge surveys.

## CONCLUSIONS

1. The Ni claims are underlain by a varied sequence of volcanic rocks which host several showings of mineralization. The two most explored showings - the Camp and Copper zones contain significant silver, lead, zinc and copper values. Other less well known showings carry galena and sphalerite.

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2. Outcrop is relatively sparse but in most localities overburden is relatively shallow, since the extensive network of logging roads on the property has exposed bedrock in the many road cuts.
3. The Falconbridge geochemical soil sampling located good strength coincident lead, zinc, silver anomalies which were confirmed, defined and extended by Lucky 7's recent soil sampling programme.

### RECOMMENDATIONS

1. The bedrock sources of the various geochemical anomalies should be explored. Due to relatively thin overburden and an extensive logging road system, the initial programme should be trenching using a large backhoe such as a Caterpillar 225.
2. The mineralized zones discovered where trenching exposes bedrock should be tested for downdip continuity by a series of diamond drill holes. In addition, those areas where overburden is too deep for trenching, should be tested by drilling.

### COST ESTIMATES

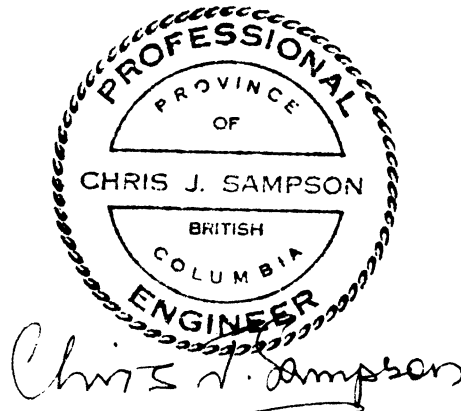
#### Trenching:

Backhoe rental: 12 days @ \$1000/day	12,000.00
Assays	3,000.00
Supervision, accommodation	8,000.00
Truck rental, Freight, etc.	<u>2,000.00</u>
	25,000.00

Diamond Drilling:

1000 m. NQ diamond drilling @ \$75/m.	75,000.00
Assays	9,000.00
Supervision, Report Preparation	<u>16,000.00</u>
	100,000.00

TOTAL: PROGRAMMES \$125,000.00



Vancouver, B. C.  
18 October 1987

Chris J. Sampson, P.Eng.  
Consulting Geologist

**SAMPSON ENGINEERING INC.**

2696 West 11th Avenue  
Vancouver, B.C. V6K 2L6

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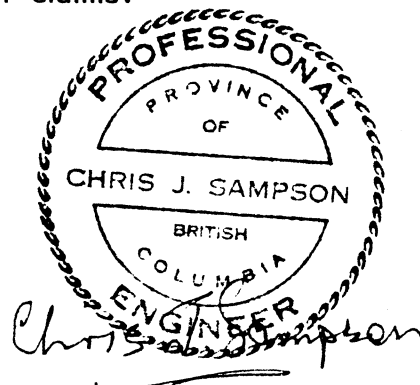
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CERTIFICATE

I, Christopher J. Sampson, of 2696 West 11th Avenue, Vancouver, B.C. V6K 2L6, hereby certify that:

1. I am a graduate (1966) of the Royal School of Mines, London University, England with a Bachelor of Science degree (Honours) in Economic Geology.
2. I have practised my profession of mining exploration for the past 21 years in Canada, Europe, United States and Central America. For the past 11 years I have been based in British Columbia.
3. I am a consulting geologist. I am a registered member in good standing of the Association of Professional Engineers of British Columbia.
4. I have not written any other reports on the Ni claims nor on any other properties within 10 kms of those claims.
5. The present report is based on knowledge gained from a visit to the property in September 1987, study of published and unpublished reports.
6. I have not received, nor do I expect to receive, any interest, direct or indirect, in the properties or securities of Lucky 7 Exploration Ltd. or in those of its associated companies.
7. Lucky 7 Exploration Ltd. and its affiliates are hereby authorized to use this report in, or in conjunction with, any prospectus or statement of material facts.
8. I have no interest in any other property or company holding property within 10 kilometres of the Ni group of claims.



Vancouver, B.C.  
18 October 1987

Christopher J. Sampson, P.Eng.  
Consulting Geologist

**APPENDIX A**

**Analyses of Samples from  
Showings: 2 September 1987**

MIN-EN LABORATORIES LTD.

Specialists in Mineral Environments

705 West 15th Street North Vancouver, B.C. Canada V7M 1T2

PHONE: (604)980-5814 OR (604)988-4524

TELEX: VIA USA 7601067 UC

Certificate of GEOCHEM

Company: CHRIS SAMPSON  
Project:  
Attention: CHRIS SAMPSON

File: 7-1324/P1  
Date: SEPT 24/87  
Type: ROCK GEOCHEM

We hereby certify the following results for samples submitted.

Sample Number	PB PPM	AG PPM	AS PPM	AU-WET PPB
17926	102	1.6	425	35
17927	420	3.2	138	10
17928	180	3.3	94	15
17929	156	1.5	37	10
17930	35000	114.0	137	130
17931	31500	200.0	89	260

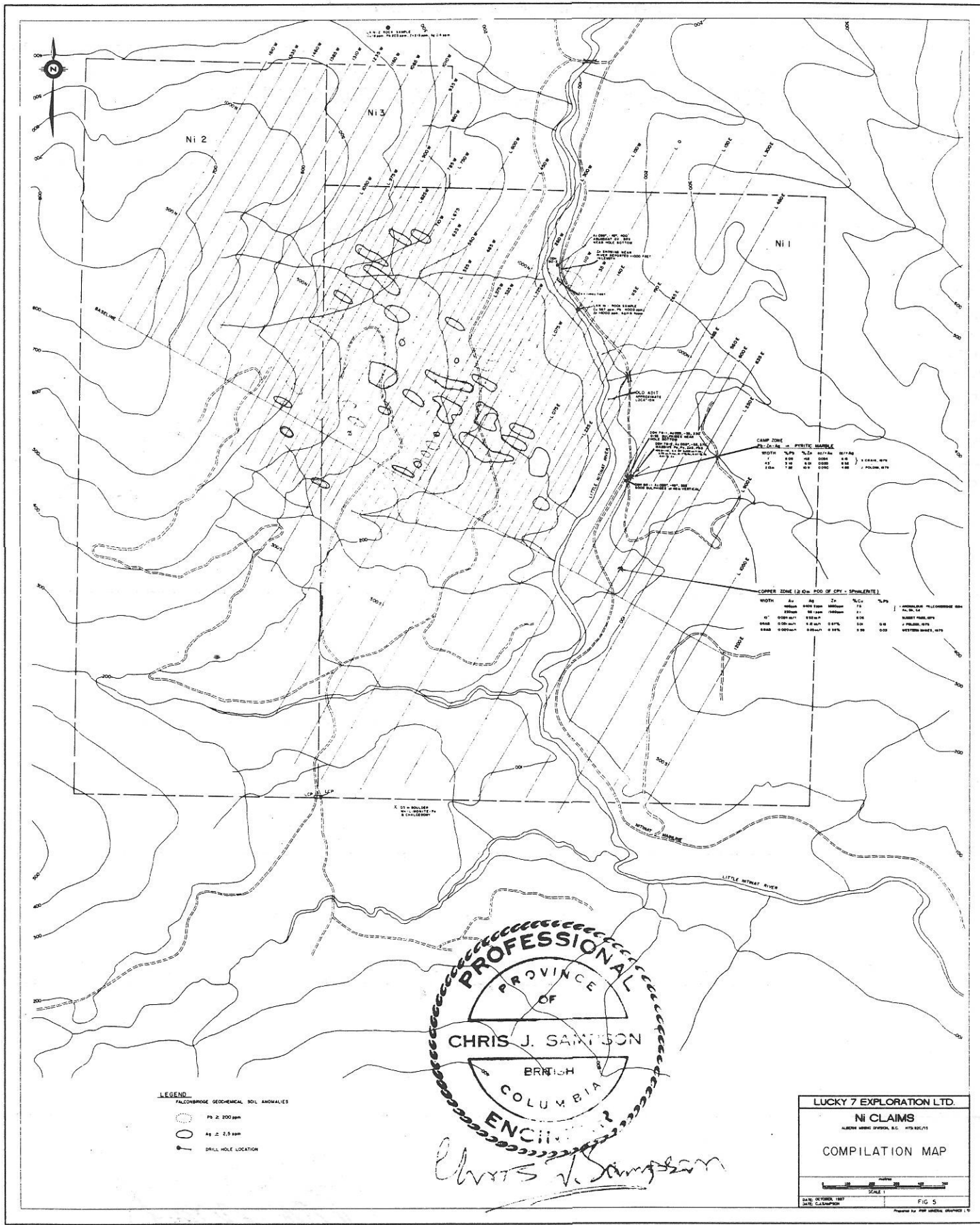
*Lucky 7*

*Ni claims*

Certified by



MIN-EN LABORATORIES LTD.



LEGEND  
 PACENPROSE GEOCHEMICAL SOIL ANOMALIES  
 ○ P3 ± 200 ppm  
 ○ A1 ± 2.5 ppm  
 ● DRILL HOLE LOCATION

PROFESSIONAL  
 PROVINCE  
 OF  
 CHRIS J. SANSON  
 BRITISH  
 COLUMBIA  
 ENGINEER

*Chris J. Sanson*

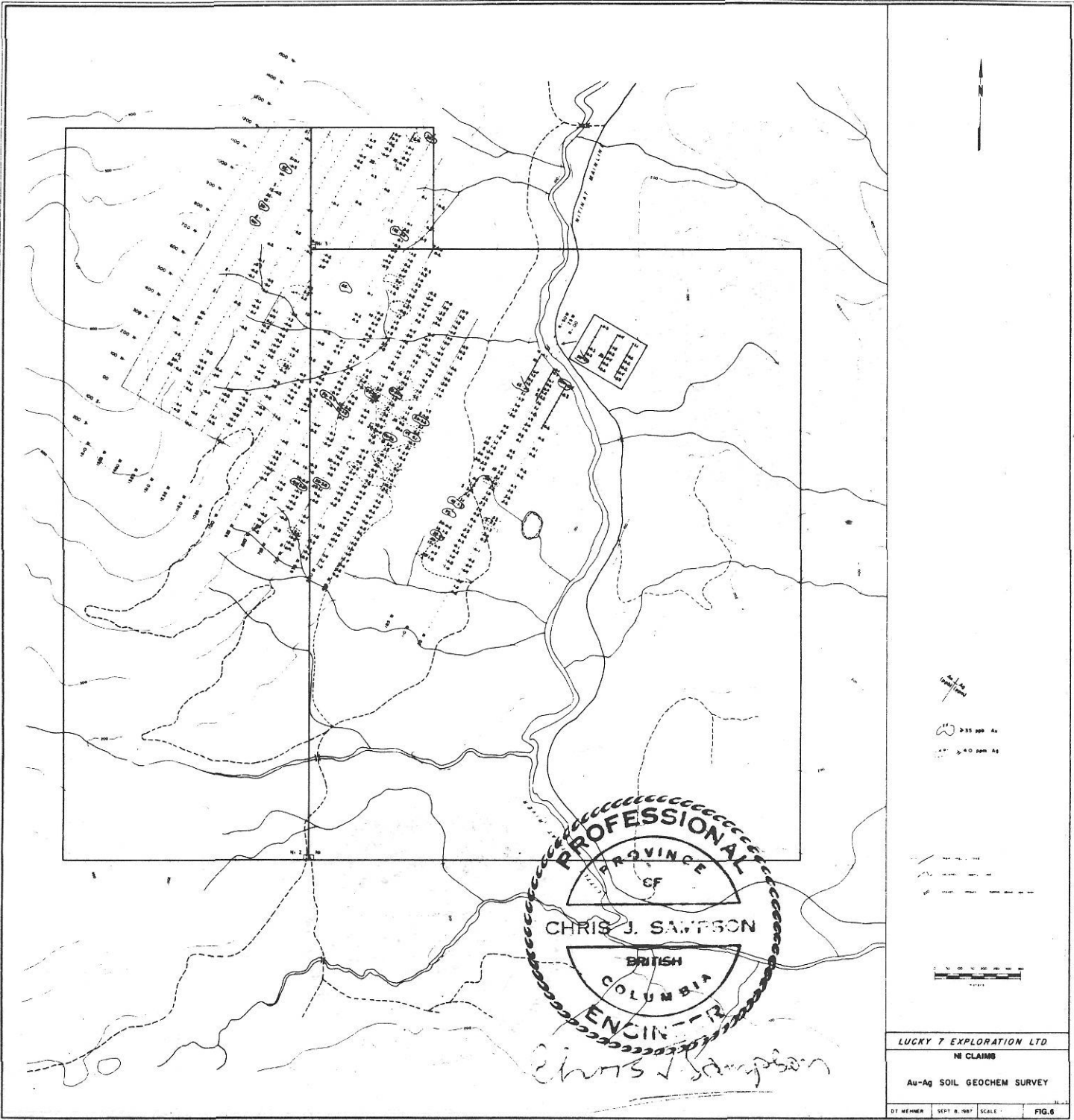
CAMP ZONE - PHYSIC SAMPLE

WIDTH	%Pb	%Zn	%Cu	%Fe
11	0.00	0.00	0.00	0.00
12	0.00	0.00	0.00	0.00
13	0.00	0.00	0.00	0.00

UPPER ZONE (2.0m. P30 OF OFF. SAMPLES)

WIDTH	%Pb	%Zn	%Cu	%Fe
10	0.00	0.00	0.00	0.00
11	0.00	0.00	0.00	0.00
12	0.00	0.00	0.00	0.00
13	0.00	0.00	0.00	0.00

LUCKY 7 EXPLORATION LTD.  
 Ni CLAIMS  
 ALBERTA BRITISH COLUMBIA  
 COMPILATION MAP  
 DATE: OCTOBER 1987  
 DRAWN BY: CLM/STP  
 FIG. 5  
 Prepared by: PLS ENGINEERING LTD.



PROFESSIONAL  
 ENGINEER  
 OF  
 BRITISH COLUMBIA  
 CHRIS J. SAMPSON

*Chris J. Sampson*



235 ppm Au

240 ppm Au

240 ppm Au

240 ppm Au

240 ppm Au

240 ppm Au

240 ppm Au

240 ppm Au

240 ppm Au

240 ppm Au

240 ppm Au

240 ppm Au

240 ppm Au

240 ppm Au

240 ppm Au

240 ppm Au

240 ppm Au

240 ppm Au

240 ppm Au

240 ppm Au

240 ppm Au

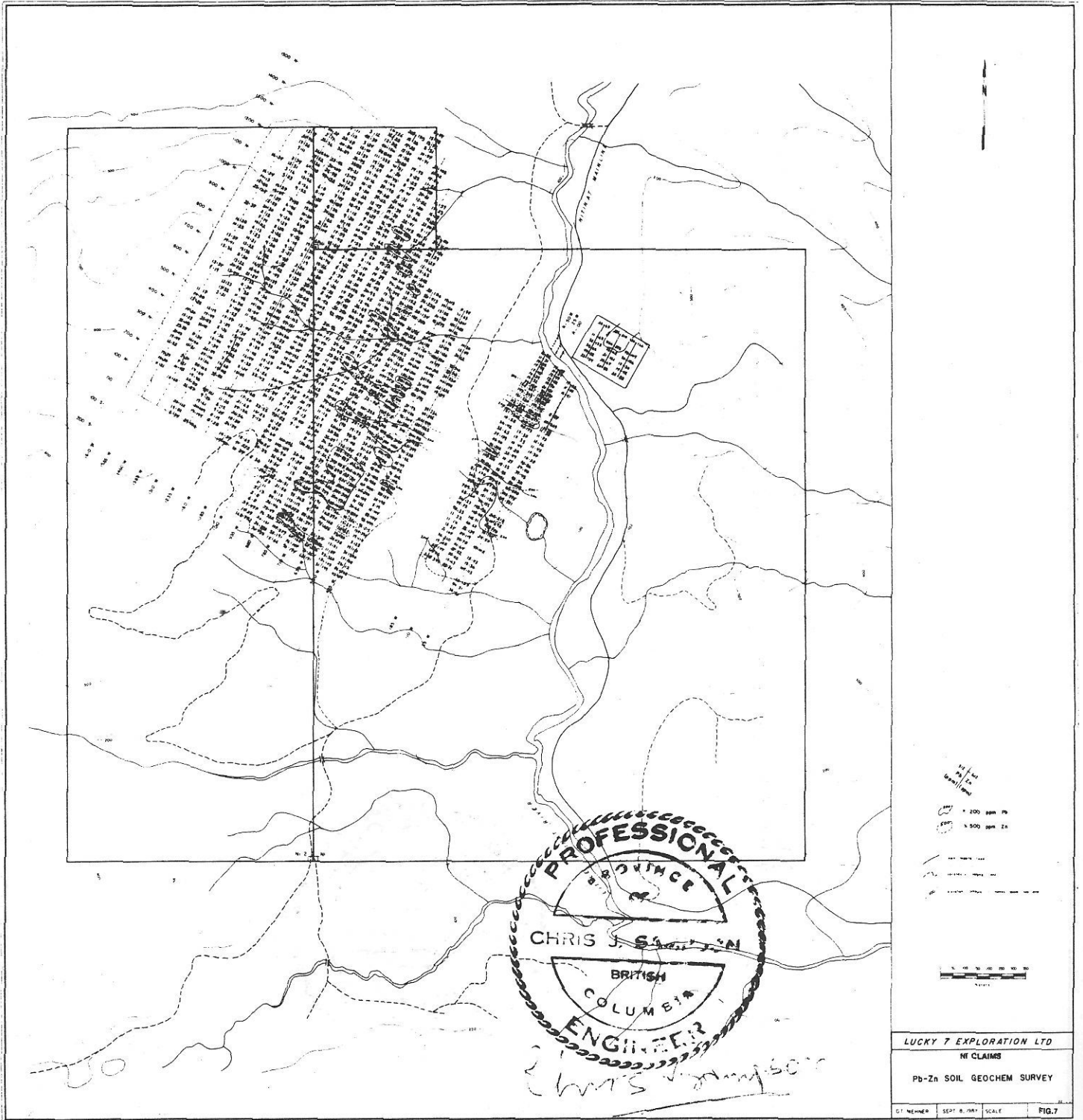
240 ppm Au

240 ppm Au

240 ppm Au

240 ppm Au

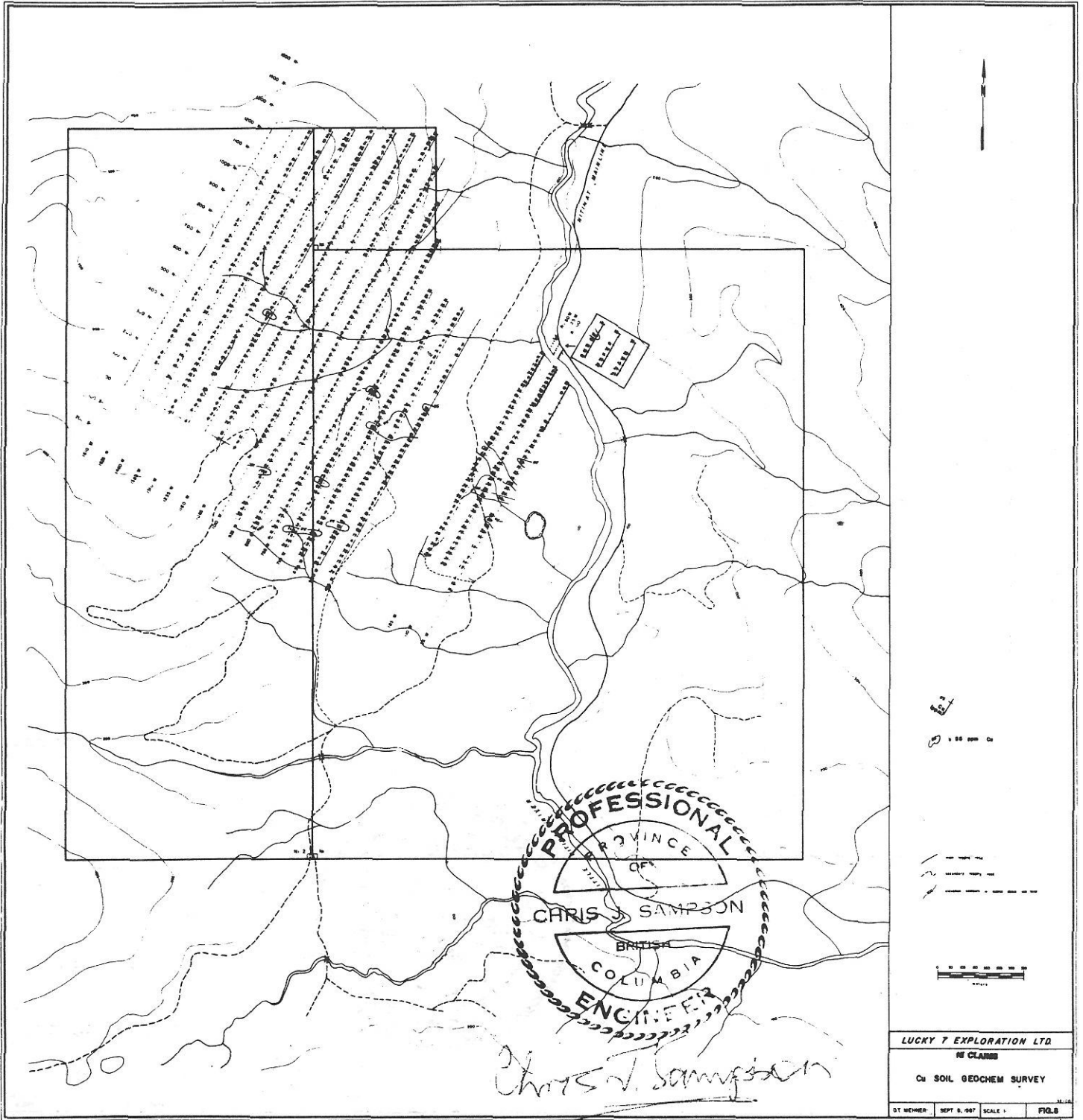
LUCKY 7 EXPLORATION LTD  
 NI CLAIMS  
 Au-Ag SOIL GEOCHEM SURVEY  
 DT: WEMMER SEPT 8, 1987 SCALE: FIG. 6



PROFESSIONAL  
 ENGINEER  
 BRITISH COLUMBIA  
 CHRIS J. SUTTON

200 ppm Pb  
 500 ppm Zn

LUCKY 7 EXPLORATION LTD  
 NO CLAIMS  
 Pb-Zn SOIL GEOCHEM SURVEY  
 DT NUMBER SEPT 8, 1987 SCALE FIG. 7



PROFESSIONAL  
 ENGINEER  
 OF  
 BRITISH COLUMBIA  
 CHRIS J. SAMPSON

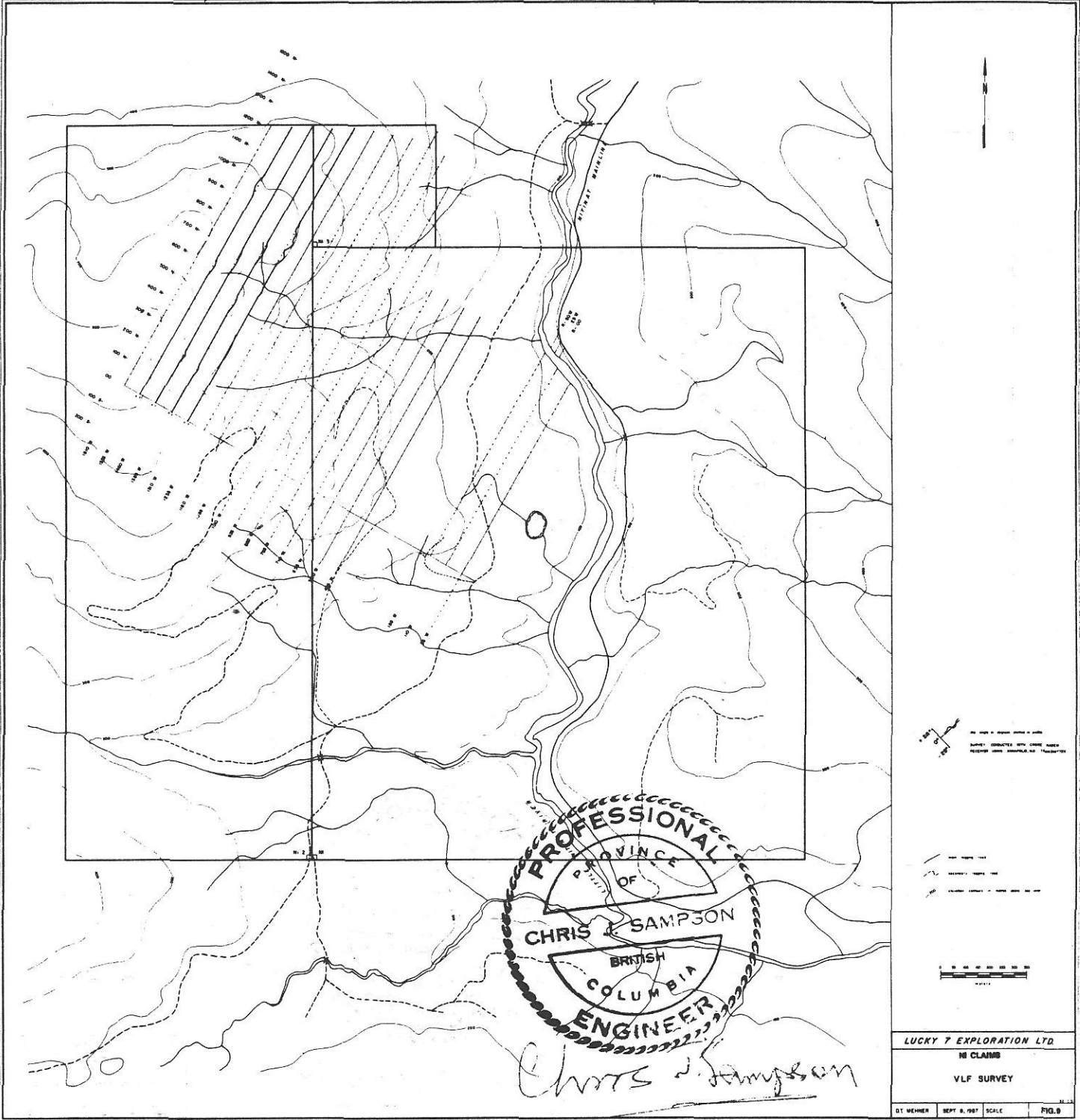
*Chris J. Sampson*



Lucky 7  
 Borehole  
 Stream



LUCKY 7 EXPLORATION LTD  
 NO CLAIMS  
 Cu SOIL GEOCHEM SURVEY  
 DT NUMBER: SEPT 8, 2007 SCALE: 1:50,000 FIG. 8



PROFESSIONAL  
 ENGINEER  
 OF  
 BRITISH COLUMBIA  
 CHRIS J. SAMPSON

*Chris J. Sampson*

NO. 1000 - 1000000000  
 SURVEY CONDUCTED WITH GROUND WAVE  
 RECEIVING ANTENNA OF 1000000000

LUCKY 7 EXPLORATION LTD.  
 NO CLAIMS  
 VLF SURVEY

DT. WEHNER SEPT. 8, 1987 SCALE FIG. 9




**CERTIFICATE OF THE ISSUER**

Dated: June 22, 1988


The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the Securities Act and its regulations.

**LUCKY 7 EXPLORATION LTD.**

  
Charles Brett, Promoter &  
Chief Executive Officer

  
Ian Staveley,  
Chief Financial Officer

**On behalf of the Board of Directors**

  
Ronald Hunts, Director

  
David Mehner, Director

**CERTIFICATE OF THE AGENT**

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 Prospectus as required by the Securities Act and its regulations.

**HAYWOOD SECURITIES INC.**

Per: 