

DERBY MINES LTD. (N.P.L.)

**534 – 789 West Pender Street
Vancouver, B.C.**

PROSPECTUS

November 7th, 1969

New Issue

300,000

Common Shares

	Price to Public	Commission	Proceeds to Issuer
Per Unit	40¢	10¢	30¢
Total	\$120,000.00	\$30,000.00	\$90,000.00

THERE IS NO EXISTING OVER-THE-COUNTER MARKET FOR THE COMPANY'S SECURITIES IN THE PROVINCE OF BRITISH COLUMBIA OR ELSEWHERE.

A PURCHASE OF THE SHARES OFFERED BY THIS PROSPECTUS MUST BE CONSIDERED A SPECULATION SINCE THE COMPANY'S MINERAL CLAIMS ARE STILL ONLY IN THE EXPLORATION STAGE. REFERENCE SHOULD ALSO BE MADE TO THE CAPTION "PRINCIPAL HOLDERS OF SHARES" AND THE COMPARISON OF THE PERCENTAGE OF SECURITIES BEING OFFERED TO THE PUBLIC FOR CASH AND THOSE ALREADY ISSUED BY THE COMPANY TO ACQUIRE ITS PROPERTIES.

NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HEREUNDER AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

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

TABLE OF CONTENTS

	Page
New Issue	1
Name and Incorporation of Issuer	3
Plan of Distribution	3
Directors and Officers	3
Capitalization	3
Securities Sold for Cash	3
Description of Share Capital Structure	4
Use of Proceeds	4
Description of Business and Property of Issuer	5
Preliminary Expenses	7
Promoters	7
Remuneration of Directors and Senior Officers	7
Escrowed Shares	8
Principal Holders of Shares	8
Interest of Management and Others in Material Transactions	9
Auditors, Transfer Agents and Registrars	9
Purchaser' Statutory Rights of Rescission	9
Other Material Facts	9
Certificate	9
Engineers Report – Goosly Lake Area	10-16
Engineers Certificate	17
Engineers Report – Helen Claims	18-26
Engineers Certificate	27
Auditors Report	28
Financial Statements	29-32

NAME AND INCORPORATION OF ISSUER

The full name of the Company is DERBY MINES LTD. (N.P.L.). Its registered and head office is 534 – 789 West Pender Street, Vancouver, British Columbia.

The Company was incorporated on May 5th, 1969 under the laws of the Province of British Columbia by Memorandum of Association. The Company was incorporated as a private company and was converted to a public company on November 6th, 1969.

PLAN OF DISTRIBUTION

The Company will sell its shares through persons or companies registered under the Securities Act, 1967 and will pay a commission of up to 25% or 10¢ per share to such persons or companies for each such share sold. The Company may also sell its shares directly to the public in which case it may allow a commission of up to 25% or 10¢ per share for each share subscribed for.

DIRECTORS AND OFFICERS

<u>Name and Address</u>	<u>Principal Occupation for past 5 years</u>	<u>Position Held with Company</u>
James Tutton 330 Columbia Street New Westminster, B.C.	Vice-President of Wolstencroft Agencies Ltd.	Director & President
George Wilson 903 – 7434 Kingsway Burnaby 3, B.C.	Systems Consultant	Director & Vice-President
George J. Neumann 534 – 789 West Pender Street Vancouver 1, B.C.	Solicitor	Director & Secretary

CAPITALIZATION

<u>Designation of Security</u>	<u>Amount authorized by Memorandum of Association</u>	<u>Amount outstanding as at July 31st, 1969 (date of Balance Sheet contained in Prospectus)</u>
Common Shares par value 50¢	3,000,000	1,025,005
<u>Amount outstanding as at November 6th, 1969</u>		<u>Amount to be outstanding if all securities being issued are sold</u>
1,025,005		1,325,005

SECURITIES SOLD FOR CASH

<u>Number of Shares</u>	<u>Price per Share</u>	<u>Net Cash Received</u>	<u>Commission paid</u>
5	\$.50	\$ 2.50	Nil
275,000	\$.10	\$27,500.00	Nil

DESCRIPTION OF SHARE CAPITAL STRUCTURE

The share capital of the Company consists of one class of shares only. All shares issued by the Company rank equally as to dividends, voting rights and as to any distribution of assets on winding-up or liquidation. There are no indentures or agreements limiting the payment of dividends and there are no conversion rights, no special liquidation rights, pre-emptive rights, or subscription rights. The presently outstanding share capital is not subject to any call or assessment and the shares offered hereby when issued and sold as described in this prospectus will not be subject to any call or assessment.

USE OF PROCEEDS

The estimated net proceeds to be derived by the Company from the sale of the securities being offered hereby is \$90,000.00.

The proceeds of the sale of securities will be used to conduct the exploration programs recommended in the reports of Robert Wolfe, P. Eng., dated August 18th, 1969 on the Goosly Lake and Shelford Hills properties, copies of which are attached hereto and form part of this Prospectus. Particulars of the total recommended expenditures of \$85,000.00 are as follows:

Goosly Lake

Combined airborne electro-magnetic (E.M.) and magnetic survey – 60 linemiles at \$100/linemile	\$ 6,000.00
Ground E.M. and Mag. follow-up – 15 linemiles at \$400/linemile	6,000.00
Linecutting – 15 linemiles at \$150/linemile	2,250.00
Combined Soil Survey and Claim Survey 5 men, 50 days, 250 man days at \$30/man day	7,500.00
Soil analyses	2,000.00
Camp Construction	2,000.00
Food	3,000.00
Transportation – 2 four wheel drive trucks for 2 months \$500 per month per truck	2,000.00
Geology and Supervision – 1 geologist for 3 months at \$1200/month	3,600.00
Consultants – 12 days at \$150/day	1,800.00
Contingencies 10%	<u>3,615.00</u>
	<u>\$39,765.00</u>

Twenty-five of the claims which comprise the Goosly Lake property have been staked by the Company in apparent contravention of Section 12(1) of the Mineral Act, in order to protect any fractions between the company's claims and adjacent claims not owned by the Company. None of the proceeds of this issue will be expended on these claims unless the company's ownership to them has been established.

Shelford Hills

20 claims at \$25/per claim (already staked)	\$ 500.00
Line grid – 100 man days at \$30/man day	3,000.00
Geochemical Survey – 40 man days at \$30/man day	1,200.00
Analyses 2400 samples	4,000.00
Geophysics	
A. Induced Polarization survey – 20 linemiles at \$400/linemile	8,000.00
B. Magnetic Survey – 20 man days at \$30/man day	600.00
Camp Construction	<u>2,000.00</u>
Sub - Total	\$19,300.00

	Carried Forward	\$19,300.00
Food 250 man days at \$8/man day		2,000.00
Transportation, Helicopter – 20 trips 2 hr. roundtrip at \$300/trip		6,000.00
Tote Road Construction – 16 days at \$300/day incl. 1 swamper		4,800.00
Bulldozer Trenching – 10 days at \$300/day		3,000.00
Geological Survey and Supervision one geologist 3 mos. at \$1200/mo.		3,600.00
Consultants, report, etc.		2,000.00
Contingencies 10%		4,070.00
		<hr/>
		\$44,770.00
		<hr/>

If the proceeds of the sale of securities are not sufficient to accomplish all recommended expenditures then the work program on the Goosly Lake property will take priority.

Funds will also be used to defray current business and administrative expenses and legal and accounting services with respect to the company's operations and the preparation of this Prospectus.

The Company may pursuant to the recommendation of a Qualified Engineer abandon in whole or in part any of its properties or may alter as work progresses the work programme recommended 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 so diverted for the purpose of conducting work or examining other properties acquired by the Company after the date of this prospectus although the Company has no present plans in this regard. If any such event occurs during the primary distribution of the shares referred to in this prospectus, an amendment to this Prospectus will be filed.

No part of the proceeds will 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 jurisdiction in which securities offered by this prospectus may be lawfully sold. Should the company propose to use the proceeds to acquire non-trustee type securities after initial distribution of the securities offered by this prospectus, approval by the shareholders will be obtained and disclosure will be made to the securities regulatory bodies having jurisdiction over the sale of the securities offered by this prospectus.

DESCRIPTION OF BUSINESS AND PROPERTY OF ISSUER

The principal business of the Company is the acquisition, exploration and development of mineral deposits.

GOOSLY LAKE PROPERTY

The Company is the recorded owner subject to the provisions of the British Columbia Mineral Act of the following located mineral claims situate in the Omineca Mining Division of the Province of British Columbia:

<u>Claim Name</u>	<u>Record Number</u>
BJ 1 - 13	67242 - 67254
BJ 14 - 31	67255 - 67272
BJ 32 - 42	67273 - 67283
BJ 43 - 50	67284 - 67291
DM 1 - 13	73153 - 73165
DM 14 - 20	73166 - 73172
DM 21 - 27	73173 - 73179
DM 28	73180
DM 29 - 33	73181 - 73185
<u>Claim Name</u>	<u>Tag Number</u>
DM 34 - 41	984004 - 984011

The DM 12 - 19, 24 - 27 and 29 - 41 mineral claims were staked in apparent contravention of Section 12(1) of the Mineral Act.

The Company must record assessment work of \$100.00 per claim per year in order to keep the mineral claims in good standing.

The Vendors of the BJ 1 - 50 mineral claims and the consideration received by them pursuant to an Agreement with the Company dated May 30th, 1969 are Frank J. Hemelspeck, Box 2744, Smithers, B.C. and George Wilson, 7434 Kingsway, Burnaby, B.C., and John Pidherny, Box 1051, Smithers, B.C., who received Seven hundred Fifty thousand (750,000) Vendor shares of the Company for the claims.

All of the Vendors are Insiders of the Company. The claims were acquired by the Vendors by staking and the approximate cost to the Vendors of prospecting and staking was the sum of \$850.00.

To the best knowledge of the signatories hereto the only persons who have received or are to receive any interest in the consideration paid to the Vendors are James Tutton, 330 Columbia Street, New Westminster, B.C., George J. Neumann, 534 - 789 West Pender Street, Vancouver 1, B.C., George Stewart, Box 489, Houston, B.C., Paul Kindrad, Box 1057, Smithers, B.C. and L. Giovannetti, 103 - 1620 Burnaby Street, Vancouver 5, B.C.

The balance of the claims which comprise the Goosly Lake property were acquired by the Company by staking.

Access to the claims which are situated 19 miles southeast of Houston, B.C., 6 miles northeast of Goosly Lake is by an old forestry road from Houston, which has recently been improved by the Company. The road provides excellent four-wheel drive access to the centre of the property.

There is no known history of the property.

There is no surface or underground plant or equipment on the property.

The only work performed by the Company on the property has been the improvement of an access road, prospecting and soil sampling.

The principal metals on the property are copper and silver.

For further details see the report of Robert Wolfe, P. Eng. dated August 18th, 1969 attached hereto and forming part of this Prospectus.

There is no known body of commercial ore on the property and the proposed program is an exploratory search for ore.

SHELFORD HILLS PROPERTY

The Company is the recorded owner subject to the provisions of the British Columbia Mineral Act of the following located mineral claims situate in the Omineca Mining Division of the Province of British Columbia.

<u>Claim Name</u>	<u>Record Number</u>
Helen 1 - 20	72445 - 72464
<u>Claim Name</u>	<u>Tag Number</u>
Helen 21 - 52	21691M - 21722M

The Company must record assessment work of \$100.00 per claim per year in order to keep the mineral claims in good standing.

The Vendor of the Helen 1 - 20 mineral claims and the consideration received by him pursuant to an Agreement with the Company dated May 30th, 1969 was Frank J. Hemelspeck, Box 2744, Smithers, B.C. who received the sum of Five thousand One hundred fifty (\$5,150.00) dollars for the claims. Frank J. Hemelspeck is an Insider of the Company. The claims were acquired by him by staking and the approximate cost to him of prospecting and staking was the sum of \$1,300.00.

The balance of the claims which comprise the Shelford Hills property were acquired by the Company by staking.

To the best knowledge of the signatories hereto no person has received or is to receive from the Vendor of the Claims a greater than 5% interest in the consideration paid therefore to him.

Access to the property which is situated 45 miles south of Houston, B.C., 50 miles southwest of Burns Lake, is by helicopter from either Smithers, Houston or Burns Lake. A new logging road from the community of Wistaria on Ootsa Lake comes to within 4 miles of the property and the Company proposes to make arrangements with the owner of the road for its use and extension.

Some work has been done on the property by Kennco in 1967 or 1968 when Kennco owned the claims. The work appears to have consisted of a possible soil and/or magnetic survey.

There is no surface or underground plant or equipment on the property.

The Company has done soil sampling on the property but no other exploration or development work has been done.

The principal metals on the property are copper and molybdenum.

For further details see the report of Robert Wolfe, P. Eng. attached hereto and forming part of this Prospectus.

There is no known body of commercial ore on the property and the proposed program is an exploratory search for ore.

PRELIMINARY EXPENSES

The preliminary expenses incurred by the Company to date have been organizational expenses of One thousand three hundred fifty (\$1,350.00) dollars. No further preliminary expenses are estimated to be incurred in the future.

PROMOTERS

George Wilson and James Tutton acting in their capacity as Directors of the Company may be considered the Promoters of the Company in accordance with Section 2(1) of the Securities Act, 1967. Reference is made to the caption "Description of Business and Property of Issuer" wherein the interests of Messrs. Wilson and Tutton in the property acquired by the Company and their interest in escrow shares issued with respect to such property transaction is disclosed.

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

No remuneration has been paid by the Company to the Directors and Senior Officers from incorporation to September 18, 1969, the date of this Prospectus.

The remuneration expected to be paid to the Directors and Senior Officers of the Company in the current fiscal year is not expected to exceed \$5,000.00.

The law firm of McInnes & Neumann of which George J. Neumann, a Director of the Company, is a partner has received and is expected to receive normal legal fees for professional services rendered and to be rendered to the Company.

ESCROWED SHARES

Certificates representing 750,000 shares referred to below are held in escrow by Guaranty Trust Company of Canada, 624 Howe Street, Vancouver, British Columbia subject to release only with the written consent of the Superintendent of Brokers for the Province of British Columbia. The shares may not be traded in or dealt with in any manner without the consent of the Superintendent of Brokers and in the event of the Company losing or not obtaining a good and marketable title to, or abandoning or discontinuing development of the property for which such shares were issued, the Superintendent of Brokers may require all or any part of the escrowed shares to be surrendered to the Company.

<u>Designation of Class</u>	<u>Number of Shares Held in Escrow</u>	<u>Percentage of Class</u>
Common Shares	750,000	73.17%

PRINCIPAL HOLDERS OF SHARES

Set forth hereunder are the particulars of the present principal holders of shares of the Company:—

<u>Name and Address</u>	<u>Designation of Class</u>	<u>Type of Ownership</u>	<u>Number of Shares Owned</u>	<u>Percentage of Class</u>
Frank J. Hemelspeck Box 2744 Smithers, B.C.	Common shares	direct of record & beneficial	122,970	12%
John Pidherny Box 1051 Smithers, B.C.	Common shares	direct of record & beneficial	122,969	12%
George Wilson 903 — 7434 Kingsway Burnaby 3, B.C.	Common shares	direct of record & beneficial	337,501	32.93%

The following table shows the respective percentage holdings of the directors and senior officers of the issuer as a group:

<u>Designation of Class</u>	<u>Percentage of Class</u>
Common Shares	43.18%

275,000 shares of the capital of the company sold for cash have been voluntarily pooled with the Guaranty Trust Company of Canada not to be sold until 30 days after completion of the sale of the shares offered by this Prospectus or until abandonment of the right to sell same, and then only with the written consent of the Superintendent of Brokers.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Reference is made to the caption "Description of Business and Property of Issuer" for shares and the cash issued for property to a Director and an Insider respectively.

AUDITORS, TRANSFER AGENTS AND REGISTRARS

The auditors of the Company are Rose, Gale & Company, Chartered Accountants, 17th Floor, 1177 West Hastings Street, Vancouver, British Columbia.

The Company's Registrar and Transfer Agent is Guaranty Trust Company of Canada, 624 Howe Street, Vancouver, British Columbia.

PURCHASERS STATUTORY RIGHTS OF RESCISSION

Section 61 and 62 of the Securities Act, 1967 (British Columbia) provides in effect, that where a security is offered to the public in the course of primary distribution,

- (a) a purchaser has a right to rescind a contract for the purchase of a security, while still the owner thereof, if a copy of the last prospectus, together with financial statements and reports and summaries of reports relating to the securities as filed with the British Columbia Securities Commission, was not delivered to him or his agent prior to delivery to either of them of the written confirmation of the sale of the securities. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell within 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of service of such notice.
- (b) a purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the prospectus or any amended prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after expiration of 90 days from the later of the date of such contract or the date on which such prospectus or amended prospectus is received or is deemed to be received by him or his agent.

Reference is made to the said Act for the complete text of the provisions under which the foregoing rights are conferred.

OTHER MATERIAL FACTS

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

CERTIFICATE

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 and the regulations thereunder.

DATED this 7th day of November, A.D. 1969.

"JAMES TUTTON"

Director and Promoter

"GEORGE WILSON"

Director and Promoter

"GEORGE J. NEUMANN"

Director

**REPORT ON THE BJ AND DM CLAIMS
GOOSLY LAKE AREA, OMINECA M.D.**

on behalf of
DERBY MINES LTD. (N.P.L.)

by
ROBERT WOLFE, P.Eng.
August 18, 1969

ABSTRACT

The BJ and DM Claims, Goosly Lake, adjoin Kennco (Western) Explorations Ltd.'s latest find of a massive type copper silver orebody. The recommended exploration program, estimated to cost \$40,000.00, includes airborne and ground geophysics and geochemistry.

INTRODUCTION

The property was examined on July 29, 1969. Geological mapping, mostly of Foxy Creek, was done by Tony L'Orsa, consulting geologist for the company. The property was carefully flown over by helicopter, to study possible structural features. Two claimposts were examined on the ground and some soil profiles were taken to determine the feasibility of a soil survey.

It was not considered necessary to examine the only known outcrops in the canyon of Foxy Creek, since no significant mineralization had been found in the Tertiary volcanics exposed.

The most important feature of the claims is the close proximity (about 8,000 feet to the south) to Kennco's new discovery. Although no public figures have been released to date, it is rumoured that a substantial orebody is presently being developed on Kennco's ground.

PROPERTY AND OWNERSHIP

All claims are owned outright by DERBY MINES LTD. (N.P.L.) Free Miner's Certificate No. 83964, issued June 10, 1969.

All claim information was obtained from Derby Mines.

<u>Claim</u>	<u>Located</u>	<u>Recorded</u>	<u>Record No.</u>
BJ 1-13	March 13/69	March 24/69	67242-67254
BJ 14-31	March 14/69	March 24/69	67255-67272
BJ 32-42	March 15/69	March 24/69	67273-67283
BJ 43-50	March 16/69	March 24/69	67284-67291
DM 1-13	May 25/69	June 9/69	73153-73165
DM 14-20	May 26/69	June 9/69	73166-73172
DM 21-27	May 24/69	June 9/69	73173-73179
DM 28	May 26/69	June 9/69	73180
DM 29-33	May 28/69	June 9/69	73181-73185
DM 34-41	July 14/69	July 25/69	Not available at time of writing



All claims were located and recorded by F.J. Hemelspeck, P.O. Box 2744, Smithers, B.C. BJ 6, 7, 8 and 9

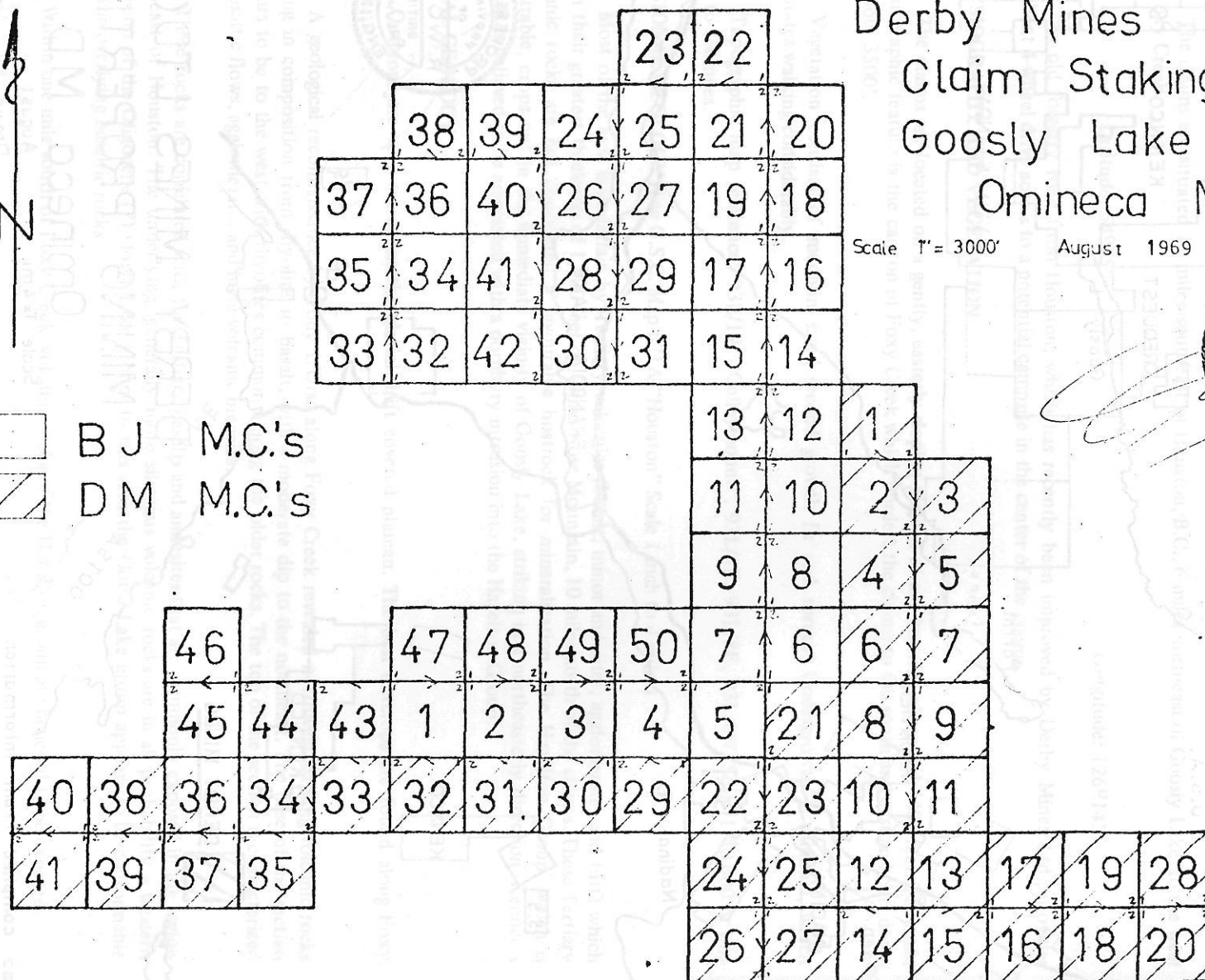


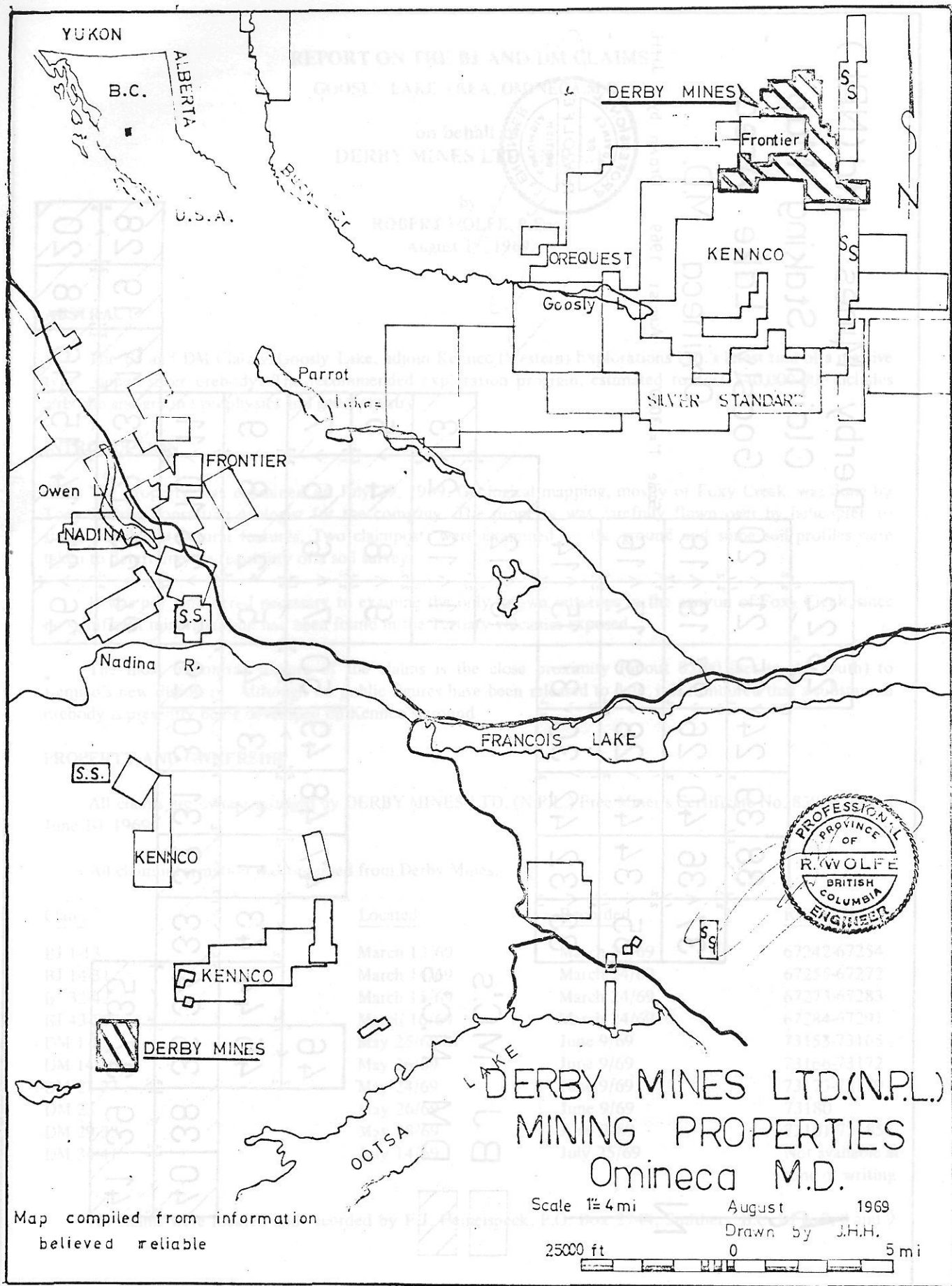
Derby Mines Ltd (NPL)
Claim Staking Map
Goosly Lake Area
Omineca M.D.

Scale 1" = 3000' August 1969 Drawn by - J.H.H.



 B J M.C.'s
 D M M.C.'s





were examined in the field and found to be properly staked.

The D.M. 12-19, 24-27, 29-41 mineral claims have been staked by the company in apparent contravention of Section 12(1) of the Mineral Act in order to protect any fractions lying between the companies claims and adjacent claims not held by the company.

LOCATION AND ACCESS

The claims are situated 19 miles southeast of Houston, B.C., 6 miles northeast of Goosly Lake, to the west of Foxy Creek.

Latitude: 54°15'

Longitude: 126°14'

An old forestry road from Houston, which has recently been improved by Derby Mines Ltd., provides excellent 4-wheel drive access to a potential campsite in the center of the claims.

PHYSIOGRAPHY AND VEGETATION

The claims are located on a gently, easterly sloping plateau at an elevation of around 4400 feet. The main physiographic feature is the canyon of Foxy Creek which borders the claims to the south and east and cuts down to about 3500'.

Vegetation consists of medium sized second growth fir and spruce. Undergrowth is minimal, which facilitates walking considerably.

Topographic map reference: 93L/1W "Colleymount", 93L/1E, 93L/8E, 93L/8W. Scale 1:50,000 or one inch to 1¼ miles.

REGIONAL GEOLOGY (See G.S.C. Map 671A "Houston" Scale 1 inch to 4 miles)

Most of the area is underlain by Tertiary volcanics (basalt, minor andesites, agglomerate, and tuff) which reach their greatest thickness of 1,500 feet on China Nose Mountain, 10 miles north of the claims. These Tertiary volcanic rocks are not considered a favourable hostrock for mineralization. The Hazelton Group, which is favourable, crops out in the immediate vicinity of Goosly Lake, striking in a northeasterly direction. Kennco's deposit is believed to be associated with a porphyry intrusion into the Hazelton Group.

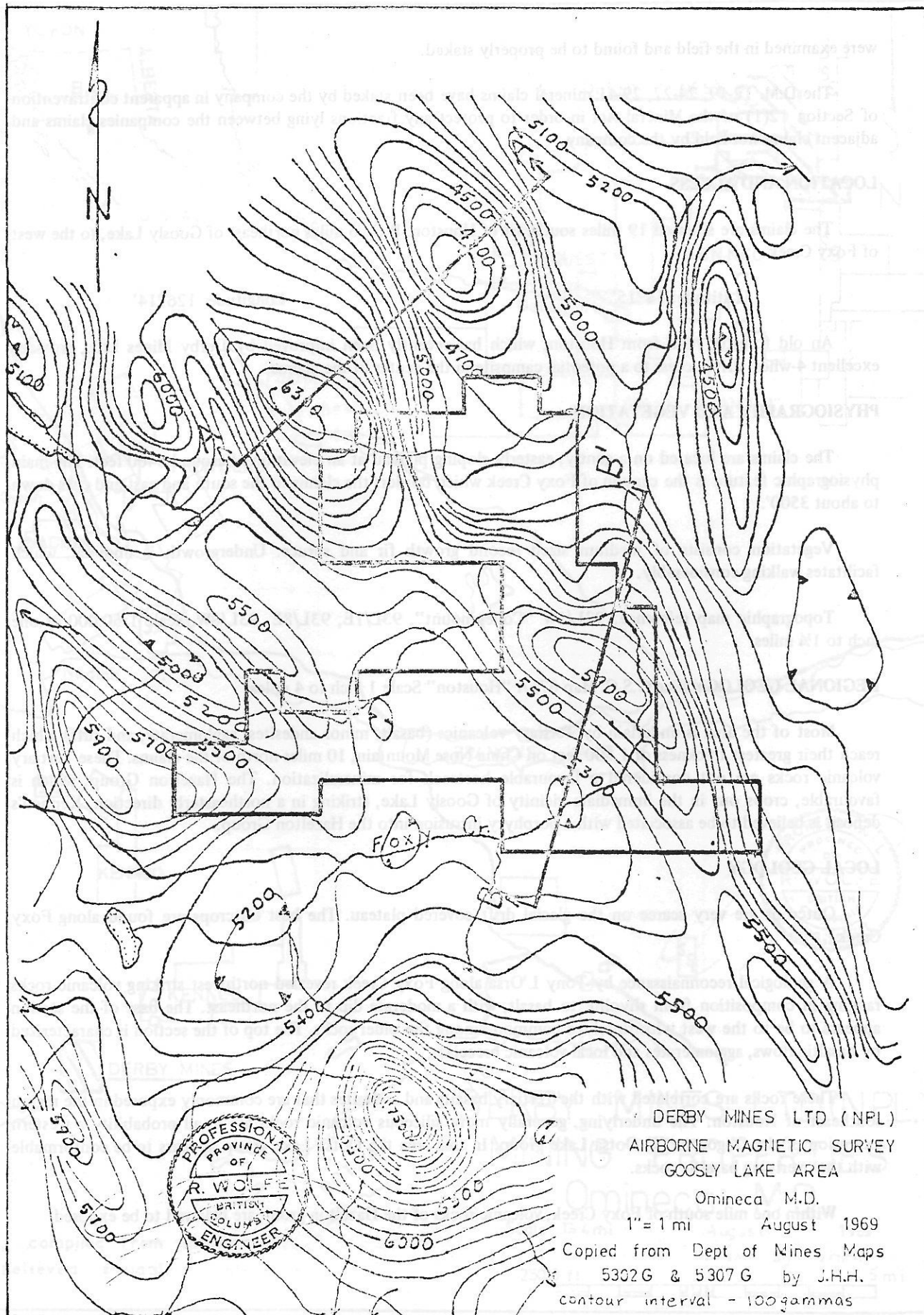
LOCAL GEOLOGY

Outcrops are very scarce on the glacial drift covered plateau. The best outcrops are found along Foxy Creek.

A geological reconnaissance by Tony L'Orsa along Foxy Creek revealed northwest striking volcanic rocks ranging in composition from rhyolite to basalt, with a moderate dip to the northeast. The base of the section appears to be to the west with rhyolites common among the older rocks. The top of the section is characterized by basaltic flows, agglomerates and local volcanic breccias.

These rocks are correlated with the Tertiary basalts and andesites that are commonly exposed in the region southeast of Houston. The underlying, generally more siliceous volcanic rocks are in all probability a western extension of the Oligocene (?) Ootsa Lake group. In this area the Ootsa Lake group appears to be conformable with the overlying basaltic rocks.

Within one mile south of Foxy Creek, volcanic rocks of the Hazelton group are believed to be exposed.



GOVERNMENT AIRBORNE MAGNETIC SURVEY

Reference: Aeromagnetic Series, Map 53029 "Colleymount" and Map 53079 (Forest Dale). See Fig. 3.

From the magnetic field lines through the BJ and DM Claims a northwesterly strike of the rocks is indicated. This is confirmed by observation of the rocks in Foxy Creek.

Profile A-A' however, indicates that the dip has changed to the southwest.

It appears possible that some structural change occurs on the claims.

The high magnetic area (7500 gammas) to the south of the claims is on Kennco's ground. It is believed that this magnetic anomaly is incidental and not genetically related to the orebody.

PROPOSED EXPLORATION PROGRAM

Basically, 2 geological possibilities may exist on the BJ and DM Claims: 1) The Hazelton Group suboutcrops somewhere on the claims and may or may not be mineralized. 2) The Tertiary cover is homogeneous and no "windows" exist. In this case the cover is probably thin, since Hazelton Group rocks are outcropping just to the south of the claims.

If the hypothetical orebody is similar to Kennco's deposit, we are dealing with a "massive" type copper-silver ore and not a low grade disseminated "porphyry-type" orebody. A massive type orebody usually forms a very small target without alteration halos to aid in its discovery.

The approach to finding an orebody of this type is similar to the methods used in eastern Canada on the Shield.

It is therefore proposed that an airborne electromagnetic and magnetic survey be conducted. It is suggested that surrounding companies will be given the opportunity to participate in the program to cut costs. Since the ground is quite flat, the height above tree-tops can be kept as low as 50 feet and flight lines will probably be one-eighth of a mile apart. Penetration should be at least 200 feet.

Any airborne anomalies will have to be followed up with ground E.M. and Mag. to pinpoint the locations.

Since the soil on the claims consists of brown glacial till without a proper differentiation into an A or B horizon, there is not much significance attached to a soil survey, especially since any Tertiary volcanics would blanket geochemical dispersion. Nevertheless, since soil sampling is relatively inexpensive, it can be done in a reconnaissance fashion, combined with an approximate chain and compass survey of the claims. Since most claims were staked in the winter, by several companies simultaneously, there might be considerable overlap in certain sections.

A rough survey will guarantee that any work will not be carried out on disputed ground, and any existing fractions can be acquired.

A competent geologist is to be retained to supervise the work.

As soon as this program is completed, a consultant is to evaluate all data and recommend further exploration, which will probably consist of diamond-drilling to test the best anomalies.

COST ESTIMATE

1. Combined airborne electro-magnetic (E.M.) and magnetic survey		
60 linemiles at \$100/linemile		\$6,000.00
	c/forward	\$6,000.00

	c/forward	\$6,000.00
2.	Ground E.M. and Mag. follow-up 15 linemiles at \$400/linemile	6,000.00
3.	Linecutting 15 linemiles at \$150/linemile	2,250.00
4.	Combined Soil Survey and Claim Survey 5 men, 50 days, 250 man days at \$30/man day	7,500.00
5.	Soil Analyses	2,000.00
6.	Camp Construction	2,000.00
7.	Food	3,000.00
8.	Transportation 2 four-wheel drive trucks for 2 months \$500 per month per truck	2,000.00
9.	Geology and Supervision 1 geologist for 3 months at \$1200/month	3,600.00
10.	Consultants 12 days at \$150/day	1,800.00
	Contingencies 10%	<u>3,615.00</u>
		\$39,765.00
	Say	<u><u>\$40,000.00</u></u>

Respectfully submitted,

“ROBERT WOLFE”

Robert Wolfe, P. Eng.

CERTIFICATE

I, Robert Wolfe of Halfmoon Bay, British Columbia, hereby certify that:

1. I am a geological engineer and reside at RR 1, Halfmoon Bay, B.C.
2. I am a graduate of the University of Alberta (B.Sc.63) and studied geology for an extra year at the University of British Columbia in 1963-64.

3. I have been employed by the following companies:

United Keno Hill Mines, Ltd.	1959-60
Fort Reliance Minerals	1961
Frances River Syndicate	1962
Kerr Addison Gold Mines	1963
Kennco (Western) Explorations Ltd.	1964
Meridian Syndicate (Canex, Noranda, Homestake)	1965-66
Meridian Syndicate (Homestake, Home Oil, Asbestos Corp.)	1967
Orequest Syndicate (Home Oil, Granby Mining Co., Pechiney Dev. Co.)	1967
Self employed since 1968	

4. I am a member of the Association of Professional Engineers of British Columbia.
5. I have no interest, direct or indirect in the property or securities of Derby Mines Ltd. (N.P.L.) or any affiliate nor do I expect to receive any such interest.
6. I have based this report on a personal visit to the property.

Dated at Vancouver, B.C., this 18th day of August, 1969.

"R. WOLFE"

R. Wolfe, P. Eng.
RR1, Halfmoon Bay, B.C.

**REPORT ON THE HELEN CLAIMS
SHELFORD HILLS, OMINECA M.D.**

on behalf of
DERBY MINES LTD. (N.P.L.)

by
ROBERT WOLFE, P. ENG.
August 18, 1969

ABSTRACT

The Helen Claims, Shelford Hills, contain a well mineralized showing with chalcopyrite, magnetite, pyrite, and minor molybdenite. The environment is favourable for a porphyry type orebody. The exploration program is estimated to cost \$45,000.00 and includes ground geophysics, geochemistry, 5 miles of road construction, and bulldozer trenching.

INTRODUCTION

The property was examined on July 29, 1969, with Tony L'Orsa, consulting geologist for the company. The property was staked in May 1969 and no work has as yet been done. Kennco had the area staked in 1967, but the property was dropped the following year and no assessment work has been filed. There appears to be little evidence of work done by Kennco other than flagged gridlines, which might indicate a possible soil and/or magnetic survey.

Kennco is presently exploring a large area to the northeast of the claim group.

LOCATION AND ACCESS

The property is situated 45 miles south of Houston, B.C., 50 miles southwest of Burns Lake.

Latitude: 53°50', Longitude 126°45'.

A new logging road from the community of Wistaria on Ootsa Lake (15 miles long) comes to within 4 miles of the claims.

Present access is by helicopter from either Smithers, Houston, or Burns Lake. Arrangements will have to be made with the logging company who owns the road for its use and extension.

PROPERTY AND OWNERSHIP

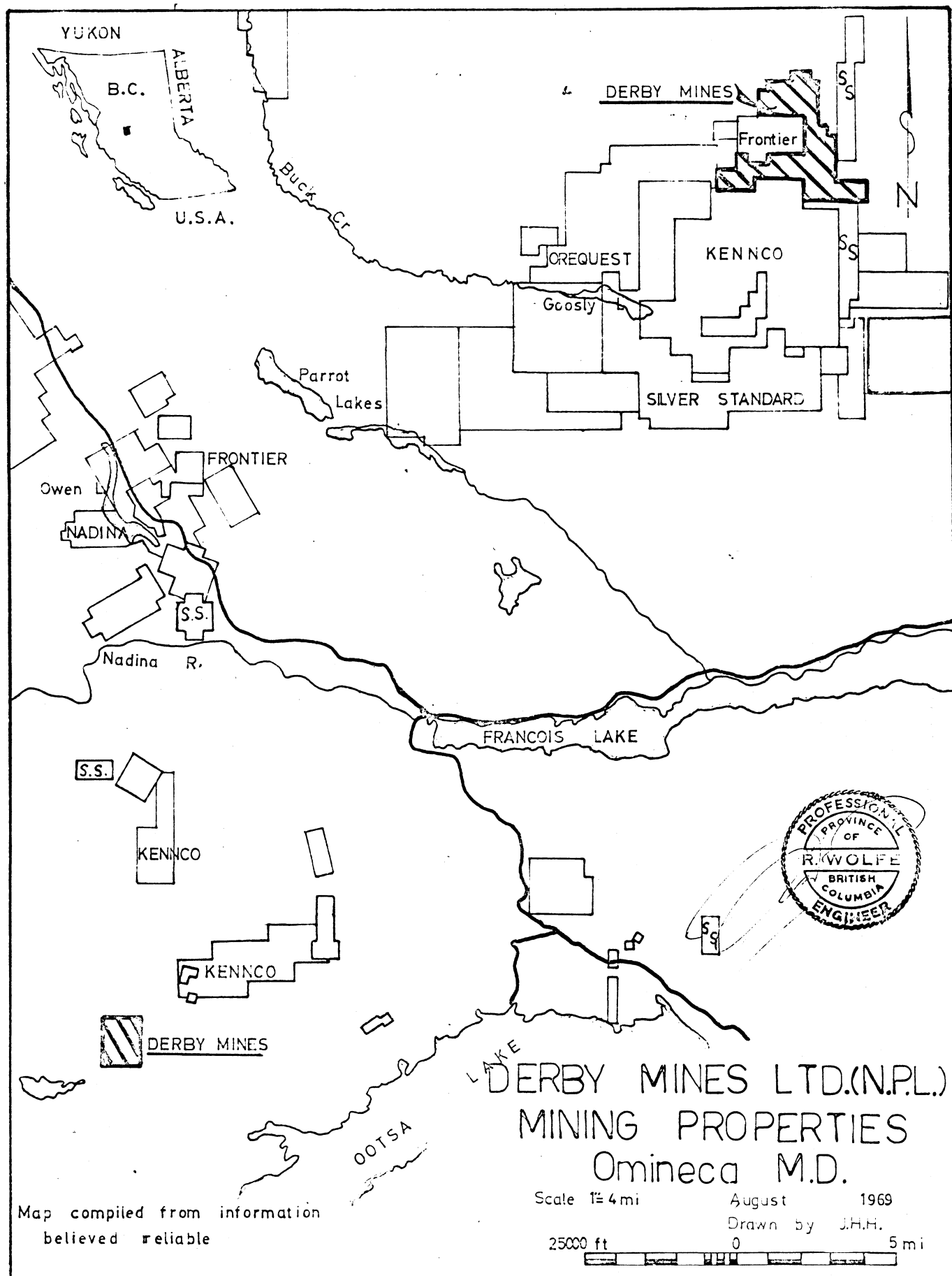
All claims are owned outright by Derby Mines, Ltd. (N.P.L.)

<u>Claim</u>	<u>Located</u>	<u>Recorded</u>	<u>Record No.</u>
Helen 1-20	May 6, 1969	May 13, 1969	72445-72464

All claims were located and recorded by F.J. Hemelspeck, P.O. Box 2744, Smithers, B.C.

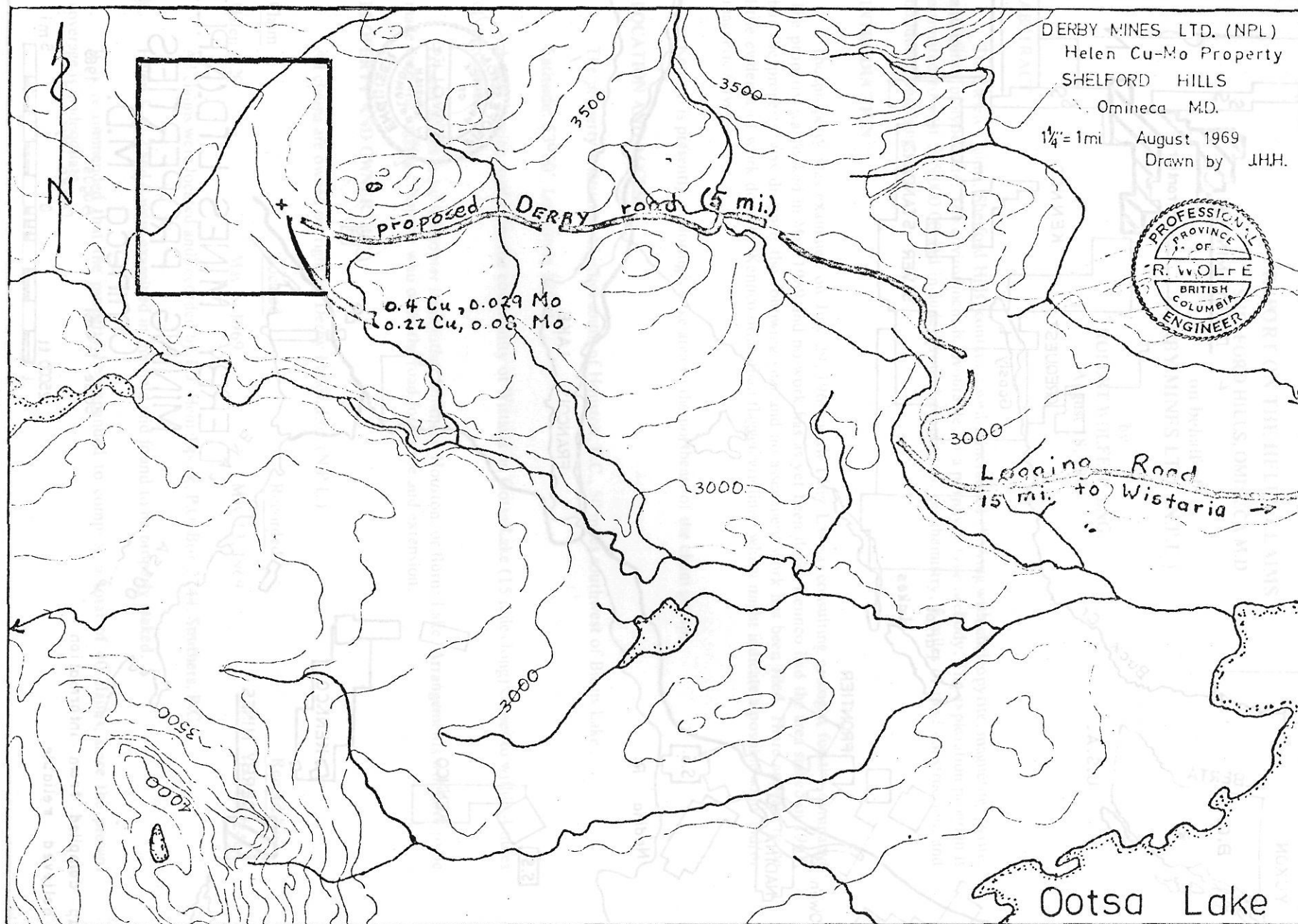
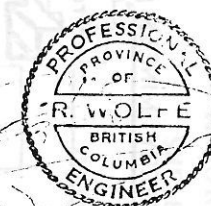
Helen 5, 6, 7 and 8 were examined in the field and found to be properly staked.

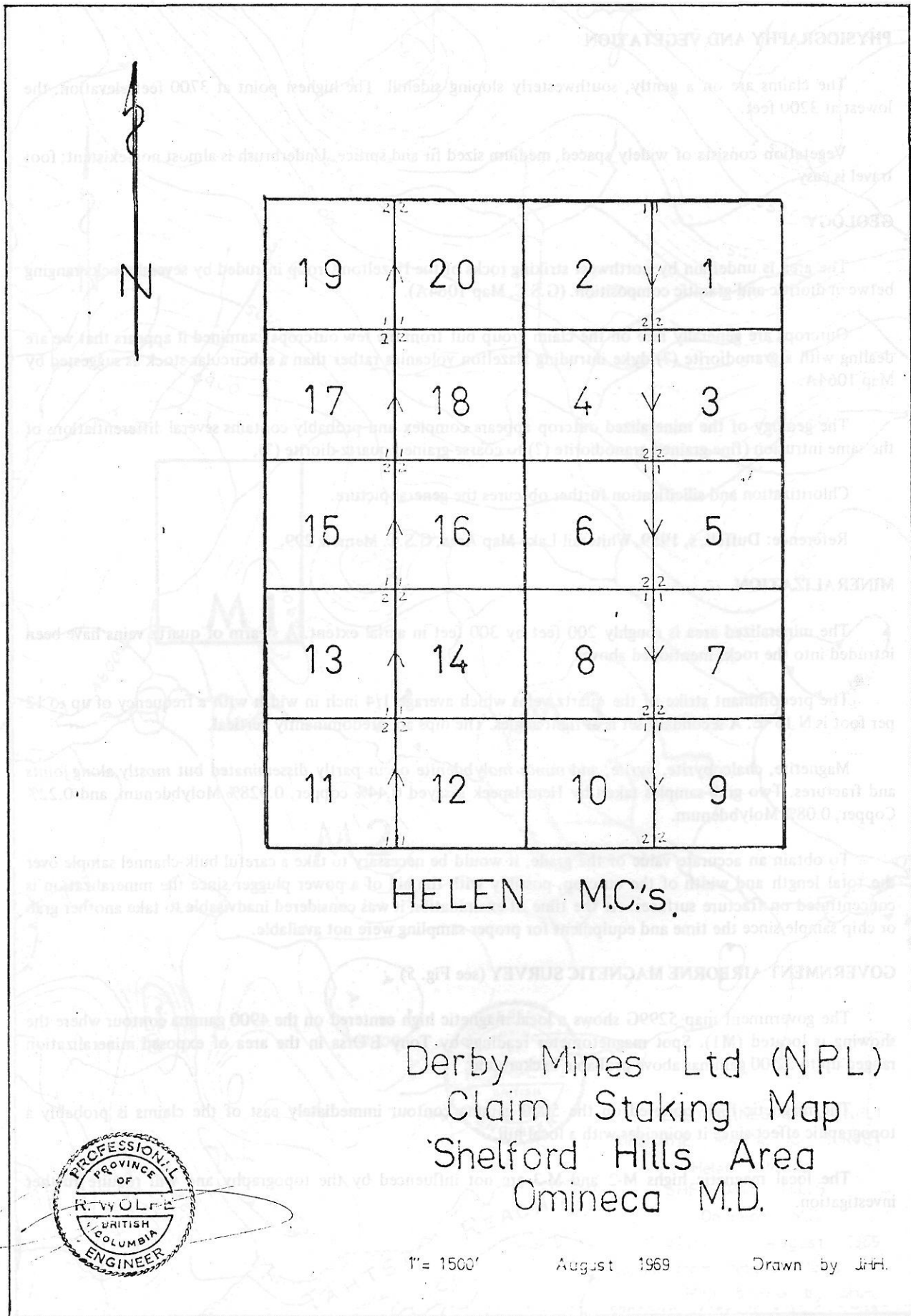
It is recommended that the property be expanded to comprise a total of 40 claims, since the present coverage is inadequate.



DERBY MINES LTD. (NPL)
Helen Cu-Mo Property
SHELFORD HILLS
Omineca M.D.

1 1/4" = 1 mi August 1969
Drawn by J.H.H.





PHYSIOGRAPHY AND VEGETATION

The claims are on a gently, southwesterly sloping sidehill. The highest point at 3700 feet elevation, the lowest at 3200 feet.

Vegetation consists of widely spaced, medium sized fir and spruce. Underbrush is almost non-existent; foot travel is easy.

GEOLOGY

The area is underlain by northwest striking rocks of the Hazelton Group intruded by several stocks ranging between dioritic and granitic composition. (G.S.C. Map 1064A).

Outcrops are generally rare on the claim group but from the few outcrops examined it appears that we are dealing with a granodiorite (?) dyke intruding Hazelton volcanics rather than a subcircular stock as suggested by Map 1064A.

The geology of the mineralized outcrop appears complex and probably contains several differentiations of the same intrusion (fine-grained granodiorite (?) to coarse-grained quartz-diorite (?).

Chloritization and silicification further obscures the general picture.

Reference: Duffell, s, 1959, Whitesail Lake Map Area, G.S.C. Memoir 299.

MINERALIZATION

The mineralized area is roughly 200 feet by 300 feet in aerial extent. A swarm of quartz veins have been intruded into the rocks mentioned above.

The predominant strike of the quartz veins which average 1/4 inch in width with a frequency of up to 12 per foot is N 15°E. A secondary set is at right angles. The dips are predominantly vertical.

Magnetite, chalcopyrite, pyrite, and minor molybdenite occur partly disseminated but mostly along joints and fractures. Two grab-samples taken by Hemelspeck assayed 0.44% copper, 0.028% Molybdenum, and 0.22% Copper, 0.08% Molybdenum.

To obtain an accurate value of the grade, it would be necessary to take a careful bulk-channel sample over the total length and width of the outcrop, possibly with the aid of a power plugger since the mineralization is concentrated on fracture surfaces. At the time of examination it was considered inadvisable to take another grab or chip sample since the time and equipment for proper sampling were not available.

GOVERNMENT AIRBORNE MAGNETIC SURVEY (see Fig. 5)

The government map 5299G shows a local magnetic high centered on the 4900 gamma contour where the showing is located (M1). Spot magnetometer readings by Tony L'Orsa in the area of exposed mineralization ranged up to 3,300 gammas above probable background.

The magnetic high centered on the 5000 gamma contour immediately east of the claims is probably a topographic effect since it coincides with a local hill.

The local magnetic highs M-2 and M-3 are not influenced by the topography and will require further investigation.

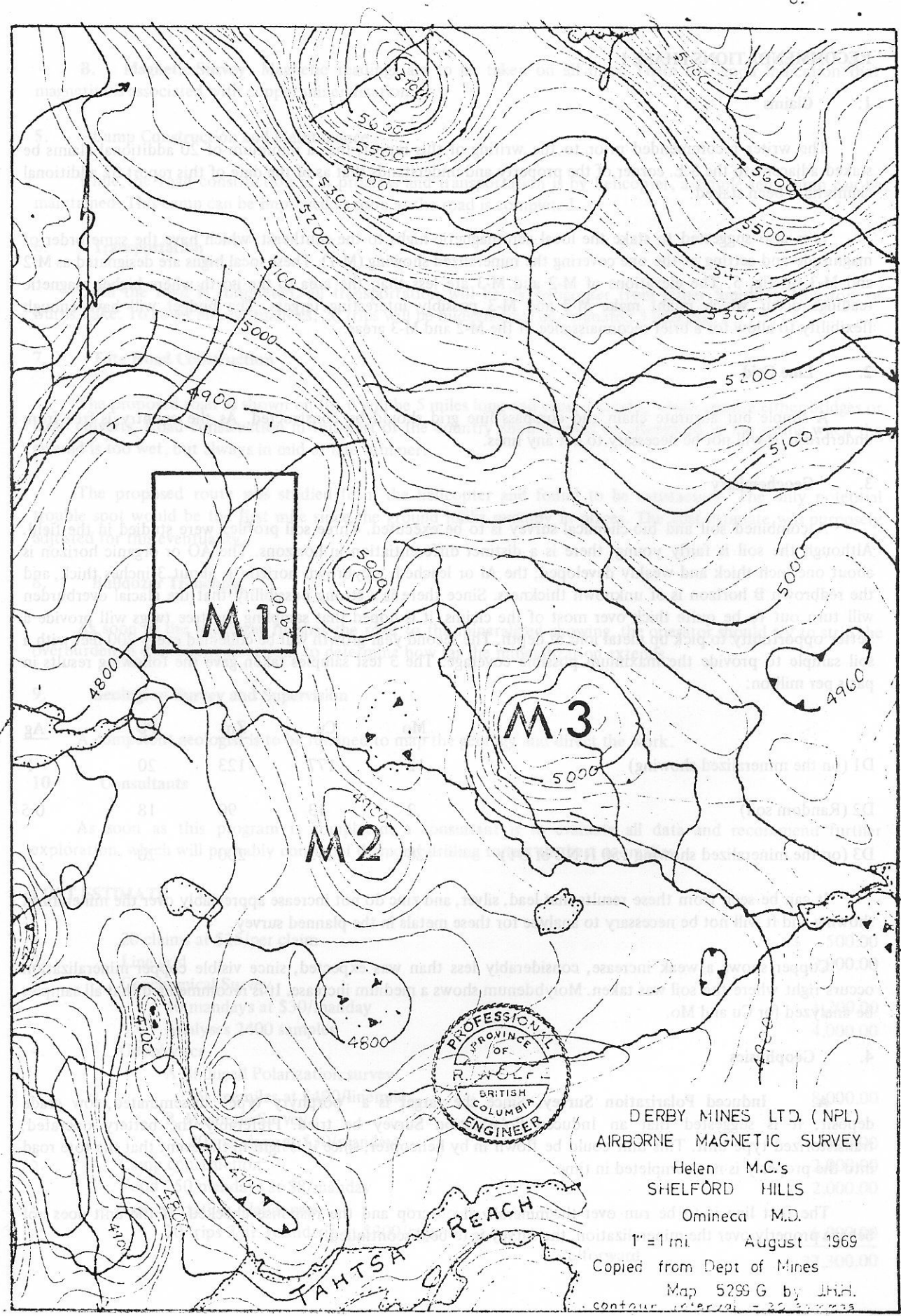


Fig 5

RECOMMENDATIONS PHASE I

1. Claims

The writer recommended prior to the writing of this report, that a minimum of 20 additional claims be staked adjacent to the S.E. corner of the property and understands that as of the date of this report 32 additional claims have been staked.

It is also suggested to stake the local aeromagnetic highs to the southeast, which have the same order of magnitude and setting as the one covering the mineralized showing (M-1). These local highs are designated as M-2 and M-3 on fig. 5. The elevations of M-2 and M-3 are less than the area to the north where higher magnetic readings occur which might make M-2 and M-3 possibly interesting targets. The budget will have enough flexibility to allow for a brief reconnaissance of the M-2 and M-3 areas.

2. Line Grid

A simple but accurate chain and compass line grid should be constructed. As the country is free from underbrush, it will not be necessary to cut any lines.

3. Geochemistry

A combined soil and bio-chemical survey is to be executed. Three soil profiles were studied in the field. Although the soil is fairly young, there is a distinct differentiation in horizons. The AO or organic horizon is about one inch thick and weakly developed; the A1 or leached, greybrown horizon is about 3 inches thick, and the redbrown B horizon is of unknown thickness. Since there is a strong possibility that the glacial overburden will turn out to be quite thick over most of the claims, it is hoped that sampling the tree twigs will provide a better opportunity to pick up metal ions at depth. The second year growth will be collected every 200 feet with a soil sample to provide the maximum possible coverage. The 3 test samples taken gave the following results in parts per million:

	<u>Mo</u>	<u>Cu</u>	<u>Zn</u>	<u>Pb</u>	<u>Ag</u>
D1 (on the mineralized showing)	12	177	123	20	1
D2 (Random soil)	2	13	90	18	0.5
D3 (on the mineralized showing 150 ft NE of D1)	28	245	200	20	1

It can be seen from these results that lead, silver, and zinc do not increase appreciably over the mineralized showing and it will not be necessary to analyze for these metals in the planned survey.

Copper shows a weak increase, considerably less than was expected, since visible copper mineralization occurs right where the soil was taken. Molybdenum shows a medium increase. It is recommended that all samples be analyzed for Cu and Mo.

4. Geophysics

A. Induced Polarization Survey. Since the target is a "porphyry type" disseminated, low grade deposit, it is suggested that an Induced Polarization Survey be tried. Preferably the battery operated, transistorized type unit. This unit could be flown in by helicopter, since it is light in the event that the tote road into the property is not completed in time.

The first line is to be run over the mineralized outcrop and the response checked. If the unit does not behave properly over the mineralization, the survey is to be discontinued.

B. Magnetic Survey. Magnetic readings are to be taken on all lines. There is a good indication that magnetite is associated with copper mineralization.

5. Camp Construction and Maintenance

While the road construction is in progress and transportation is by helicopter, a simple tent camp can be maintained. This camp can be improved as soon as the road is completed.

6. Transportation

Until the road is completed, all transportation will be by helicopter from either Smithers, Houston, or Burns Lake. To cover all eventualities, 20 trips will be budgeted for an estimated 3 months.

7. Tote Road Construction

The proposed road as shown on fig. 6 will be 5 miles long and cross 2 creeks, which require either bridges or large culverts. Road construction in this part of the country should never be attempted in the spring when the ground is too wet, but always in mid or late summer.

The proposed route was studied from the helicopter and found to be satisfactory. The only potential trouble spot would be the first mile since the ground looks swampy in places. The cost estimate was purposely adjusted for this eventuality.

8. Bulldozer Trenching

As soon as the bulldozer finishes the road to the mineralized showing, the operator should try to strip the overburden in 4 different directions to determine how far the mineralization extends.

9. Geological Survey and Supervision

A competent geologist is to be retained to map the geology and direct the work.

10. Consultants

As soon as this program is completed, a consultant is to evaluate all data and recommend further exploration, which will probably consist of diamond-drilling to test the best anomalies.

COST ESTIMATE

1.	20 claims at \$25/per claim	\$ 500.00
2.	Line grid	3,000.00
3.	Geochemical Survey	
	40 mandays at \$30/manday	1,200.00
	Analyses 2400 samples	4,000.00
4.	Geophysics	
	A. Induced Polarization survey	
	20 linemiles at \$400/linemile	8,000.00
	B. Magnetic Survey	
	20 mandays at \$30/manday	600.00
5.	Camp construction	2,000.00
	Food 250 mandays at \$8/manday	2,000.00
6.	Transportation, Helicopter	
	20 trips 2 hr. roundtrip at \$300/trip	6,000.00
		<hr/>
	c/forward	27,300.00

		c/forward	\$27,300.00
7.	Tote Road Construction		
	16 days at \$300/day incl. 1 swamper		4,800.00
8.	Bulldozer Trenching		
	10 days at \$300/day		3,000.00
9.	Geological Survey and Supervision		
	one geologist 3 mos. at \$1200/mo.		3,600.00
10.	Consultants, report, etc.		<u>2,000.00</u>
		Total	\$40,700.00
		Contingencies 10%	<u>4,070.00</u>
			44,770.00
		Say	<u><u>\$45,000.00</u></u>

Respectfully submitted,

"R. WOLFE"

Robert Wolfe, P. Eng.

CERTIFICATE

I, Robert Wolfe of Halfmoon Bay, British Columbia, hereby certify that:

1. I am a geological engineer and reside at RR 1, Halfmoon Bay, B.C.
2. I am a graduate of the University of Alberta (B.Sc.63) and studied geology for an extra year at the University of British Columbia in 1963-64.
3. I have been employed by the following companies:

United Keno Hill Mines, Ltd.	1959-60
Fort Reliance Minerals	1961
Frances River Syndicate	1962
Kerr Addison Gold Mines	1963
Kennco (Western) Explorations Ltd.	1964
Meridian Syndicate (Canex, Noranda, Homestake)	1965-66
Meridian Syndicate (Homestake, Home Oil, Asbestos Corp.)	1967
Orequest Syndicate (Home Oil, Granby Mining Co., Pechiney Dev. Co.)	1968

Self employed since 1968.

4. I am a member of the Association of Professional Engineers of British Columbia.
5. I have no interest, direct or indirect in the property or securities of Derby Mines, Ltd. (N.P.L.) or any affiliate nor do I expect to receive any such interest.
6. I have based this report on a personal visit to the property.

Dated at Vancouver, B.C., this 18th day of August 1969.

"R. WOLFE"

R. Wolfe, P.Eng.
RR 1, Halfmoon Bay, B.C.

Rose, Gale & Co.
CHARTERED ACCOUNTANTS

The Shareholders,
Derby Mines Ltd. (N.P.L.)

We have examined the balance sheet of Derby Mines Ltd. (N.P.L.) as at July 31, 1969 and the statements of deferred exploration and administration expenses and source and application of funds for the period then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements present fairly the financial position of the company as at July 31, 1969 and the results of its operations for the period then ended, in accordance with generally accepted accounting principles.

“ROSE, GALE & CO.”

Chartered Accountants

Vancouver, Canada
November 17, 1969

EXHIBIT "A"

DERBY MINES LTD. (N.P.L.)
BALANCE SHEET AS AT JULY 31, 1969

ASSETS**CURRENT**

Cash		\$ 9,393.34
------	--	-------------

MINERAL CLAIMS (see Notes 1 and 2)

Acquired for cash	\$ 5,150.00	
Acquired for shares	<u>7,500.00</u>	12,650.00

DEFERRED

Exploration expenses	12,108.61	
Administration expenses	<u>1,235.13</u>	13,343.74

INCORPORATION EXPENSE

		<u>1,345.54</u>
--	--	-----------------

		<u><u>\$36,732.62</u></u>
--	--	---------------------------

LIABILITIES**CURRENT**

Accounts payable		\$ 1,730.12
------------------	--	-------------

SHARE CAPITAL

Authorized: 3,000,000 shares of 50¢ par value		<u><u>\$1,500,000.00</u></u>
---	--	------------------------------

Issued:

	<u>Number</u>	<u>Par Value</u>	<u>Discount</u>	<u>Net</u>	
For cash	275,005	\$137,502.50	\$110,000.00	\$ 27,502.50	
For property	<u>750,000</u>	<u>375,000.00</u>	<u>367,500.00</u>	<u>7,500.00</u>	
	<u>1,025,005</u>	<u>\$512,502.50</u>	<u>\$477,500.00</u>		<u>35,002.50</u>

		<u><u>\$36,732.62</u></u>
--	--	---------------------------

APPROVED ON BEHALF OF THE BOARD:

<u>"GEORGE WILSON"</u>	Director
------------------------	----------

<u>"GEORGE NEUMANN"</u>	Director
-------------------------	----------

EXHIBIT "B"

DERBY MINES LTD. (N.P.L.)

STATEMENT OF DEFERRED EXPLORATION AND ADMINISTRATION

EXPENSES FOR PERIOD MAY 5, 1969 (date of incorporation)

TO JULY 31, 1969

EXPLORATION

Assays	\$ 102.80	
Air charters	2,134.07	
Camp supplies	468.37	
Engineering fees and expenses	1,513.87	
Labour and prospecting	1,414.50	
License	200.00	
Maps and blueprints	100.00	
Recording fees	310.00	
Road construction	4,974.92	
Travel	890.08	\$12,108.61

ADMINISTRATION

Bank charges	4.60	
Office expenses	25.83	
Telephone	332.90	
Travel	169.55	
Legal	702.25	1,235.13

\$13,343.74

EXHIBIT "C"

DERBY MINES LTD. (N.P.L.)
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR PERIOD MAY 5, 1969 (date of incorporation) to
JULY 31, 1969

SOURCE OF FUNDS

Sale of shares	\$27,502.50
----------------	-------------

APPLICATION OF FUNDS

Purchase of mineral claims	\$ 5,150.00	
Exploration expenses	12,108.61	
Administration expenses	1,235.13	
Incorporation expenses	<u>1,345.54</u>	<u>19,839.28</u>

WORKING CAPITAL, July 31, 1969	<u><u>\$ 7,663.22</u></u>
--------------------------------	---------------------------

DERBY MINES LTD. (N.P.L.)

NOTES TO FINANCIAL STATEMENTS

AS AT JULY 31, 1969

1. The Company has acquired 50 mineral claims in the Goosly Lake area of the Omineca Mining Division for a consideration of 750,000 shares. In addition, the company subsequently staked 41 claims in the same area, the cost of which is included in Deferred Exploration Expenses. Apparently, 25 claims were overstaked and are in apparent contravention of Section 12 (1) of the British Columbia Mineral Act.
2. The Company has acquired 20 claims in the Shelford Hills Area of Omineca Mining Division for a consideration of \$5,150.00 cash. In addition, the company subsequently staked 32 claims in the same area, the cost of which is included in Deferred Exploration Expense.