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E & B Explorations Inc.

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Dad.

January 17, 1984

Mr. Louis Wolfin
1040 - 609 Granville Street
Vancouver, B.C.
V7Y 1G5

Dear Louis,

I enclose a copy of our draft prospectus which describes very concisely our company, including the properties in which we are involved. On page 9 we show the cost of the Bralorne to be about \$19,500,000. More recent estimates put this cost at about \$17,500,000.

If you have any questions please do not hesitate to call.

Yours very truly,

E & B EXPLORATIONS INC.

Henry G. Ewanchuk
President

/lcd
Encl.

INFOCORP

FINANCIAL
AND SECURITY
PRINTING
CORPORATION

3RD FLOOR, 342 WATER ST., VANCOUVER, B.C. V6B 1B6 • TELEPHONE (604) 685-8545

CONFIDENTIAL

Draft No. 2
October 28, 1983

Preliminary Prospectus dated October , 1983

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.

New Issue

EBxm Resources Inc.

\$

Class A Common Shares and

Series A Share Purchase Warrants

Offered in Units, each of which consists of Class A Common Shares and Series A Share Purchase Warrants

Series A Share Purchase Warrants

Each Series A Share Purchase Warrant (a "Warrant") will entitle the holder to purchase Class A Common Shares of EBxm Resources Inc. (the "Company") at \$ on or before , 198 . See "Description of Warrants". The Warrants will be issued in bearer form.

There is no market for the Company's Class A Common Shares and the price of this offering was determined by negotiation between the Company and the Underwriters.

Investment in the Units may be regarded as speculative and reference is made to "Risk Factors". Purchasers of Units will suffer dilution of \$ or % per Unit (but without giving effect to the exercise of any Warrants).

Price: \$.00 per Unit

	Price to Public	Gross Proceeds to the Company	Underwriters' Fee	Net Proceeds to the Company (1)
Per Unit.....	\$	\$	\$	\$
Total	\$	\$	\$	\$

(1) Before deducting expenses of issue, estimated at \$, which, together with the Underwriters' fee, will be paid from the general funds of the Company.

We, as principals, conditionally offer these Units, subject to prior sale, if, as and when issued by the Company and accepted by us in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution" and subject to approval of certain legal matters on behalf of the Company by Russell & DuMoulin and on our behalf by Lawson, Lundell, Lawson & McIntosh.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Certificates for the Class A Common Shares and Series A Share Purchase Warrants are expected to be available for delivery on or about , 1983.

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PROSPECTUS SUMMARY

The Offering

Issue: Units, each consisting of Class A Common Shares and Series A Share Purchase Warrants.

Price: \$ per Unit.

Series A Share Purchase Warrants: Each Series A Share Purchase Warrant will entitle the holder to purchase Class A Common Shares of the Company at \$ per share on or before , 19

Use of Proceeds: The net proceeds will be used to develop and construct the Bralorne gold mine, to acquire an additional interest in and develop the El Plomo gold and silver property, to acquire shares of NuNorth Canada Limited and for general corporate purposes.

The Company

The Company is actively engaged in the exploration for and development of mineral properties in North America. Following the expenditure of \$12 million on the Bralorne property and the arranging of project financing the Company will have a 60% interest in the Bralorne gold mine, located 100 miles north of Vancouver, British Columbia, which has approximately 915,000 tons of proven, probable and possible ore reserves grading 0.24 ounces of gold per ton. The mine is currently being developed with production planned to commence in October, 1984. The Company has a 10.4% interest in the Sterling gold mine in Nevada which is currently producing at the rate of 11,000 ounces of gold per year, with feasibility studies underway regarding the possible expansion of production. Following the sale of the Units, the Company will increase interest in the El Plomo gold and silver property in Colorado to 58.7%. This property has proven reserves of approximately 1.43 million tons grading 0.053 ounces of gold per ton and is scheduled to commence production in May, 1984. The Company has interests in 40 additional mineral properties.

Risk Factors

The securities being offered by this prospectus represent a speculative investment and are subject to a number of risks including: the fact that no commercial production has occurred at the Bralorne gold mine since 1971 or at any time at the El Plomo property; a decline in the price of gold to a level at which it is uneconomic for the Company to commence or continue mining operations; the unforeseeable hazards and difficulties which cause the business of mining generally to involve a high degree of risk; the conditions of the project financing for the Bralorne mine not being met; and changes in or in the application of various government regulations.

Forecast of Production and Operating Costs

The Company has prepared a table presenting management's forecast of production and operating costs for each of the three years ending December 31, 1986. This table, which appears under "Forecast of Production and Operating Costs", must be read in conjunction with the assumptions and other material appearing under that heading. Actual production and operating costs during the forecast period will probably vary from the forecast amounts.

Summary of Company Production and Costs

Gold production (ounces)	14,833	34,634	30,704
Other revenue	\$ 480,000	\$ 220,000	\$ 220,000
Production costs	\$5,270,000	\$15,100,000	\$15,895,000
General and administrative expenses	\$ 840,000	\$ 940,000	\$ 1,050,000
Interest expense	750,000	880,000	560,000
Depreciation and amortization	815,000	2,365,000	2,365,000

This is a summary only and should be read in conjunction with the more detailed information appearing elsewhere in this prospectus

GLOSSARY OF TERMS

Claim Unit (B.C.) — every square of 61.78 acres or fraction thereof comprised in a mineral claim, the maximum number of units per mineral claim being 20 units or 1,235.6 acres.

Crown-granted Mineral Claim (B.C.) — a mineral claim of not greater than 51.65 acres in which the owner has received absolute title to minerals described in the grant, and on which no further assessment work need be done.

Cut and Fill Stopping — a method of mining in which ore is removed in slices or "lifts", following which the excavation is filled with rock, coarse tailings or other waste material before the subsequent slice is mined. The backfill supports the walls of the stope.

Heap Leach Operation — in this context a method of extracting gold and/or silver from the host rock by sprinkling a cyanide solution on the rock which has been crushed and placed in a heap, which is underlain by an impervious layer. The cyanide solution percolates through the rock and dissolves the fine gold and silver; the solution is then channelled to holding ponds from which it is pumped to a gold recovery plant.

Mineral Claim (B.C.) — an interest in minerals acquired in accordance with the claim staking regulations and consisting of the entitlement of the holder to those minerals that are inside the boundaries, continued vertically downward, of his claim together with those ancillary rights to the use of the surface of the claim.

Placer Lease (B.C.) — a lease of not greater than 123.55 acres entitling the holder to those placer minerals situated thereon.

Placer Minerals — minerals of a loose and fragmentary nature contained in alluvial or glacial deposits and not situated in the place or position from which they were originally derived or formed.

Possible Ore — that material for which quantitative estimates are based largely on broad knowledge of the geologic character of the deposit and for which there are few, if any, samples or measurements and for which the estimates are based on an

assumed continuity or repetition for which there are reasonable geological indications.

Probable Ore — that material for which tonnage and grade are computed partly from specific measurements, partly from either or both sample data or production data and partly from projection for a reasonable distance on geologic evidence and for which the sites available for inspection, measurement and sampling are too widely or otherwise inappropriately spaced to outline the material completely or to establish its grade throughout.

Proven Ore — that material for which tonnage is computed from dimensions revealed in outcrops or trenches or underground workings or drill holes and for which the grade is computed from the results of adequate sampling and for which the sites for inspection, sampling and measurement are so spaced and the geological character so well defined that the size, shape and mineral content are established and for which the computed tonnage and grade are judged to be accurate within certain limits.

Shrinkage Stopping — a method of mining in which ore is broken in slices or blocks, some of the ore is removed while some is left in the stope and is utilized as a working platform for the next slice or block, as well as support for the walls.

Stope — an excavation or working place from which ore is extracted in underground mining.

Tailings — the portions of washed and treated ore which at the time of milling are too low in grade to be treated further.

Unpatented Lode Mining Claim (U.S.) — unsurveyed mining title of not greater than 20.66 acres acquired in accordance with Federal and State mining laws and maintained through the application of annual assessment work.

Unpatented Millsite Claims (U.S.) — a plot of ground, square or rectangular in shape, not exceeding 5 acres in area, acquired in accordance with Federal and State mining laws, that is suitable for the erection of a mill's leaching pods or reduction works, to be used in connection with a mining operation.

METRIC CONVERSION TABLE

<u>To convert</u>	<u>To Metric measurement units</u>	<u>Multiply by</u>
Acres	Hectares	0.4046
Feet	Metres	0.3048
Miles	Kilometres	1.6093
Ounces (troy)	Grams	31.1035
Tons (short)	Tonnes	0.9071
Troy ounces	Grams/tonne	34.2857

In this prospectus all dollar amounts, unless otherwise stipulated, are stated in Canadian dollars and all references to ounces are to troy ounces.

THE COMPANY

The Company was incorporated under the Canada Business Corporations Act as 122801 Canada Ltd. by a certificate of incorporation dated April 8, 1983. On , 1983 the name of the Company was changed to EBxm Resources Inc. The Company's head and principal office is located at 1440 - 800 West Pender Street, Vancouver, British Columbia.

The corporate structure, capitalization and assets of the Company will be the result of a reorganization (the "Reorganization") involving predecessor companies and certain other parties, the particulars of which are set out under (see "Reorganization"). The Reorganization is to take effect coincidentally with the closing of the sale of Units offered by this prospectus.

In this prospectus, unless the context otherwise requires, the term the "Company" refers to EBxm Resources Inc., together with all of its subsidiaries, as if the Reorganization had occurred. The only material subsidiaries of the Company are NuNorth Canada Limited ("NuNorth Canada") and E & B Explorations Inc. ("E & B Inc."), both of which are wholly-owned.

HISTORY OF THE COMPANY

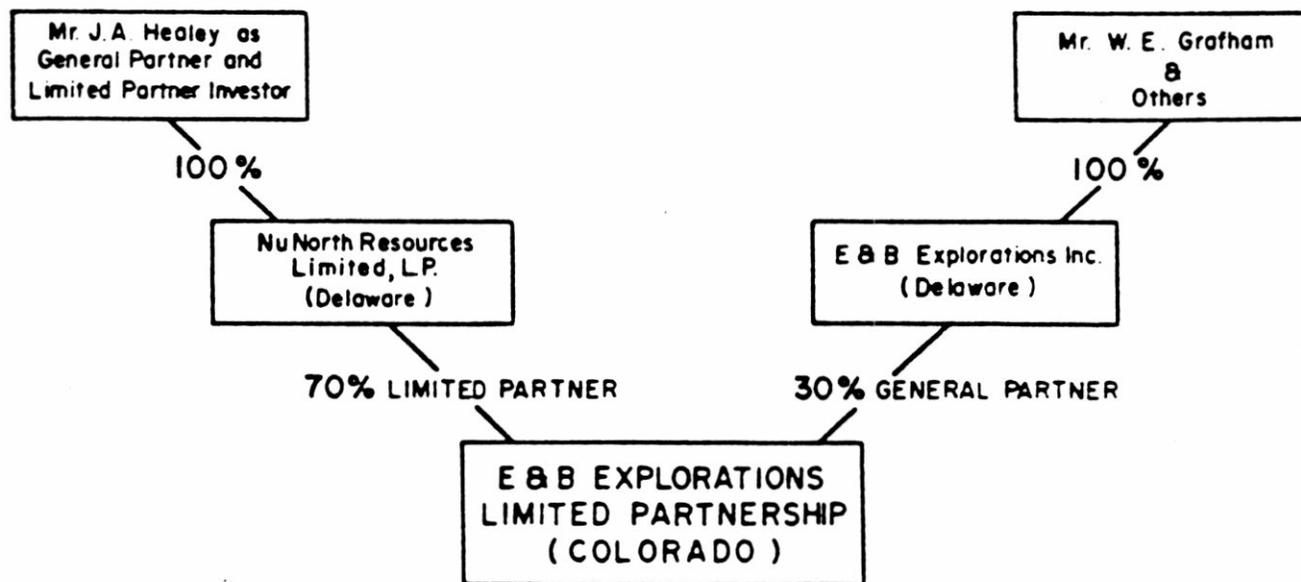
In 1979, Mr. W.E. Grafham and Walecta A.G., a Swiss corporation, took the initiative in organizing the E & B Explorations Limited Partnership (the "E & B Partnership") under the laws of Colorado, with E & B Inc. as the general partner. In January 1980, Mr. H.G. Ewanchuk joined E & B Inc. as a Vice-President and Chief Operating Officer with a mandate to develop a professional staff to conduct a precious and base metals exploration program in North America. During the period 1979 to 1982, the E & B Partnership undertook to manage certain funds raised through a series of West German tax shelter groups known in North America as the Geomex Partnerships ("Geomex"). These funds, aggregating \$24,735,000, were used to explore for precious and base metals in Canada and the United States. The E & B Partnership managed the entire exploration program and as a result earned management fees, administration fees and interests in the various prospects acquired and explored.

The \$24,735,000 exploration program covered 71 properties, of which 43 are still active and at various stages of evaluation. The active properties cover a variety of minerals but mostly gold.

As a result of changes in the tax laws of West Germany, the availability of tax based funding from Geomex for exploration has been substantially reduced. To continue the exploration and development program E & B Inc. has taken the initiative in The Reorganization, together with the funding provided by the sale of Units offered by this prospectus, will permit the continuance of the exploration and development program on the portfolio of mineral properties developed by the E & B Partnership.

Reorganization

The present corporate structure and ownership of the businesses and assets which will be owned by the Company following the Reorganization are as follows:



Pursuant to agreements amongst E & B Inc., the shareholders of E & B Inc., NuNorth Resources Limited, L.P. ("NuNorth Partnership"), the Company and NuNorth Canada, the following transactions will occur either prior to or contemporaneously with the closing of the sale of Units offered by this prospectus:

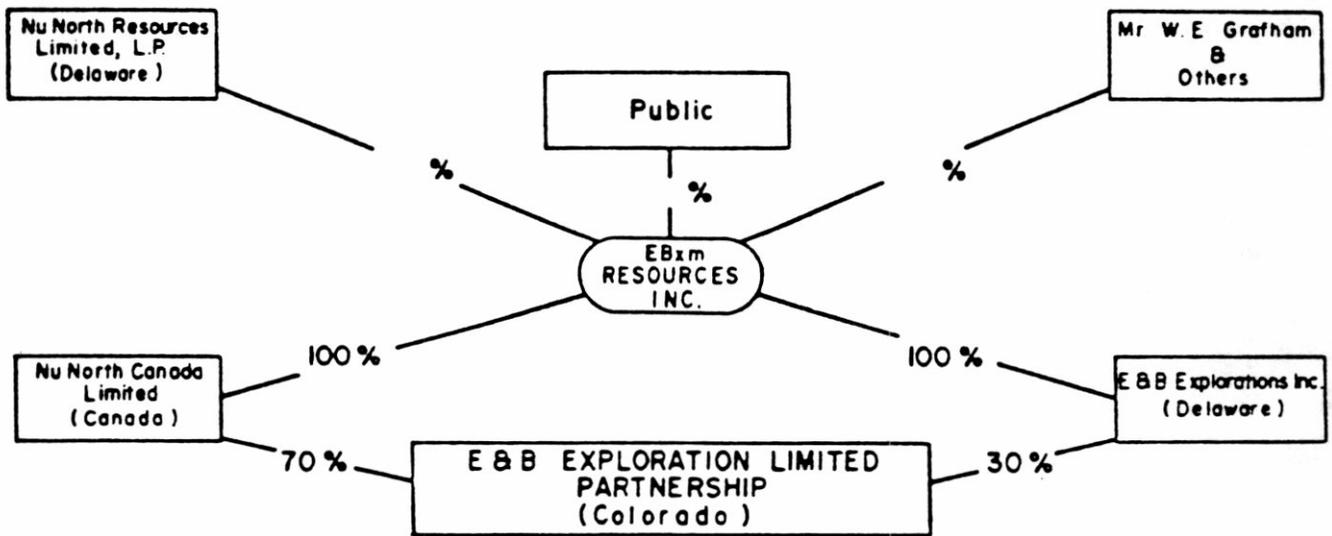
Distribution of Liquid Assets. The E & B Partnership will distribute an aggregate of \$ _____ to the NuNorth Partnership (\$ _____) and to E & B Inc. (\$ _____).

Creation of NuNorth Canada Limited. The NuNorth Partnership will transfer its interest in the E & B Partnership to a new company, NuNorth Canada, in return for shares of NuNorth Canada.

Acquisition of NuNorth Canada and E & B Inc. The Company will acquire NuNorth Canada from its shareholders for _____ Class A Common Shares, _____ Class B Common Shares (see "Description of Share Capital") and U.S. \$690,000 and it will acquire E & B Inc. from its shareholders for _____ Class A Common Shares.

Each of these transactions is subject to the receipt by the Company of a "no-action" letter from the Foreign Investment Review Agency to the effect that the Reorganization is not a reviewable transaction for the purposes of the Foreign Investment Review Act. The Company has requested the no-action letter and has agreed with the Underwriters that it will not file a final prospectus for the offering contemplated by this prospectus until such letter, in a form satisfactory to counsel for the Underwriters, has been issued by the Foreign Investment Review Agency.

After the Reorganization and the sale of Units offered by this prospectus (but prior to the exercise of any warrants offered by this prospectus) the following schematic presents the structure and ownership of the Company:



BUSINESS OF THE COMPANY

The Company is actively engaged in the exploration for and development of mineral properties in North America. The Company has interests in 43 mineral properties, the most significant of which is a 20.1% interest in the Bralorne gold property in British Columbia, which will be increased to a 60% interest following the expenditure of \$12 million on the Bralorne property (see "Use of Proceeds") and the arranging of project financing (see "Development and Construction"). The Company also holds a 10.4% interest in the Sterling mine in Nevada, which is currently producing gold, and an 8.7% interest in the El Plomo gold and silver property in Colorado, with an agreement to acquire an additional 50% interest.

The Bralorne Mine

The Bralorne gold property is located in southwestern British Columbia, about 100 miles north of Vancouver and 40 miles west of Lillooet, B.C. It is accessible by an all year highway from Lillooet and by a logging road from Pemberton, B.C., and consists of 133 Crown-granted mineral claims comprising 3,798 acres, two mineral claims and two placer leases (the "Bralorne property").

Situated on the Bralorne property are three inactive mines known as the Bralorne Mine, the Pioneer Mine and the King Mine (see "Bralorne Project Schematic Section"). The Bralorne Mine, in which the proven and probable ore reserves are located, is the Company's initial target for redevelopment and production.

History

Gold was first discovered in the Bralorne area in 1863 and approximately 8 million tons of ore were mined from the Bralorne property between 1928 and 1971, yielding 4.1 million ounces of gold at an average grade of 0.53 ounces per ton.

Production from the Bralorne property ceased in 1971, when the Bralorne Mine was closed due to the increasing costs of production and low gold prices (then approximately U.S. \$41 per ounce). Limited exploration occurred in the several years following, but the Bralorne Mine was abandoned in 1975.

In view of the sustained increase in the price of gold in recent years, a joint venture program of exploration and development was undertaken by the E & B Partnership and Geomex commencing in July, 1980 under an agreement with Bralorne Resources Limited ("Bralorne Resources") of Calgary, Alberta, at that time the sole owner of the Bralorne property. Since 1980, the E & B Partnership and Geomex have carried out basic exploration, diamond drilling, shaft dewatering, underground examinations, installation of an underground hoist and engineering design and feasibility studies at an aggregate cost of approximately \$6.6 million. By making such expenditures the E & B Partnership has earned a 20.1% interest and Geomex has earned a 36.6% interest in the Bralorne property.

Geology and Ore Reserves

The rocks in the Bralorne area are made up of a series of sediments and volcanics which are overlain by greenstone and other formations of the Triassic age. This assemblage of sediments and volcanics has been folded, and intruded by a series of serpentine, quartz-diorite, quartz, feldspar porphyries, soda granite and other minerals. Thirty-five gold bearing veins have been found and identified to date on the Bralorne property. The zone in which the veins occur has a length of approximately 3.4 miles and a width of approximately 2,500 feet. The veins in general have an east/west or north/south strike. The east/west veins dip to the north at angles of 60 - 80° and the north/south veins dip to the west at angles of 45 - 60°. Most of the veins occur in the intrusive and volcanic rocks, although some also occur in the sediments. They consist of quartz and contain minor amounts of sulphides and usually fine gold. The majority of veins have widths varying from 2.5 to 4.9 feet and the length of the veins varies from a few feet to thousands of feet horizontally and vertically.

In September, 1983 Mr. J. DeLeen, P.Eng. mining engineer and consulting geologist, completed a report (the "DeLeen Report") on the Company's ore reserves including a portion of the ore reserves contained within the Bralorne Mine.

Ore reserves at the Bralorne Mine at September 30, 1983, as estimated in the DeLeen Report, are as set out below:

	<u>Tons</u>	<u>Gold in Ounces Ton</u>
<i>Proven Ore</i>		
Readily Available	109,510	0.25
Total	167,250	0.24
<i>Probable Ore</i>		
Readily Available	412,450	0.25
Total	629,935	0.24
<i>Possible Ore</i>	117,930	0.28

These estimates of ore reserves incorporate the following parameters:

1. All assays above 1.5 oz. gold per ton were reduced to 1.5 oz. per ton.
2. Cut-off grade was 0.14 oz. gold per ton.
3. A minimum dilution of 15% was applied.
4. A minimum mining width of 4 feet was used.
5. Only ore blocks located between the 8 and 26 levels and remaining as pillars and unmined blocks within the old workings of the Bralorne Mine were included.
6. Only ore blocks which involve no major rehabilitation problems were included for purposes of calculating the readily available ore reserves.

In summary, the DeLeen Report indicates that at present there are sufficient ore reserves in the Bralorne Mine to sustain the operation of a 300 ton per day mill for a period of nine years. The Company believes that, based on historical records, recent exploration work conducted by the Company and the nature of the mine geology, additional exploration and development on the Bralorne property in the years ahead will maintain proven and probable reserves at a level adequate for continued operations beyond this nine year period. However, additional ore blocks cannot be verified until further underground mine workings have been rehabilitated and more exploration work has been conducted (see "Bralorne Project Schematic Section").

Development and Construction

The Company proposes to conduct a development and construction program to open and bring the Bralorne Mine into production by October, 1984. Accordingly, in 1981 the E & B Partnership commissioned three engineering firms to prepare such a program. It engaged Canadian Mine Services Ltd. ("CMS"), a consulting mining and engineering firm, to develop a production plan including costs and methods of mining and the rehabilitation and ventilation of the underground workings; Robinson Dames & Moore ("RDM"), a soils and civil engineering firm, to design a tailings disposal system and to report on the environmental and hydrological effects of opening the Bralorne Mine; and Wright Engineers Ltd. ("Wright"), a consulting engineering firm, to design a mill, surface plant and sewage disposal system and also to review the reports prepared by CMS and RDM. These reports stated that the Bralorne Mine can be developed to produce sufficient ore to mill 300 tons of ore per day year round.

The development work required underground in order to reopen the Bralorne Mine to the 26 level includes cleaning and retimbering old drifts and cross-cuts, constructing by-pass drifts around the caved areas which cannot be cleared, installing ventilation systems and completing the overhaul of the Crown and Empire shafts (see "Bralorne Project Schematic Section"). Once overhauled, the Crown shaft will be used for the removal of ore and waste as well as the movement of personnel and materials and the Empire shaft will be used solely for the movement of personnel and materials.

The development of the surface facilities of the Bralorne Mine will involve the construction of a mine entrance building, an administration building, and various out-buildings; the construction and development of a tailings pond, holding tanks and a sewage system; the installation of processing equipment in the existing mill building; and the installation of water, tailings and sewage pipelines, conveyor belts and electrical lines. Water required for the mill will be supplied from a nearby creek and from water reclaimed from the tailings pond. Potable water will be drawn from the existing water supply system of the Bralorne townsite. Electricity for the mine and mill operations will be obtained from E. C. Hydro and Power Authority, which currently provides electrical services to the minesite. Sewage disposal at the mill and minesite will be dealt with by a package sewage treatment plant system.

RDM has selected an area of approximately 20 acres for a tailings disposal area, which would be capable of storing tailings from the mine for a period of twenty years. The proposed tailings area is located approximately 4,300 feet from the mill site. The tailings pipeline and the return water pipeline will be located alongside the access road to the tailings pond. The Company is currently in the process of acquiring from private owners and the Ministry of Lands, Parks and Housing the surface rights to the proposed tailings disposal area together with the easements necessary for the construction of the tailings pipeline.

The Company intends to engage contractors to construct and install certain specialized components of both the underground and surface facilities of the mine and mill. Other work required in connection with the development of the Bralorne Mine, both underground and on the surface, will be conducted by the Company itself, which will hire additional employees for the purpose of carrying out such work as and when they are required. It is presently anticipated that the construction of the mill, tailings pond, sewage plant and other mine buildings will require a period of six months to complete.

The Company anticipates that the development and construction program outlined above will cost approximately \$19.5 million as follows:

	(\$000)
<i>Underground</i>	
Mine equipment	1,600
Construction supplies	1,700
Electrical power	200
Empire hoist	320
Labour (direct and indirect)	3,000
Contractor's fee	500
Mobilization and demobilization	80
Engineering	50
Contingency	955
	8,405
<i>Surface Plant</i>	
Labour (direct and indirect)	1,570
Tailings treatment plant	60
Ancillary buildings	500
Tailings system	600
Site services	360
Mill and surface equipment	2,660
Engineering	700
Coarse ore stockpile	880
Contractor's fee	450
Yard work	80
Contingency	600
	8,460
<i>Construction Camp</i>	1,550
<i>Owner's Direct Costs</i> (includes insurance, owner's management, travel, office, contingency etc.)	1,085
Total	\$19,500

Under the terms of agreements governing the construction, development and operation of the Bralorne property (the "Bralorne Joint Venture Agreements"), the Company is required to make an equity contribution of \$12 million towards the cost of the development and construction program and arrange and provide its covenant as security for project financing of up to \$10 million. The equity funds are expected to be provided from the proceeds of sale of Units offered by this prospectus. The project financing is expected to be provided by a loan from the Bank of America Canada. The loan is provided on a project basis and can be used for construction and working capital purposes (see "Credit Facilities").

The Company estimates that it will require approximately \$1,200,000 in working capital to commence commercial production.

Mining Activity

The Company plans initially to open and mine those veins which are the most accessible and contain the largest ore reserves. The CMS report recommends that the ore be mined by the conventional shrinkage and cut and fill stoping methods which were used at the Bralorne Mine during its previous operations. Wherever possible, shrinkage stoping will be used, it being more productive than cut and fill stoping when mining narrow veins. This will result in maximum productivity in a narrow vein as there could be long uninterrupted drilling cycles and control of dilution will be maximized. Cut and fill stoping will be done in areas with weak walls or where veins dip less than 60°. Once mined, the ore will be hauled to the Crown shaft by conventional tramming, hoisted to the 8 level, and hauled by train to the surface coarse ore stockpile.

Processing

Ore will be conveyed from the coarse ore stockpile to the processing mill, where it will be ground in one stage, reducing it to a size from which the recovery of the gold can be readily achieved. Coarse gold will be recovered through a mechanical separation process. Finer gold will be recovered through a chemical process which will consist of introducing a cyanide solution to dissolve the gold. This cyanidation process will take place in large vats over a period of forty-eight hours. The gold bearing solution resulting from this process will be extracted from the pulp using a continuous belt filter, and the gold will be precipitated from the solution by means of zinc dust. The precipitate will then be collected, refined and cast into dore bars. The expected average recovery rate from these processes is 93.4%. The waste material or tailings remaining after the gold recovery processes will be treated in a sulfur dioxide process to destroy the cyanide and remove significant heavy metals and then will either be piped to the tailings pond or back underground as tailings backfill.

Refining and Marketing

Processed gold from the mill must be further refined before it can be sold as gold bullion. Accordingly, once the process described above has been completed the Company will transport the gold to a custom refinery for further refining, for which a processing fee will be paid. The refinery will purify the gold by removing the remaining impurities and small amounts of silver from it. The Company will sell its share of the bullion to gold dealers at prices based on the applicable market price of gold. The Company may also sell forward a certain part of the gold it plans to produce in order to hedge against lower gold prices and to ensure recovery of a portion of its operating costs.

Employees

Once commercial production commences, the Company will employ between 140 and 150 employees at the Bralorne Mine. It is expected that some of these employees will reside in the existing housing located in the general Bralorne area, while the others will construct and live in homes or trailers located at the Bralorne townsite.

Sharing of Costs and Production

Until the principal amount of the project financing has been repaid, 100% of the total net proceeds of production from the Bralorne Mine will be dedicated to the repayment of the project loan. (See "Credit Facilities") After repayment of the project loan and assuming the mine's gold sales occur at prices not exceeding U.S. \$600, the Company will be entitled to the return of its \$12 million equity contribution out of 78% of the total net proceeds of production until the Company has received \$15 million less the principal amount borrowed under the project loan and thereafter out of 77% of the total net proceeds of production. Thereafter, or if the sale price of gold produced from the mine averages on a quarterly basis in excess of U.S. \$600, the Company will be entitled to receive 60% of the net proceeds of production, Bralorne 20% and Geomex and its associates 20%.

The Company will manage the Bralorne Mine on behalf of all participants and the costs of operation will be shared in proportion to their respective revenue interests.

Government Regulation

The Bralorne Mine is subject to numerous statutes, government controls and regulations which are amended from time to time. Current legislation is a matter of public record and the Company is unable to predict what additional legislation or amendments may be proposed that affect the mining industry or when any such proposals, if enacted, might become effective.

Any proposed metal mining operation in British Columbia is required to pass through a review process which requires the applicant to submit to the government comprehensive reviews of the project, detailing the various economic, social and environmental impacts that the proposed project will have on its immediate area and the province generally. If the submissions are approved, the applicant may apply for the specific permits which are necessary in order for the project to proceed to production. This review process is administered by the Metal Mines Steering Committee, which is comprised of personnel from various ministries of the provincial government.

The Company's submission respecting the opening of the Bralorne Mine has received approval from the Steering Committee. The Company is now proceeding with the final stage of the review process, which involves obtaining specific permits from the various ministries. The Company has made application for the majority of permits and expects to receive all required permits.

The Company is complying in all material respects with the mining, health, safety and environmental statutes and regulations made thereunder applicable to the Bralorne Mine and has not been the recipient of any orders or directions made thereunder other than in the ordinary course.

The Sterling Mine

The Sterling mine is a gold producer located 93 miles northwest of Las Vegas, Nevada and 8 miles southeast of Beatty, Nevada. The mine property consists of 81 unpatented lode mining claims and 40 unpatented millsite claims totalling 1,672 acres.

The Company currently holds a 10.4% interest in the property and manages Geomex's holding of 41.6%. These interests were earned by combined expenditures to date of \$1.2 million on exploration and development. The property is subject to a 2% royalty on production.

Discovered in 1906, the property initially produced a small amount of ore but for the most part lay dormant until the early 1970's. The Company and Geomex acquired their interest in the property in January, 1980 and the mine was placed in production in December 1980 as a 200 ton per day heap leach operation supplied from underground and surface operations. From December 1980 to December 31, 1982, the mine processed approximately 113,000 tons of ore from which 22,608 ounces of gold were produced.

Proven and probable ore reserves as at December 31, 1982 were estimated by J. DeLeen, mining engineer and consulting geologist, in a report dated October, 1983 at 274,000 tons grading 0.28 ounces of gold per ton.

Plans are being completed at present to substantially increase production at the Sterling mine through the construction of a second access into the lower part of the mine. This proposed second access will effectively divide the mine into two producing areas, thereby allowing for more efficient and less expensive mining of the ore reserves.

The El Plomo Property

The El Plomo property consists of an 813 acre lease situated approximately 175 miles south of Denver, Colorado and 31 miles southeast of Alamosa, Colorado.

The Company currently holds an 8.7% interest in the property and manages Geomex's 41.3% interest subject to a 5% royalty on production. These interests were acquired through combined expenditures of U.S. \$1.69 million by the E & B Partnership and Geomex from 1981 to the present. Earth Sciences, Inc. of Colorado holds the remaining 50% interest and has agreed to sell its interest to the Company for U.S. \$400,000 plus \$1.05 million of units of Class

Common Shares and warrants to purchase additional Class Common Shares of the Company plus a royalty of U.S. \$0.22 per ton of ore mined until an aggregate of U.S. \$300,000 has been paid. The Class Common Shares and warrants will be valued on the same basis as the Units offered by this prospectus.

Discovered in the 1880's, the property was worked for a short time in the 1890's and early 1900's. In 1972, Earth Sciences, Inc. leased the property and carried out drilling and trenching which developed 1.5 million tons of proven ore grading 0.05 ounces of gold per ton. In 1981, the E & B Partnership completed 109 rotary-percussion drill holes totalling 15,400 feet, confirming the existence of 1.43 million tons of proven ore grading 0.053 ounces of gold per ton which can be mined by open pit methods.

During 1982 and 1983, a 3,000 ton heap leach test was carried out by the E & B Partnership on ore taken from three test pits. The test installation included all necessary recovery plant and equipment required to process 200 tons per day, all of which will be used in ongoing operations. The test was considered a successful demonstration of the prospect's viability as an economic producer. Accordingly, the Company plans to proceed with bringing the property into production during 1984 at an estimated U.S. \$650,000 additional capital cost and U.S. \$510,000 for working capital.

Other Properties

The Company has interests in the following three prospects considered to be in an advanced stage of exploration.

The Cariboo Bell Prospect: The Cariboo Bell copper and gold prospect is located 36 miles northeast of Williams Lake, British Columbia and consists of 381 claim units and 23 placer leases comprising an area of 22,664 acres. This property is 29% owned by the Company, which acts as operator and manager, and 71% owned by Geomex and others. The Company and Geomex have spent \$1.67 million on this property to August 31, 1983 and must make a \$75,000 final option payment on August 1, 1984. The Company and Geomex will receive 100% of net

proceeds of production from the property until all of their initial investment has been repaid and will thereafter receive 78% of such proceeds.

Between 1966 and 1970, 60,174 feet of diamond drilling and 23,800 feet of percussion drilling were carried out. Geophysical and other surveys, including a further 10,175 feet of percussion drilling, were carried out between 1970 and 1979. The E & B Partnership completed a further 26,780 feet of diamond and rotary drilling by mid-1982.

A porphyry type copper-gold deposit has been delineated in two zones, estimated in the DeLeen Report to contain 108 million tons grading 0.39% copper and 0.015 ounces of gold per ton, which can be mined by open pit methods.

The Company proposes in 1984 to carry out certain preliminary environmental work and further surface drilling to better define the mineralized zones. The development of this property is contingent upon higher prices for copper and gold.

The Iron Mask Prospect: The Iron Mask copper and gold prospect is situated approximately 5 miles southwest of Kamloops, British Columbia and consists of 194 claim units comprising an area of 11,170 acres. This property is owned 6% by the Company, 24% by Geomex and 70% by Cominco Ltd., which acts as operator. Work on the property to date has defined a deposit estimated by the operator to contain 115 million tons grading 0.32% copper and 0.007 ounces of gold per ton, which can be mined by open pit methods.

The Mindora Prospect: The Mindora gold and silver prospect is situated 19 miles east of Hawthorne, Nevada and consists of 136 unpatented lode mining claims in a 2,810 acre area. The Company is the operator and holds a 10% interest in this property.

Work on the property to date has defined a deposit, estimated in the DeLeen Report to contain 644,922 tons grading 1.85 ounces of silver per ton and 0.04 ounces of gold per ton, which can be mined by open pit methods.

A program of geophysical surveys, percussion drilling, metallurgical testing and feasibility studies is recommended for the Mindora property in 1984. The estimated cost of this program is \$500,000, of which the Company's share is \$60,000.

[1984 Work to Come]

Other: The Company has interests in 21 properties which are at various stages of exploration, 7 properties which are farmed out and 9 inventory properties which do not require contribution of any funds by the Company. In order to maintain its interest in these properties, the Company must spend approximately \$200,000 during 1984.

Reserve Reports

Copies of the reserve and deposit reports referred to in this prospectus have been filed with the securities commission or similar regulatory authority in each province in Canada where this prospectus has been filed and will be available for inspection at the offices of such authorities and at the head office of the Company during the course of distribution of the Units offered by this prospectus and for 30 days thereafter.

MANAGEMENT'S DISCUSSION OF PRO FORMA FINANCIAL RESULTS

On a pro forma basis the Company has historically derived a substantial proportion of its revenue from administration fees, management fees and interest on unpaid management fees all related to the management of a mineral exploration programs. The fees realized were directly proportional to the amount of exploration activity managed by the Company, which has tended to vary on a trailing basis with the prices of the precious metals, particularly gold. Similarly, most of the Company's expenses were salaries for professional staff and related expenses and the amounts of such expenses have varied with the level of exploration activity conducted by the Company.

	Eight months ended August 31.	Years ended December 31			Five months ended December 31
	1983	1982	1981	1980	1979
			(5000's)		
Interest	76.4	1,606.7	1,572.8	951.4	170.0
Administration fees	236.2	826.4	946.1	1,029.8	77.7
Management fees	595.9	—	281.8	—	—
Gold sales	259.9	412.8	483.7	—	—
Other	—	36.2	—	—	—
Total revenue	<u>1,168.4</u>	<u>2,882.1</u>	<u>3,284.4</u>	<u>1,981.2</u>	<u>247.7</u>
General and administrative expenses	635.7	1,224.9	1,142.8	787.2	41.6
Other	225.7	362.9	401.1	108.1	10.3
Total expenses	861.4	1,587.8	1,543.9	895.3	51.9
Earnings from operations	307.0	1,294.3	1,740.5	1,055.9	195.8

In 1984 and beyond the Company's revenue will vary principally with the price and volume of gold produced at the Bralorne, Sterling and El Plomo mines. Company expenses will vary principally with the level and efficiency of operations at those locations and with the level of interest rates.

COMMENTS ON FINANCIAL FORECAST

"To the Directors of
EBxm Resources Inc.

We have reviewed the accompanying forecast of production and operating costs of EBxm Resources Inc. for each of the three years ended December 31, 1986, which is to be included in the prospectus relating to the issue and sale of Class A Common Shares and Series A Share Purchase Warrants and related summary of forecast assumptions made by management. Our review was performed in accordance with the applicable Auditing Guideline issued by the Canadian Institute of Chartered Accountants and accordingly consisted primarily of such procedures as enquiry, comparison and tests of compilation as we considered necessary in the circumstances.

Based on our review, we believe that this forecast of production and operating costs is compiled on the basis of the assumptions and accounting policies disclosed in the accompanying notes and is presented in accordance with the applicable Accounting Guideline issued by the Canadian Institute of Chartered Accountants.

We do not express an opinion as to whether the production and operating costs for the forecast period will approximate those forecasted because the forecast is based on assumptions made by management regarding future events and these assumptions, by their nature, are not susceptible to independent substantiation.

These comments are issued solely for inclusion in the above prospectus.

Vancouver, Canada
1983

Chartered Accountants"

FORECAST OF PRODUCTION AND OPERATING COSTS

The tables below represent the Company's estimate of the most probable production and operating costs for each of the mines in which it has an interest and the Company's share of such production and costs based upon management's judgment of the most likely set of conditions and the most likely course of action for the periods indicated. Actual production achieved and costs incurred during the period will probably vary from the forecasted amounts and the variations may be material. The Company cannot and does not make any warranty that the forecasted production and cost estimates will be achieved. This does not constitute a prediction of gold prices but represents a forecast of production (see Note 1) and costs (see Note 18) at an assumed price. The assumptions and the data must be read together with and with regard to other information contained in this prospectus.

	Forecast			Assumption Reference
	Year ended December 31			
	1984	1985	1986	
Bralorne Mine (100% interest)				
Company's share of ore processed (tons)	23,000	110,000	110,000	1
Ore processed (tons per day)	250	300	300	2
Grade (ounces per ton)	0.29	0.27	0.23	3
Recovery rate (%)	93	93.4	93.4	4
Gold production (ounces)	6,160	27,520	23,440	5
Production costs (Canadian)	\$2,400,000	\$12,040,000	\$12,640,000	6
Production costs per ounce (U.S.)	\$ 319	\$ 356	\$ 368	7
	319	356	442	
Sterling Mine (10.4% interest)				
Ore processed (tons per day)	26.0	29.1	32.2	8
Grade (ounces per ton)	0.22	0.22	0.22	9
Recovery rate (%)	90	90	90	10
Gold production (ounces)	1,285	1,440	1,590	5
Production costs (Canadian)	\$ 370,000	\$ 435,000	\$ 505,000	11
Production costs per ounce (U.S.)	\$ 236	\$ 248	\$ 260	7
El Plomo Mine (58.7% interest)				
Ore processed (tons per day)	587	587	587	12
Grade (ounces per ton)	0.069	0.053	0.053	13
Recovery rate (%)	80	80	80	14
Gold production (ounces)	7,388	5,674	5,674	15
Production costs (Canadian)	\$2,500,000	\$ 2,625,000	\$ 2,750,000	16
Production costs per ounce (U.S.)	\$ 277	\$ 378	\$ 397	7
Summary of Company Production and Costs				
Gold production (ounces)	14,833	34,634	30,704	
Other revenue	\$ 480,000	\$ 220,000	\$ 220,000	17
Production costs	\$5,270,000	\$15,100,000	\$15,895,000	
General and administrative expenses	\$ 840,000	\$ 940,000	\$ 1,050,000	18
Interest expense	750,000	880,000	560,000	19
Depreciation and amortization	815,000	2,365,000	2,365,000	20

The above forecast has been prepared in accordance with the draft guideline issued by the Canadian Institute of Chartered Accountants and is in accordance with the Company's accounting policies (see the Summary of Accounting Policies accompanying the pro forma consolidated financial statements). The forecast reflects management's present judgment as to the Company's production and costs given the assumptions set out below.

The major assumptions outlined below form an integral part of the opinion of management all major assumptions have been disclosed. Users of forecasts must recognize the inherent uncertainty in them and that assumptions with regard to future events and circumstances may not occur. Some assumptions, although considered reasonable at the date of preparation of the forecast, will inevitably not materialize.

The major assumptions are as follows:

1. The Company's interest in production from the Bralorne Mine will vary with gold prices and the status of repayment of the project financing (see "Sharing of Costs and Production").
2. For 1985 and 1986 300 tons per day is the average design rate estimated in the Wright report. Ore processed in 1984 assumes start-up of production on October 1, 1984 at 75% of average design rate for two months and 100% of such rate thereafter.
3. Diluted grade as estimated in the mine plan outlined in the CMS report.
4. The Wright report estimated the recovery rate to be 93.4% throughout the forecast period. Management has reduced the estimated 1984 recovery rate in the forecast to reflect the start-up situation.
5. Gold production is based on tonnages, grades and recovery rates forecast and is net of a smelting charge of 0.8%.
6. Production costs are based on recent estimates of mining costs prepared by CMS, preliminary estimates of milling, plant service and administration costs prepared by Wright, preliminary estimates of tailings disposal costs prepared by RDM and estimates of housing costs prepared by management. Such costs are escalated at the rate of 5% per annum throughout the forecast period and include a contingency of approximately 4%.
7. Production costs per ounce are in U.S. dollars based on the Bank of Canada's noon rate of exchange on October, 1983 of U.S. \$1.00 equals Cdn. \$.
8. The forecast production levels are increased from current levels to reflect the implementation of current plans to expand facilities at the mine.
9. The average production grade since start-up of the Sterling mine to August 31, 1983 was 0.24 ounces per ton. Management experience in 1983 indicates an expected diluted grade for the forecast period of 0.22 ounces per ton.
10. Recovery rate forecast is based on 1983 recovery levels.
11. Forecast production costs are based on current per ton operating costs escalated at 5% per annum.
12. Management estimate of production levels based on the mining plan for the El Plomo property prepared by Kappes Cassidy, metallurgical consultants, in a report dated April, 1983.
13. Grade forecast as estimated in a report prepared by Mintec Inc., independent mineral evaluation consultants, dated
14. Recovery rate forecast is a management estimate based on a report prepared by Simon-Carves, independent mining and metallurgical consultants, dated March 31, 1982 and the heap leach test conducted by the Company in 1982 and 1983.
15. Gold production is based on tonnages, grades and recovery rates forecast and is net of royalties to third parties and a smelting charge of 0.8%.
16. Management estimate of operating costs based on mining plan and quotes received from independent contractors for mining operations, which includes a production royalty of \$0.22 per ton payable to a previous owner.
17. Management estimate of management and operating fees to be earned from joint venture partners in the Bralorne, Sterling and El Plomo properties plus estimated interest income on unexpended funds in 1984.
18. The amount for 1984 is an estimate prepared by management, which takes into account previous expenses and proposed future operations. This amount has been increased by 12% per year for 1985 and 1986.
19. Interest expense is based on the terms of the project financing outlined under "Credit Facilities" and the assumption that the average gold price during the forecast period is U.S. \$450 per ounce. When the project loan is repaid in its entirety, and depending upon the price of gold, the Company's interest in production from the Bralorne Mine varies. (See "Sharing of Costs and Production".)
20. Depreciation and amortizations have been calculated on a straight-line basis using periods of 9, 6 and 4 years, respectively, for the Bralorne, Sterling and El Plomo properties.

The forecast of production and costs was approved by the Company's board of directors. It was reviewed by the Company's auditors as of _____, 1983, the date on which the forecast data was completed and to which date available actual production and costs were considered. The following comments were received by the Company from its auditors.

THE GOLD INDUSTRY

The Gold Industry

Gold has been used as money for over 3,000 years. Gold does not deteriorate and it can be refined to specific finenesses and denominated in specific weights. Thus, gold retains its intrinsic value and can provide an accurate measure as a medium of exchange.

The following discussion is based upon publicly available information regarding gold and is not intended to be all-inclusive. Although the sources used by the Company are highly regarded in the industry, the information has of necessity been relied on without independent verification. In considering such information, it should be noted that the price of gold is affected by many factors, including supply and demand, political turmoil and the anticipation of inflation.

The figures presented below are based primarily upon statistics relating to the gold industry in non-Communist countries, since there is little information concerning the gold industry in Communist countries. Figures may vary depending on the source, due to different statistical methods. In addition, supply figures are necessarily approximations since there is no reliable information concerning privately held gold. A prospective investor should carefully consider the information available concerning the gold industry in light of these and other uncertainties and should consult his personal investment advisor.

Use of Gold

Gold has two main categories of uses, product fabrication and bullion investment. Within the fabrication category there are a wide variety of end uses, including carat jewellery manufacture (the largest fabrication component), electronics, dentistry, miscellaneous industrial and decorative uses, medals, medallions and official coins. Gold's malleable quality combined with its non-corrosive, radiation shielding, electrical conducting and catalytic characteristics, makes it a desirable element in many new technological developments, including micro-circuitry and space technology. The following table illustrates, for the years 1978 to 1982 inclusive, gold fabrication and net changes in investment holdings. In effect, this may be taken to approximate the annual demand for gold in the free world during such five year period.

Demand for Gold in Free World
(Tonnes)

	<u>1982</u>	<u>1981</u>	<u>1980</u>	<u>1979</u>	<u>1978</u>
Carat jewellery	716	599	129	740	1,012
Official coins	133	191	186	291	288
Electronics	82	89	91	101	90
Dentistry	58	63	62	87	90
Other industrial and decorative uses	59	64	66	78	78
Medals, medallions	22	27	16	34	50
Total fabrication	<u>1,070</u>	<u>1,033</u>	<u>550</u>	<u>1,331</u>	<u>1,608</u>
Net private bullion purchases (sales) (1)	53	(56)	262	374	136
Net private demand	<u><u>1,123</u></u>	<u><u>977</u></u>	<u><u>812</u></u>	<u><u>1,705</u></u>	<u><u>1,744</u></u>

(1) Excludes coins, but includes hoarding of small bars and all other forms of bullion investment. Source: "Gold, 1983" published by Consolidated Gold Fields PLC, London, England ("Gold, 1983").

While figures are shown in the table for net private bullion purchases or sales, other investment activity occurs in the purchase of certain types of jewellery, official coins, medals and medallions. No separate estimates are given to represent the level of total investment activity.

Supply

The following table illustrates, for the years 1978 to 1982 inclusive, gold mine production, net sales or purchases by governments and net imports from the communist world. In effect, this may be taken to approximate the supply of gold in the free world for such five year period.

Gold Supply in Free World
(Tonnes)

	<u>1982</u>	<u>1981</u>	<u>1980</u>	<u>1979</u>	<u>1978</u>
Mine production					
South Africa	664	658	675	705	706
Canada	63	53	51	51	54
United States	44	43	30	30	31
Other	242	217	194	173	181
Total	<u>1,013</u>	<u>971</u>	<u>950</u>	<u>959</u>	<u>972</u>
Net imports from Communist sector	207	280	90	199	410
Government net sales (purchases) (1)	(98)	(276)	(230)	544	362
Total available supply	<u><u>1,122</u></u>	<u><u>975</u></u>	<u><u>810</u></u>	<u><u>1,702</u></u>	<u><u>1,744</u></u>

(1) Includes activities of governmental controlled investment and monetary agencies in addition to central bank operations. Source: "Gold 1983".

As appears from the table, mine production accounts for the vast majority of the supply. The balance is imported from the Communist-dominated world or results from sales, or purchases, of stocks on hand in public or private hands.

Gold Prices

Prior to the 1930's the United States operated on a full gold standard providing for complete convertibility of its currency. In 1934, the full gold standard was modified to provide currency backing and the United States officially raised the price of gold to U.S. \$35 per ounce. In 1945 a gold exchange standard was developed whereby various world currencies were exchangeable into the U.S. dollar, which in turn was readily exchangeable into gold. In 1968 the two-tier system for gold transactions was developed wherein official central bank transactions continued to be made at the price of U.S. \$35 per ounce and all private transactions were made at market price. In mid-1971 the United States ended the convertibility of its currency into gold. Once this structured marketplace changed, prices fluctuated dramatically.

The following table shows the high, low and average prices on an annual basis since 1970 as reflected in the fixing prices of the London gold bullion market:

<u>Year</u>	<u>High</u>	<u>Low</u>	<u>Average</u>
	(expressed in U.S. dollars (1))		
1983(2)	\$	\$	\$
1982	488.50	296.75	375.64
1981	599.25	391.25	459.85
1980	850.00	474.00	612.38
1979	524.00	216.55	304.00
1978	243.65	165.70	193.55
1977	168.15	129.40	147.71
1976	140.35	103.05	124.83
1975	186.25	128.75	161.09
1974	197.50	114.75	157.12
1973	127.00	63.90	97.12
1972	70.00	43.72	58.17
1971	43.97	35.32	40.81
1970	39.19	34.75	35.97

(1) The noon spot rate of the Bank of Canada on 1983 for the conversion of United States dollars into Canadian dollars was U.S. \$1.00 = Cdn

(2) To 1983.

In the absence of a fixed internationally recognized currency to gold standard, gold prices are affected by many economic, monetary and political factors, including changing production costs, shifts in public and private supply