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P R O S P E C T U S

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C A N O L M I N E S L I M I T E D

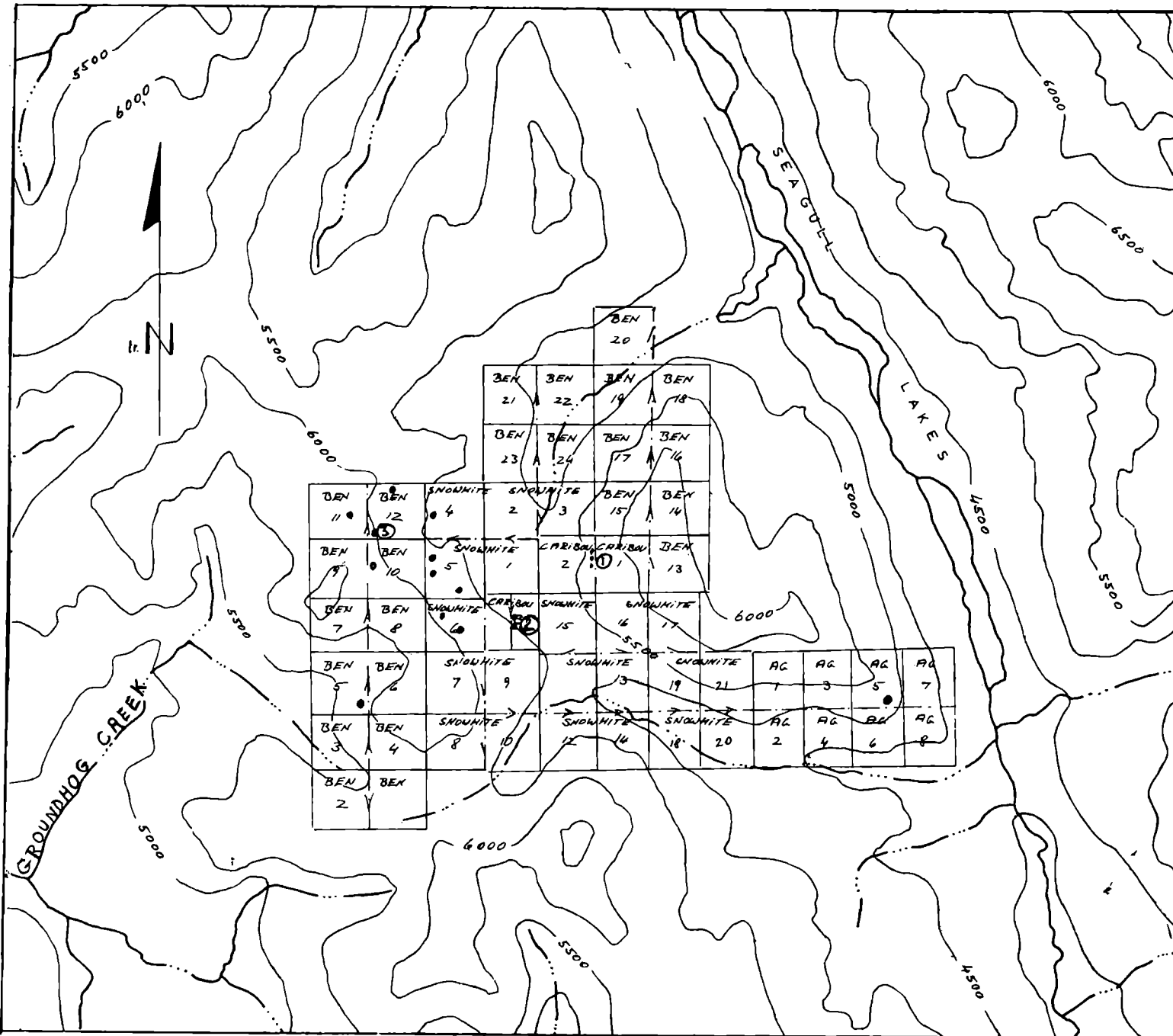
NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HEREUNDER AND ANY REPRESENTATION TO THE COMPANY IS AN OFFENCE.

NO SURVEY OF ANY PROPERTY OR PROPERTY INTERESTS HELD BY THE COMPANY HAS BEEN MADE AND, THEREFORE, IN ACCORDANCE WITH THE MINING LAWS OF THE APPROPRIATE JURISDICTIONS IN WHICH SUCH PROPERTY IS SITUATE, THE EXISTENCE OF AND THE AREA OF SUCH PROPERTIES COULD BE IN DOUBT.

PURCHASE OF THE SECURITIES OFFERED BY THIS PROSPECTUS MUST BE CONSIDERED A SPECULATION.

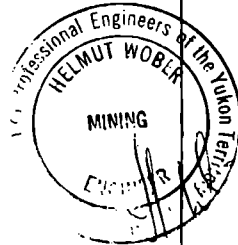
THERE IS NO EXISTING MARKET FOR THE SECURITIES OF THE COMPANY.

JULY 1967



Note: Location of showings not numbered approximately only Source of information Dr. Aho's report, 1956

(as of date of preparation of this map)



- ② Showing
- Fault
- Thrustfault

- Mississippian felsic breccias, tufts, chert, limestone
- brown & black sil. slate + shale
- Silurian and Devonian thickbedded dolomite
- Cambrian phyllite

MacDonald Consultants Ltd.

CANOL MINING

DRAWN	H.W.	CLAIM LOCATION GEOLOGY G.S.C. MAP 7-1960
DATE	Aug 66	
SCALE	1" = 1/2 mi	CLAIMSHEET 105F-10 #2
JOB	211	

CANOL MINES LIMITED

P R O S P E C T U S

(a) The full name of the Company is Canol Mines Limited and the address of its Head Office is 1403 1030 West Georgia Street, Vancouver, B.C.

(b) The Company was incorporated on the 2nd day of September, 1966, as a private company under the laws of the Province of British Columbia, pursuant to a Memorandum of Association.

(c) The Memorandum and Articles of Association of the Company were amended to convert the Company from a private to a public company. The certificate of conversion of the Registrar of Companies was dated the 13th day of July, 1967.

(d) The name, occupation, and home address of each director of the Company is:

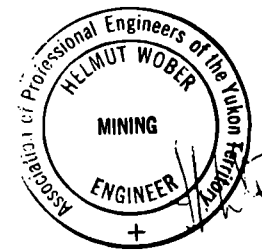
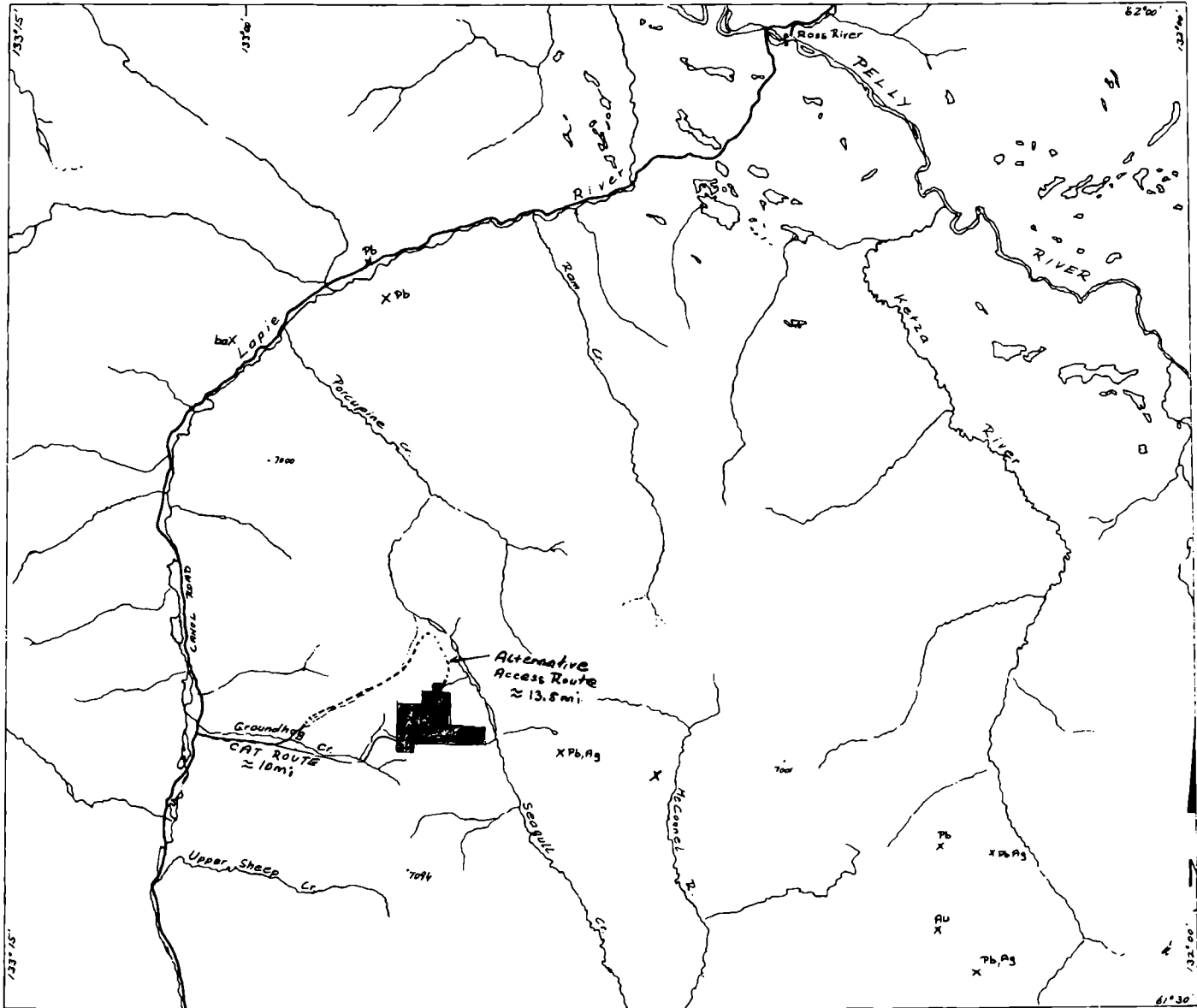
<u>NAME</u>	<u>OCCUPATION</u>	<u>HOME ADDRESS</u>
Armand Arsenault	Executive	555 Newdale Park Place West Vancouver, B. C.
Samuel J. Dumaresq	Retired	1462 Minto Crescent Vancouver, B. C.
Alexander W. Fisher	Solicitor	1870 West 35th Avenue Vancouver, B. C.
Edward A. Owen	Investment Counsellor	4455 Keith Road West Vancouver, B. C.
J. Aubrey Simmons	Mining Executive	#110 19th Street West Vancouver, B.C.
Peter Versluce	Prospector	Box 164 Whitehorse, Y. T.

Messrs. Arsenault, Dumaresq, and Peter Versluce are the promoters of the Company.

(e) The name and address of the Auditors of the Company is:

McDonald, Currie, and Co.
900 West Hastings Street
Vancouver 1, B.C.

(f) The name and address of the registry for shares of the Company and



MacDonald Consultants Ltd

CANOL MINING

DRAWN	H.W.	LOCATION MINERAL OCCURRENCES
DATE	Aug. 66	
SCALE	1" = 4 mi	
JOB	211	

#4

its Transfer Agent is:

Guaranty Trust Co. of Canada
624 Howe Street
Vancouver 1, B.C.

(g) The particulars of the share capital of the Company are:

Authorized: 3,000,000 shares without
nominal or par value, having
a maximum selling price of \$1.00

Issued and
fully paid up: 901,505

(h) There are no bonds or debentures outstanding or intended to be issued.

(i) 750,000 of the issued shares were issued for properties or an interest therein as hereinafter set out and are held in escrow with the Transfer Agent of the Company pursuant to an escrow agreement providing, inter alia, that except with the written consent of the British Columbia Securities Commission, holders of escrow shares shall not sell, deal in, assign, or transfer in any manner whatsoever or agree to sell, deal in, or assign beneficial ownership or interest in them and that without the written consent of the Commission the Transfer Agent shall not accept or acknowledge any transfer, assignment, declaration of trust, or other documents evidencing a change in legal or beneficial ownership of interest in the said shares except as may be required by reason of a death or bankruptcy of any one or more of the holders of escrow shares, in which case the Transfer Agent shall hold the said certificate representing such shares for whatever person or persons, firm or corporation that may thus become legally entitled thereto and that, in the event of the Company losing or not obtaining good and marketable title to or abandoning or discontinuing development of any of the property which was or formed part of the consideration for any of the said 750,000 shares, or in the event of the property not being as represented, there shall be surrendered by way of gift to the Company for cancellation such number of the said shares as the Superintendent in his sole discretion deems fair and equitable.

Pursuant to the terms of the option agreement, as referred to in Paragraph (m) (i) B, the Company is purchasing certain mineral claims and as consideration therefor is allotting shares (all of which are included in the 750,000 referred to above) and making periodic cash payments. Because the Company is making cash payments in addition to the allotment of shares, the vendors must surrender at the time each option payment is made the number of shares which such payment could purchase at the present offering price of 50 cents, provided however that this shall not apply in respect of option payments which are paid out of net smelter returns.

In addition to the escrow of the 750,000 shares referred to above, all of the 151,505 shares sold for cash up to the date of this Prospectus and while the Company was a private company shall be pooled and not dealt with in any way by the holders thereof until such time as the Superintendent of Brokers gives his consent to their release or transfer.

(j) (i) and (ii) The number of shares sold separately listed by price and the total cash received from the sale of shares is as follows:

5 shares at \$1.00	\$ 5.00
84,000 shares at 25¢	\$21,000.00
67,500 shares at 50¢	<u>\$33,750.00</u>
Total Cashed Received	<u>\$54,755.00</u>

(iii) and (iv) No commission or discount was paid or allowed on the sale of the shares or in consideration of the persons subscribing or agreeing to subscribe for any shares in the Company.

(k) No securities other than shares have been sold by the Company for cash.

(l) No cash has been paid or is to be paid and no shares have been issued or are to be issued for a consideration other than cash to any promoter of the Company, except as follows: S.J. Dumaresq was issued 50,000 shares, Peter Verslucé - 125,000 shares, and A. Arsenault 287,500 shares, in consideration for the transfer to the Company of all their interest in certain mining claims, particulars of which are set out fully in Paragraph (m) hereof.

(m) (i) A. The Company is the recorded and beneficial owner of the following mining claims, all located in the Watson Lake Mining District of the Yukon Territory, and all located under the Yukon Quartz Mining Act:

<u>Mining Claims</u>	<u>Record Numbers</u>
Ben 1 to 24 inclusive	Y13583 to Y13606 inclusive
AG I to AG VIII inclusive	Y16404 to Y16411 inclusive

All Ben Claims are located approximately two miles west of Lower Seagull Lake, latitude 69° 39', longitude 132° 47', Claim Sheet 10.5-F-10. The AG Claims adjoin Mining Claims Snowwhite 20 and 21 (hereinafter referred to) to the East. Claim Sheet 10.5-F-10.

B. The Company is the holder of an option to purchase the following mining claims, all of which are located in the Watson Lake Mining District and under the Yukon Quartz Mining Act:

Cariboo 1 to 3 inclusive	89296 to 89298 inclusive
Snowwhite 1 to 21 inclusive	Y2540 to Y2560 inclusive

The Cariboo and Snowwhite Claims are located approximately two miles west of Seagull Lake. Claim Sheet 10.5-F-10.

Full particulars of the option agreement are as follows:

1. The option to purchase the mineral claims was granted by Peter and Harry Versluce to Armand Arsenault by agreement dated the 4th day of August, 1966. A. Arsenault assigned all his interest under the the option agreement to the Company by agreement dated the 15th day of September, 1966, and by an agreement made in June, 1967, the payment schedule in the option agreement was amended. Under the amended option agreement, the purchase price is \$130,000.00, payable as hereinafter set out, and the allotment of 125,000 shares in the Company, all of which shares have now been allotted. The schedule of payments is as follows: \$1,500.00 upon the execution of the Agreement, \$3,500.00 on October 31st, 1966, and \$5,000.00 on December 15th, 1966 (these three payments have been made), and:

On or before June 15, 1967	\$ 3,000.00
On or before December 15, 1967	5,000.00
On or before June 15, 1968	5,000.00
On or before December 15, 1968	10,000.00
On or before June 15, 1969	5,000.00
On or before December 15, 1969	12,000.00
On or before June 15, 1970	10,000.00
On or before December 15, 1970	10,000.00
On or before June 15, 1971	15,000.00
On or before December 15, 1971	25,000.00
On or before December 15, 1972	20,000.00

2. The option may be exercised at any time prior to the 16th day of December, 1972.
3. The optionors, during the currency of the Agreement, have quiet and exclusive possession of the mining claims for mining purposes.
4. After commercial production commences, 10% of the net smelter returns shall be applied against the payments aforesaid, provided that the said payments shall not be reduced, notwithstanding that the said 10% be less than the next payment due but shall be increased to an amount equal to the said 10% if it exceeds the amount of the next payment due, such excess to be credited to subsequent payments until the full amount of \$130,000.00 is paid.
5. The optionee has the right to abandon any or all of the mining claims after the 4th day of August, 1967, provided that such abandonment shall not be within a period of thirty days prior to the expiration date of the claims to be abandoned.
6. The optionors have agreed to vote their escrowed shares in the

Company for the election of the optionee or his nominee as a director during such time as any issued shares of the Company are held in escrow, and the optionors are entitled to elect one director.

7. The agreement is dated the 4th day of August, 1966, and is between Peter Versluce and Harry Versluce as Optionors, and Armand Arsenault, a director and promoter of the Company, as Optionee, and was registered in the Office of the Mining Recorder at Watson Lake on the 31st day of August, 1966.

(ii) A. The Vendor of Mining Claims Ben Nos. 1 to 8 inclusive is Bernard Ouellette of the Taku Hotel, Box 1141, Whitehorse, Y.T., and the consideration received by him from the Company for the transfer of the mining claims is 287,500 shares in the capital stock of the Company. The Vendor of Mining Claims Ben Nos. 9 to 24 inclusive is Armand Arsenault, a director and promoter of the Company, whose address appears elsewhere in this Prospectus and the consideration received by him for the transfer of the mining claims and option to the Company is 287,500 shares. The Vendor of the AG Mining Claims is Samuel J. Dumaresq, a director and promoter of the Company, whose address appears elsewhere in this Prospectus and the consideration received by him for the transfer of the mining claims to the Company is 50,000 shares.

B. The assignor of the option to purchase the Cariboo and Snowwhite mining claims is Armand Arsenault and the consideration received by him for the assignment for his interest in the option agreement was the said 287,500 shares referred to in Paragraph A. Pursuant to the terms of the option agreement, Peter Versluce was entitled to be issued 125,000 shares in the capital stock of the Company and these shares have been issued to him.

All of the shares referred to in Paragraphs A and B are escrowed to the order of the Superintendent of Brokers as set out in Paragraph (m) (i) B.1.

(iii) No person or company has received, or is to receive, from the Vendors of property to the Company, an interest in the consideration received greater in amount than one-twentieth thereof, so far as the Company is aware.

(iv) Access is gained to the property from Johnson's Crossing on the Alaska Highway by the Canol Road. At approximately Mile 100 on the Canol Road, a pack trail leads up Groundhog Creek and over a mountain pass to the property.

Fixed wing aircraft can land on the nearby Seagull Lakes.

(v) There is no underground exploration, development, plant or equipment.

(vi) There is no surface development, plant, or equipment and a very limited amount of surface exploration which consists almost entirely of trenching.

(vii) There is very little history of the property. Apart from early prospecting for placer gold early in the century and reconnaissance work done by the geological survey in the thirties, the area was dormant until the Canol Road built during World War II provided better access to the district. Prospecting in 1963 uncovered mineralized showings on the property and a certain amount of surface exploration was carried out but the property was later dropped by the former owner. With the revived interest in the Vangorda and Dynasty areas, the property was again prospected and staked by the Vendors herein referred to.

(viii) The only work done by the Company under the present management is a certain amount of trenching and soil sampling completed during 1966.

(n) The Company has entered into an Underwriting Agreement covering 200,000 shares with Yorkshire Securities Limited, dated the 21st day of June, 1967. There are no securities of the Company over which options have been or are to be given.

(i) No sub-options or sub-underwriting agreements have been made or are proposed in connection with the said Underwriting.

(ii) No assignments have been made or are proposed in connection with the said Underwriting.

(iii) The price of the shares subject to the Underwriting is 45 cents per share and when purchased will net the treasury of the Company \$90,000.00. None of these shares will be sold to the public at a price greater than 50 cents per share. The Underwriting is a firm commitment to be exercised and paid for in full forthwith upon the acceptance for filing of this Prospectus by the British Columbia Securities Commission.

(iv) and (v) There being no options, there are no grantees of options.

(vi) The Underwriter, Yorkshire Securities Limited, is entering into the Underwriting Agreement on its own behalf.

(o) The plan for the future exploration and development of the Company's property is the recommendations set out in the report of H. Wober, P. Eng., dated December 15th, 1966. Mr. Wober has written three reports on the Company's property, the last of which is the one before referred to and dated December 15th, 1966. This report was amended by a supplementary report dated April 3rd, 1967. This amended report of December 15th, 1966 refers to the work completed by the Company and contains recommendations for the 1967 program. Although all reports have been filed with the B.C. Securities Commission, the Company intends to include only the December 15th, 1966 report as amended in this Prospectus.

The amount to be spent at this time on the Company's property is approximately \$62,000.00, being the expenditure recommended by Mr. Wober for phases 1 and 2 of his three-phase program. This sum of money will be expended as follows:

Phase 1

Mapping and prospecting of the total claim area, soil sampling and Ground EM Survey, completion of access road to showing no. 1, cleaning out old trenching and continuing trenching along the strike of the vein, improving access road from the Canol Road, to the property \$29,805.00

Phase 2

Trenching on showing no. 2, diamond drilling on showing no. 1, further mapping and prospecting and recognize soil sampling on the remainder of the property \$31,810.00

Total \$61,615.00

Balance from Underwriting \$28,385.00

Total proceeds from Underwriting \$90,000.00

The balance of the proceeds from the Underwriting of approximately \$28,000.00 will be used to meet the general corporate expenses of the Company and to commence Phase 3 of the program if the results from Phases 1 and 2 warrant it.

Certain of the Company's mineral claims are in dispute because of an alleged failure to properly tag the location posts and until this matter has been clarified and settled, none of the proceeds of the Underwriting will be spent on these claims.

No part of the funds of the Company 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 jurisdictions in which securities offered by this Prospectus may lawfully be sold.

Should the Company propose to use the funds of the Company to acquire non-trustee type securities after the initial distribution of the securities offered by this Prospectus, permission of the shareholders will be obtained and disclosure will be made to the regulatory security bodies having jurisdiction over the sale of the securities offered hereby.

(p) The Company has incurred expenses in the formation or incorporation of the Company and the development of its property in the amount of approximately \$57,000.00, and it is estimated that future expenditures of preliminary matters will not exceed \$5,000.00.

(q) There is no substantial indebtedness to be created or assumed by the Company, that is not shown on the Balance Sheet filed with the Superinten-

dent of Brokers and dated April 17, 1967, which accompanies and forms part of this Prospectus.

(r) The principal business in which each Director has been engaged for the preceding three years, the firm or company with which he was thus engaged, and his position therein are:

<u>Director</u>	<u>Business</u>	<u>Firm</u>	<u>Position</u>
Armand Arsenault	Diamond Drilling	A. Arsenault Diamond Drilling Ltd.	President
Samuel J. Dumaresq	Steel Fabrication	Columbia Steel Fabricating and Engineering Ltd.	Executive
Alex. W. Fisher	Law	Davis and Company	Partner
Edward A. Owen	Stock Brokers	Pemberton Securities Ltd.	Investment Counsellor
J. Aubrey Simmons	Mining	Arctic Mining and Exploration Ltd.	President
Peter Versluce	Prospecting	Self-Employed	Prospector

(s) No director or officer of the Company nor any firm in which a director or officer of the Company is or was a partner has any interest, directly or indirectly, in any property at any time acquired or in which any interest was at any time acquired by the Company except as set out in Paragraph (m).

(t) (i) and (ii) No remuneration has been paid to the directors or officers of the Company since its incorporation, except as referred to in Paragraph (1).

(u) It is not intended to pay any remuneration to any officer or director of the Company during the current fiscal year.

(v) The directors are able to elect or cause to be elected a majority of the directors of the Company by reason of beneficial ownership of shares of the Company.

(w) No dividends have been paid since the incorporation of the Company.

(x) There are no other material facts not disclosed under other provisions of the "Securities Act", being Chapter 55 of the Statutes of British Columbia, 1962, as amended.

(y) The foregoing constitutes full, true, and plain disclosure of all material facts in respect of the offering of the securities referred to above

as required by the said "Securities Act" and there is no further material information applicable other than in the financial statements or reports where required.

DATED at Vancouver, British Columbia, this 14th day of July, 1967.

Armand Arsenault By
His Attorney

"J.A. Simmons"

J. Aubrey Simmons

"Samuel J. Dumaresq"

Samuel J. Dumaresq

"E. A. Owen"

Edward A. Owen

Peter Versluce By
His Attorney

"J.A. Simmons"

J. Aubrey Simmons

"J.A. Simmons"

J. Aubrey Simmons

"A. W. Fisher"

Alexander W. Fisher

(z) To the best of our knowledge, information, and belief, the foregoing constitutes full, true, and plain disclosure of all material facts in respect of the offering of the securities referred to above as required by the said "Securities Act", and there is no further material information applicable other than in the financial statements or reports where required.

YORKSHIRE SECURITIES LIMITED

Per

"G. V. Ballentine"

CANOL MINES LIMITED (N.P.L.)

4853 Main Street
Vancouver, B. C.

REPORT ON

EXPLORATION RESULTS TO DATE

AND

RECOMMENDATIONS FOR 1967 PROGRAM

Compiled for:

MR. A. ARSENAULT PRESIDENT

By: H. Wober, P. Eng.
MacDONALD CONSULTANTS LTD.
11 425 Howe Street
Vancouver 1, B. C.

Telephone: 681-7493

MacDONALD CONSULTANTS LTD.

Suite 11 - 425 Howe Street, Vancouver 1, B.C.

December 15th, 1966

Canol Mines Limited, (N.P.L.)
4853 Main Street
Vancouver, B.C.

Attention: Mr. A. Arsenault, President

Dear Mr. Arsenault:

Attached is our report containing references to the work completed on the Canol Mines Limited (N.P.L.) property located on Ground Log Creek of the Yukon Territory in the 1966 exploration season and our recommendations with cost estimates for the program to be carried out in the 1967 season.

It is our professional opinion that this property merits continuing work and the recommended program is designed to define the showings as quickly and as economically as possible.

Yours very truly,

MacDONALD CONSULTANTS LTD.

H. Wober, P. Eng.

HW/slb

MacDONALD CONSULTANTS LTD.

Suite 11 - 425 Howe Street, Vancouver 1, B.C.

Canol Mines Limited (N.P.L.)
4853 Main Street
Vancouver 10, B.C.

Attention: Mr. A. Arsenault, President

INTRODUCTION

The results of the exploration work carried out in 1966 are encouraging and warrant an extension of the program in 1967. The results were such that a modification of the original program has become necessary and its shown in the cost estimate, this means a greater expenditure for certain stages of the exploration program.

RESULTS OF WORK IN 1966

The results of the trenching program have already been discussed in the progress report of November 25th, 1966.

The soil samples taken so far were re-assayed and showed a strong geochemical response with high background values. The assays are high, not only on the immediate area of showing #2, but also further to the north and west on lines 36 to 52 inclusive. They range from 200 to 1,300 p.p.m. Pb. and reach an high of 2.7% Pb. in the area of showing #2. The background values range from 10 to 80 p.p.m. Pb. (See Map #1 and 1A).

PROGRAM 1967

1. General

In order to obtain all information under close control it is recommended that a geologist be stationed on the property during the entire season of 1967. Three summer students should be employed for linecutting, picketing and soil sampling, two of which should be familiar with this type of work.

The exploration program should be scheduled so that the stages of work are

carried out in the proper sequence in order to ensure an economical operation and reliable results. Since road access to the property is now established, the program should be independent of helicopter services.

2. Surveying, Mapping and Prospecting

For detailed geological mapping and ground control it is recommended a topographical map on a scale of 1" = 1,000 ft. should be compiled from airphotographs to aid in detailed geological mapping and for ground control. The existing government photography will have to be checked for accuracy for this purpose. The map compilation would comprise approx. 60 square miles, and the costs would be approximately \$2,400.00 using the existing photography.

The whole area of the claim groups should be mapped geologically in detail and carefully prospected. The 1" = 1000' map and areal photographs should be used for this work.

Special emphasis should be put on the examination of the additional showings described in Dr. A.E. Aho's report, 1956 on the "Seagull Lake Silver Lead Property" submitted to the British Yukon Exploration Company Ltd. This report was recently made available to the Company and the writer. The approximate position of these showings is plotted on attached map #2.

All line grids for soil sampling and ground geophysics should be surveyed and the survey tied in to prominent topographical features.

3. Soil Sampling

The grid lines are to be extended as shown on attached map. Where bush and higher vegetation is encountered the lines should be cut and picketed. In the open areas with low vegetation picketing alone is sufficient. The lines should be established at 400' spacings initially with pickets at 200' intervals where the soil samples are to be taken. In areas of geochemical highs fill-in soil sampling is recommended on intermediate lines at 200' intervals and at 100' spacing in the immediate area of the anomaly.

Total estimated linecutting at 400' intervals in 1967 is estimated at 14.2 miles. The number of initial soil samples required is estimated to total 450. The soil samples should only be assayed for lead initially as no copper mineralization of economical interest was encountered in the area to date. The visible copper stain can be traced to tetrahedrite-galena mineralization and in areas of anomalous high Pb. values it is recommended that the samples be assayed for copper as well. The tetrahedrite-galena mineralization encountered to date contains less silver than the pure galena mineralization, i.e. the silver-lead ratio is lower. Therefore, if several Pb. anomalies are found, priority should be given to those with the lower copper values. Reconnaissance soil sampling along contour lines is recommended on claims BEN 1-5 inclusive, Snowwhite 19, 21, AG 1-8 and along the east facing slope of Seagull Lakes Valley until the traverse reaches BEN 18, 19.

4. Geophysics

Before an expensive trenching program is started on geochemical anomalies which have no other indications such as mineralized float, the immediate area of the geochemical anomalies should be tested geophysically with a Ronka-type EM-unit. This will help to pin point the source of mineralization causing the anomaly closer on the ground.

By careful interpretation of geochemical and geophysical results in conjunction with topography and drainage, the costs for trenching and/or diamond drilling can be substantially reduced. Also it is possible to establish the priority of the most promising targets. As pointed out in the original report of the writer on this property a geophysical survey is justified in areas which have responded geochemically.

5. Trenching

Bulldozer trenching should only be done on well defined targets as the cost of this type of operation is quite high.

(a) Showing #1: A cat road has been completed close to this showing. Further work was made impossible this year because of the weather conditions and the breakdown of the cat.

Only one of the trenches on this showing exposed the vein in place and although most of the trenches contained galena float, the vein was not exposed in place in the others. It is therefore recommended that trenching be continued on this showing in an attempt to expose the vein along strike. The location and the extent of the mineralization along strike should be established if possible.

(b) Showing #2: See also progress report of November 25th, 1966. It would be preferable to do more detailed soil sampling at close spacing and an electromagnetic survey over the area of showing #2 before trenching is resumed.

The crosslines of the grid should be extended to the East of the Baselines and this programme of soil sampling and ground geophysics should be given top priority for two reasons: First, because it is a most promising showing and secondly, in order to schedule the trenching to commence as soon as the bulldozer is finished on showing #1.

(c) Further trenching will be laid out based on the results of the geochemical and geophysical work obtained during the season.

6. Diamond Drilling

Diamond drilling should be done only on well defined targets and to explore any located veins at depth. As it is essential to obtain good core recovery where the diamond drill holes intersect sulphide mineralization, it is

recommended that wire-line equipment and a minimum size of BX but preferably NX core be used. The higher costs will be fully justified by obtaining more reliable information.

The first diamond drill target is to be Showing #1. Available information on pack sack diamond drilling done by previous owners of the property indicates that poor core recovery at the critical footage of the projection of the vein failed to give reliable information.

Three hundred feet of diamond drilling is recommended initially to explore the extension of the vein to approximately 50' downdip from surface and along the indicated strike length. Drill sites will probably have to be prepared on the slope of the hill for this purpose and will involve minor excavations with the bulldozer.

The indications by trenching, soil sampling in 1966 and the widespread mineralization observed in the area are such that drilling targets will most probably emerge during the season but will have to be closer defined by initial work. Therefore funds for additional 1,500' of diamond drilling should be made available to follow up the results of the initial drilling on Showing #1; for the investigation of Showing #2; and to pursue diamond drill targets located during the season by systematic geochemical work and ground geophysics.

7. Alternative Access Route

Experience during the later part of this season showed that heavy snow drifts up to 9 feet high made the present access road quite difficult to maintain during the winter months. It is therefore recommended that an alternative access route be explored as soon as work is resumed on the property. A possible new access route is shown on attached map sheet #4. This access route, although approximately 3.5 miles longer than the 10' miles long present access road is of flatter grade and stays in vegetation all the way according to the government map. This would mean less snow-drifts and easier and cheaper maintenance. The shorter route could still be used in summertime.

8. Winter Operation

Since it is essential for future operations on the property to obtain information about snow conditions, water supply during wintertime, areas within the reach of snowslides and avalanches, temperatures, etc., it is recommended to station two men on the property by the middle of January, who are to make all the above observations. At the same time they should prepare a base camp for the summer operation and maintain the access road in good condition during and after breakup time and bring supplies for the summer program to the property. The John Deere tractor should be used for this work.

Weather permitting, as much hand cobbing of high grade ore as possible from the known Showings #1 and #2 should be done by the two men during this period. The two man crew would be on the property for approximately 3 months.

9. Estimated Cost of Recommended Program

Winter Program:	2 men, 3 months, \$750.00/month	\$ 4,500.00
	John Deere Tractor 280, transport	3,400.00
	Road improvement and alternative route 300 hrs. @ \$15.00/hr. John Deere	4,500.00
	Camp and food	1,350.00
	Radio Rental and Communications	900.00
	Whitehorse Office	200.00
	Fuel stockpile	4,000.00
	Contingencies	<u>1,000.00</u>
		\$ 19,850.00
Summer Program:	1 Geologist Surveyor, 6 months	6,960.00
	2 senior students, 2 months (475 + 25% + 20%)	2,760.00
	1 junior student, 2 months (450 + 25% + 20%)	1,305.00
	1 cook (\$600.00 + 20% fringes) 6 months	4,320.00
	Surveying and map compilation	2,400.00
	Geophysics (EM survey, approximately 8 line miles) including compilation	2,000.00
	Trenching 400 hrs. D8 or equivalent \$35/hr. = \$14,000 less \$4,000 for fuel stockpiled during winter program	10,000.00
	Diamond drilling 300' NXWL	7,500.00
	1500' NXWL	37,500.00
	Camp and food \$7.50 per man/day	7,000.00
	Radio and communication, 6 months	1,800.00
	Truck - \$500/month, 6 months rental purchase basis	3,000.00
	Assaying, geochem. and others including freights	1,000.00
	Pickets and sampling supplies	200.00

Engineering supplies	\$ 400.00
Freight (Whse. Property - Whse.)	2,500.00
Mobilization (Fares Vanc. - Whse. - Vanc.)	2,000.00
Consultants fee and expenses	3,000.00
Final report and compilation of all results	1,500.00
Contingencies = 10% of budget	<u>11,000.00</u>
Total excluding 1500' NXWL	\$ 90,495.00
	<hr/>
Total including 1500' NXWL	<u>\$127,995.00</u>

Respectfully submitted,

MacDONALD CONSULTANTS LTD.

"H. Wober"

H. Wober, P. Eng.

MacDONALD CONSULTANTS LTD.

Suite 11 - 425 Howe Street, Vancouver 1, B.C.

CERTIFICATE

I, Helmut Wober, with business and residential address in Vancouver, B.C. do hereby declare:

1. I am a consulting engineer.
2. I am a graduate of the Montanistische Hochschule Leoben, Austria, 1963.
3. I am a registered professional engineer in the Yukon and in British Columbia.
4. I have gained experience in mining and exploration geology in positions of responsibility with Nordisk Mineselskab A/S in East Greenland in 1961 and 1962, with United Keno Hill Mines from 1964 to 1966. I have last held the position of Chief Mine Geologist with United Keno Hill Mines when I resigned to join MacDonald Consultants Ltd. in May 1966.
5. I have personally studied all available information on the geology of the area described.
6. I do not have, nor do I expect to have, any interest, directly or indirectly, in any properties or securities of the company referred to in this report.

Respectfully submitted,

"H. Wober"

H. Wober, P.Eng.

MacDONALD CONSULTANTS LTD.

Suite 11 425 Howe Street, Vancouver 1, B.C.

April 3, 1967

Canol Mines Limited
4853 Main Street
Vancouver, B.C.

Re: Amendment to Exploration Program, 1967

INTRODUCTION

MacDonald Consultants were requested by the Company to break down the proposed exploration program into phases of work.

MacDonald Consultants were further advised that the proposed winter program was curtailed because of severe weather and snow conditions.

The following is a schedule of work for the summer which shows the program divided into three phases. Time and costs are accounted for in each phase separately. The phases of work are laid out in a way that the second and third phases are logically following up on the results obtained by the first.

Phase I

Map and prospect total claim area, cut lines and/or picket as laid out (14.2 line miles).

Soil sample whole grid area and carry out a ground EM survey.

Complete access to Showing #1 and clean out old trenches, continue trenching along the strike of the vein. Improve access road from the Canol road to the property.

<u>Cost Estimate:</u>	1 Geologist	Surveyor	2 months	\$ 2,320.00
	2 Senior Students		2 months	2,760.00
			(475.00 + 25% + 20%)	
	1 Junior Student		2 months	1,305.00
			(450.00 + 25% + 20%)	

1 Cook (600.00 + 20% Fringes), 2 months	1,440.00
Geophysics (EM, approx. 8 miles)	2,000.00
John Deere tractor, road improvement and alternative route, 300 hrs. @ \$15/hr.	4,500.00
Trenching, 200 hrs. on Showing #1, John Deere	3,000.00
Radio rental and communications	600.00
Assaying, geochem. and others including freight	1,000.00
Pickets and sampling supplies	200.00
Engineering supplies	400.00
Freight (Whse. Property - Whse.)	1,000.00
Camp and food (6 men 2 months)	2,700.00
Mobilization (fares, Vanc. - Whse. - Vanc.)	1,000.00
Truck rental	1,000.00
Consultant's fees	1,000.00
Report and compilation of results	750.00
Whitehorse Office	100.00
Contingencies	<u>2,730.00</u>
TOTAL Phase I	<u>\$29,805.00</u>

Phase II

Trenching on Showing #2 and Geochem. and/or EM anomalies. Diamond drilling on Showing #1.

Frurther mapping and prospecting. Reconnaissance soil sampling on remainder of property.

<u>Cost Estimate:</u> 1 Geologist Surveyor 2 months	\$ 2,320.00
1 Cook - 2 months including Fringes	1,440.00
Trenching 300 hrs. D8 or equivalent \$35/hr.	10,500.00
Diamond drilling Showing #1, 300' NQ	7,500.00

John Deere tractor transport - 80 hrs.	\$ 1,200.00
Camp and food	2,000.00
Radio and communications 2 months	600.00
Truck	1,000.00
Freight	1,000.00
Consultants fees and expenses	1,000.00
Whitehorse Office	50.00
Contingencies 10%	<u>3,200.00</u>
TOTAL Phase II	<u>\$31,810.00</u>
Subtotal Phase I and II	\$61,615.00

Phase III

Diamond drilling Showing #2 and other targets emerging out of the program.

<u>Cost Estimate:</u> 1500' NQ	\$37,000.00
1 Geologist Surveyor	2,320.00
Camp and food, including cook	2,000.00
Radio and communications	600.00
Truck	1,000.00
Freight	500.00
Demobilization	2,000.00
100 hrs. D8 trenching	3,500.00
Consultants fees and expenses	1,000.00
Final report and compilation of all results	750.00
Contingencies 10%	<u>4,700.00</u>
TOTAL Phase III	<u>\$55,370.00</u>
TOTAL Phases I, II and III	<u>\$116,985.00</u>

Estimated Cost of Winter Program to date:

\$ 10,000.00

GRAND TOTAL 1967

\$126,985.00

Respectfully submitted,

MacDONALD CONSULTANTS LTD.

"H. Wober"

H. Wober, P. Eng.

Map #3 showing the Line Cutting Soil Sampling Geophysics has been omitted, as well as the Geochemical Maps #1 and #1A. They are, however, available for inspection at the Company's office.

FINANCIAL STATEMENT FILE

CANOL MINES LIMITED

FINANCIAL STATEMENTS

FOR THE PERIOD FROM SEPTEMBER 2, 1966
(Date of Incorporation)

TO APRIL 17, 1967

McDONALD, CURRIE & COMPANY

Chartered Accountants

Telephone 682-7821
900 West Hastings Street
Vancouver 1, British Columbia, Canada

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Canol Mines Limited as at April 17, 1967, and the statement of source and use of funds for the period ended on that date. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statement of source and use of funds, when read in conjunction with the notes and schedules thereto, present fairly the financial position of the company as at April 17, 1967, and the results of its operations for the period ended on that date in accordance with generally accepted accounting principles.

McDONALD, CURRIE & CO.

CHARTERED ACCOUNTANTS.

Vancouver, B.C.
April 25, 1967

CANOL MINES LIMITED
BALANCE SHEET AS AT APRIL 17, 1967

<u>ASSETS</u>		<u>LIABILITIES</u>	
CURRENT ASSETS		CURRENT LIABILITIES	
Cash in bank	\$ 967	Accounts payable and	
Prepaid expense	<u>465</u>	accrued liabilities	\$ 3,472
MINERAL PROPERTIES (notes 1 and 2)	760,000		
FIXED ASSETS at cost (note 3)	3,950	<u>SHAREHOLDERS' EQUITY</u>	
DEFERRED COSTS (note 1)		CAPITAL STOCK	
Exploration and development		Authorized	
per schedule	37,357	3,000,000 shares without nomi-	
Administrative per schedule	3,798	nal or par value	
Incorporation	<u>1,690</u>	with a maximum price	
	42,845	of \$1 per share	
	_____	Issued and fully paid (note 5)	
	\$808,227	750,000 shares for	
	=====	mineral properties 750,000	
		<u>151,505</u> shares for cash <u>54,755</u>	
		901,505 shares	<u>804,755</u>
			\$808,227
			=====
SIGNED ON BEHALF OF THE BOARD			
J. A. SIMMONS, Director			
A. ARSENAULT, Director			

CANOL MINES LIMITED

STATEMENT OF SOURCE AND USE OF FUNDS

FOR THE PERIOD FROM SEPTEMBER 2, 1966
(Date of Incorporation)

TO APRIL 17, 1967

SOURCE OF FUNDS

Capital stock issued for cash 151,505 shares	\$ 54,755
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USE OF FUNDS

Mineral property option payments	\$ 10,000	
Purchase of equipment	3,950	
Exploration and development costs	37,357	
Administrative costs	3,798	
Incorporation costs	<u>1,690</u>	<u>56,795</u>

WORKING CAPITAL DEFICIENCY - April 17, 1967 \$ 2,040

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CANOL MINES LIMITED

SCHEDULE OF DEFERRED EXPLORATION AND DEVELOPMENT COSTS

FOR THE PERIOD FROM SEPTEMBER 2, 1966
(Date of Incorporation)

TO APRIL 17, 1967

Assaying	\$ 198
Camp supplies	1,854
Communications	45
Consultants' fees, including line cutting, mapping, sampling and recording of work	10,390
Equipment rental	8,000
Equipment repairs and maintenance	25
Freight	607
Fuel	1,203
Miscellaneous supplies	265
Recording fees	450
Road construction	6,399
Transportation	2,565
Tools and field supplies	235
Wages and wage assessments	5,121
	<hr/>
TOTAL (note 4)	\$ 37,357
	<hr/> <hr/>

CANOL MINES LIMITED

SCHEDULE OF DEFERRED AMINISTRATIVE COSTS

FOR THE PERIOD FROM SEPTEMBER 2, 1966
(Date of Incorporation)

TO APRIL 17, 1967

Accounting	\$ 550
Audit	750
Bank charges	34
Legal	2,148
Office and stationery	131
Telephone	185
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TOTAL	\$ 3,798
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CANOL MINES LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE PERIOD FROM SEPTEMBER 2, 1966
(Date of Incorporation)

TO APRIL 17, 1967

1. VALUES

The amounts shown for mineral properties and deferred costs represent costs to date and are not intended to reflect present or future values.

2. MINERAL PROPERTIES

As at April 17, 1967 the company owned, or had the right to acquire under option, the following mineral properties:

32 mineral claims at the value ascribed to 625,000 shares of the company issued as consideration therefor;	\$ 625,000
24 mineral claims, being acquired under an option, for cash payments totalling \$130,000 plus 125,000 shares having an ascribed value of \$125,000; the option is exercisable by payments in varying amounts to December 15, 1972; as at April 17, 1967 the 125,000 shares had been issued and \$10,000 cash had been paid; pursuant to the requirements of the B.C. Securities Commission the optionors must surrender, at the time each remaining option payment is made, the number of shares which such payment could purchase at 50¢ per share, provided however that this will not apply with respect to option payments paid out of net smelter returns;	<u>135,000</u>
<u>56</u>	<u>\$ 760,000</u>

As at April 17, 1967 title to 21 mineral claims, being acquired under option, is in dispute with respect to the tagging of staking posts.

3. DEPRECIATION OF FIXED ASSETS

No depreciation has been taken on the fixed assets to April 17, 1967.

4. NORTHERN MINERAL EXPLORATION ASSISTANCE REGULATIONS

In consideration for the right to receive a 40% rebate of expenses incurred in a specified exploration programme undertaken pursuant to the provisions of the Northern Mineral Exploration Assistance Regulations, the company has covenanted to confine its mining activities to Northern Canada, as defined in the said Regulations. As at April 17, 1967, the company had not made formal application for such a rebate. Application has not been made because of the inability of the approving officer to inspect the property under exploration due to winter conditions.

5. CAPITAL STOCK

During the period from September 2, 1966 (date of incorporation) to April 17, 1967, the company issued the following shares of its capital stock

750,000 shares for mineral properties	\$ 750,000
<u>151,505</u> shares for cash	<u>54,755</u>
901,505	\$ 804,755
<u><u> </u></u>	<u><u> </u></u>