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SUMMARY REPORT

TERRY GOLD EXPLORATIONS INC.

MARTER, TERRY & BRYCE TOWNSHIPS

ONTARIO

by

C. W. Archibald, B.A.Sc., P. Eng.

30th June, 1980

GENERAL SUMMARY

The three properties owned by the Company total approximately four-hundred and eighty acres with three-hundred and twenty acres in Marter Township, eighty acres in Terry Township and eighty acres in Bryce Township. All three properties are in Ontario, south and south-west of the town of Kirkland Lake, as shown on Figure I.

The properties in Marter and Terry Townships are accessible by road and the Bryce Township property within a half-mile of a road.

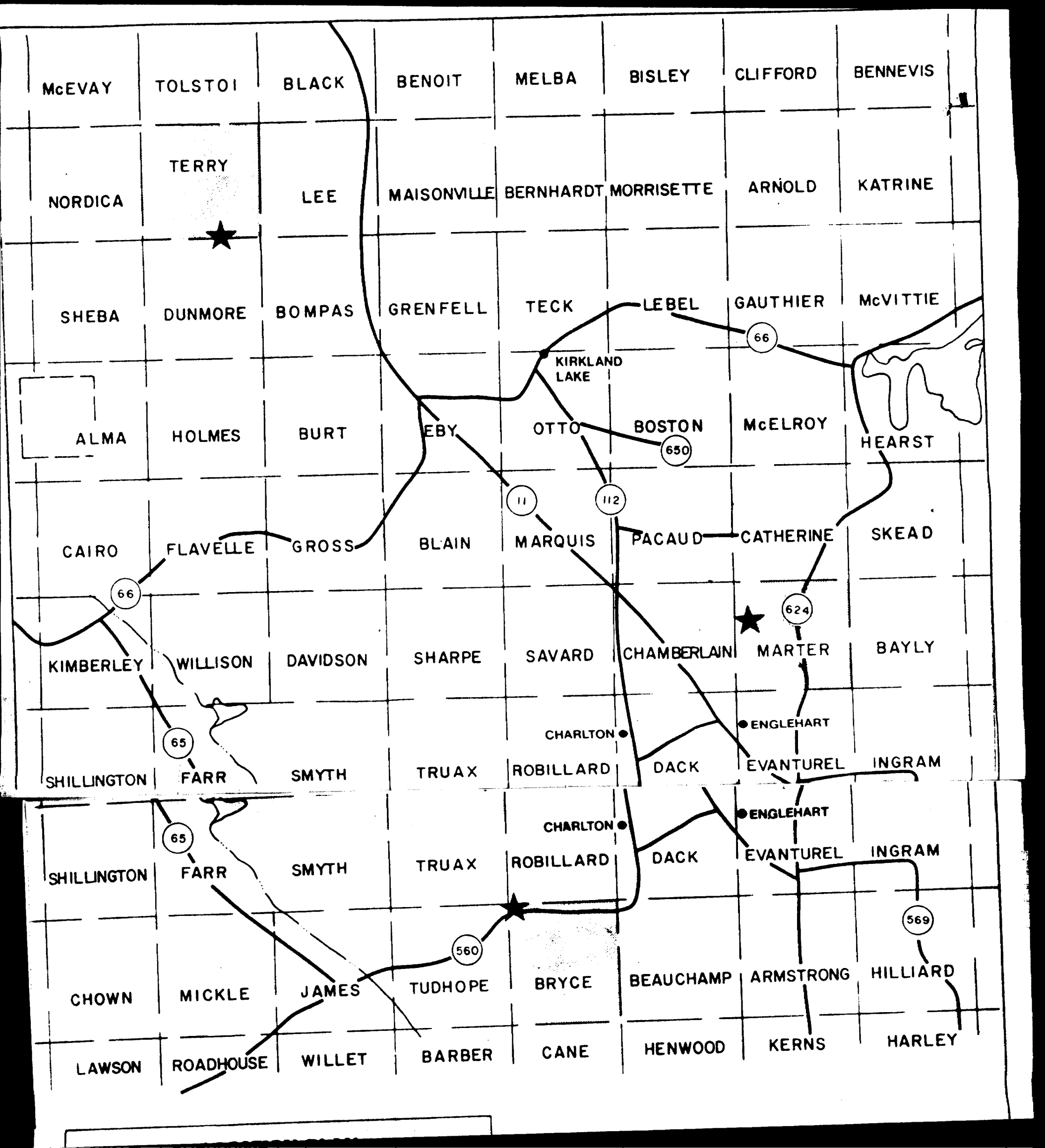
All the properties are gold prospects and for one reason or another, each of them have had only limited exploration in the past. The Marter Township property is over 90% covered by overburden but in the only outcrop area, gold values were reported. The other two properties both have reported gold values but both have been neglected as they are underlain by granite.

In my opinion, all three properties warrant an exploration program.

Recommendations for exploration vary from property to property as do the expenditures.

Total of expenditures for all three properties is estimated to be \$133,100.00.

In the following report, each of the properties has been reported separately.



## TERRY TOWNSHIP PROPERTY

P R O P E R T Y

The property consists of two contiguous mining claims or approximately eighty acres in the south part of Terry Township, Ontario.

The claims are numbered L-537924 and L-537925.

L O C A T I O N & A C C E S S

The property is in Terry Township, approximately twenty miles west of the town of Kirkland Lake, Ontario, and can be reached by road.

From Highway 11, one can drive south-west on Highway 66 for a distance of 17.4 kilometers (10.8 miles) before turning north-west on a gravel road. Then continue some 27.8 kilometers (17.3 miles) on the gravel road towards Watabeag Lake. At this point, go north-east on a sandy lumber road some 10.6 kilometers (6.6 miles) towards Fall Duck Lake and the property.

Lumbering roads cross the property, as shown on Figure 3.

## H I S T O R Y

The only showing known to be on the claims, an outcropping of slightly mineralized quartz, was discovered in 1908 near the two mile post of the south side of Terry Township. A pit, approximately twenty feet deep, was sunk on the quartz.

In 1914, four diamond drill holes, totalling 1,014 feet, were drilled on the quartz showing from the footwall side. Values of 0.90 cents to \$14.00 in gold (with the price of gold at \$20.00 per ounce) and 'from two to three ounces per ton' of silver were reported from hole Number 3. No core lengths are reported but it is reported that the centre of the vein was barren.

To my knowledge, no work has been done on the vein or within this claim area since the time of the diamond drilling.

G E O L O G Y

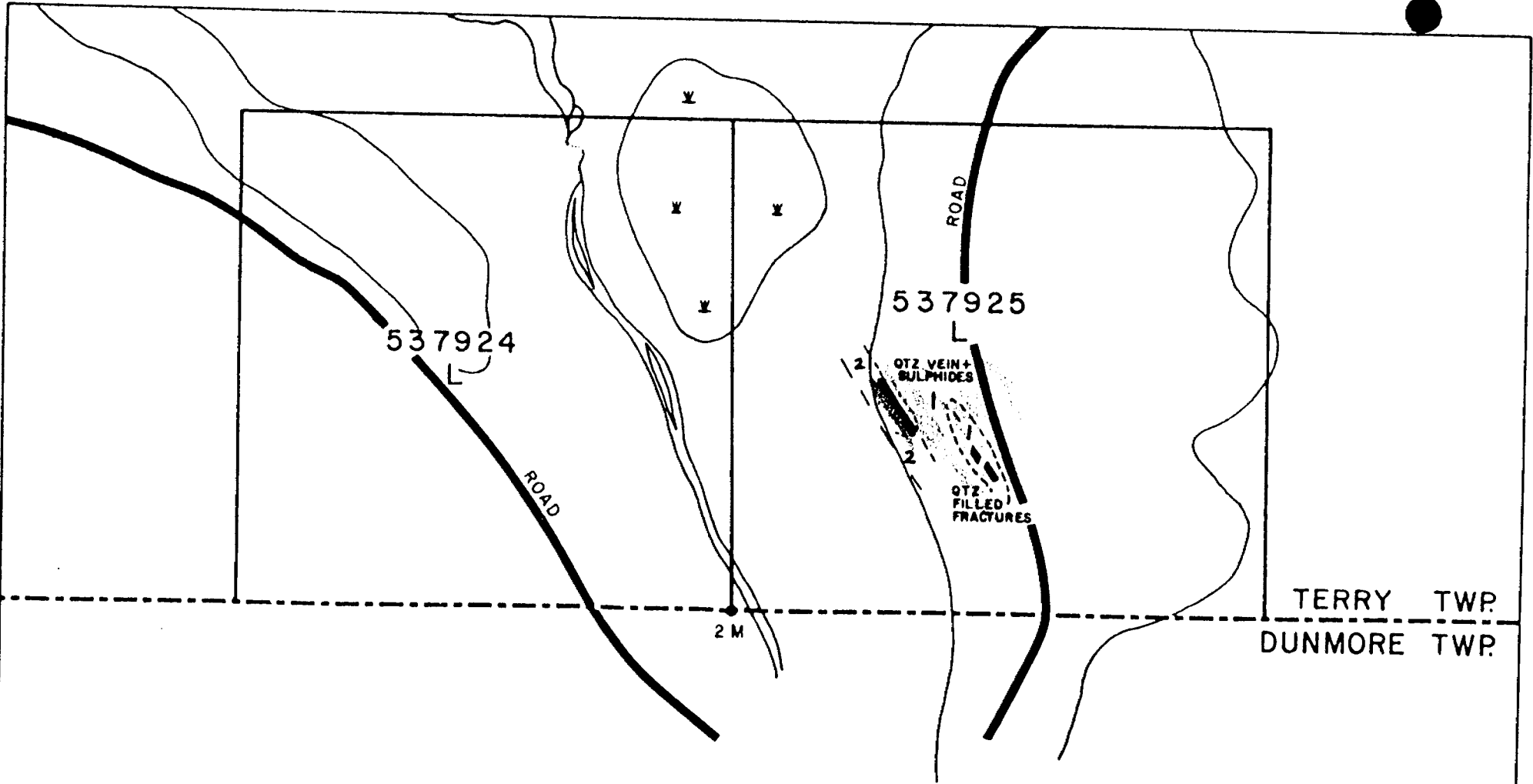
The area is underlain by the Watabeag granite batholith.

The granite varies from gneissic to biotite granites with many quartz diabase dikes filling fractures in the granite and striking approximately north-south.

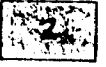

Much of the claim area is covered by a heavy mantle of sand with few areas of outcrop.

One outcrop area is in Claim L-537925, as shown in Figure 3 where granite can be seen just west of a lumber road. This is the area of the Biederman showing, a quartz vein approximately twenty feet wide and striking North 30° West. Adjoining this vein to the west is a quartz diabase dike.

To the east of the Biederman vein, narrow quartz stringers up to four inches in width occur in a patchy fashion as fracture filling in the granite with the same strike as the Biederman vein.



LEGEND

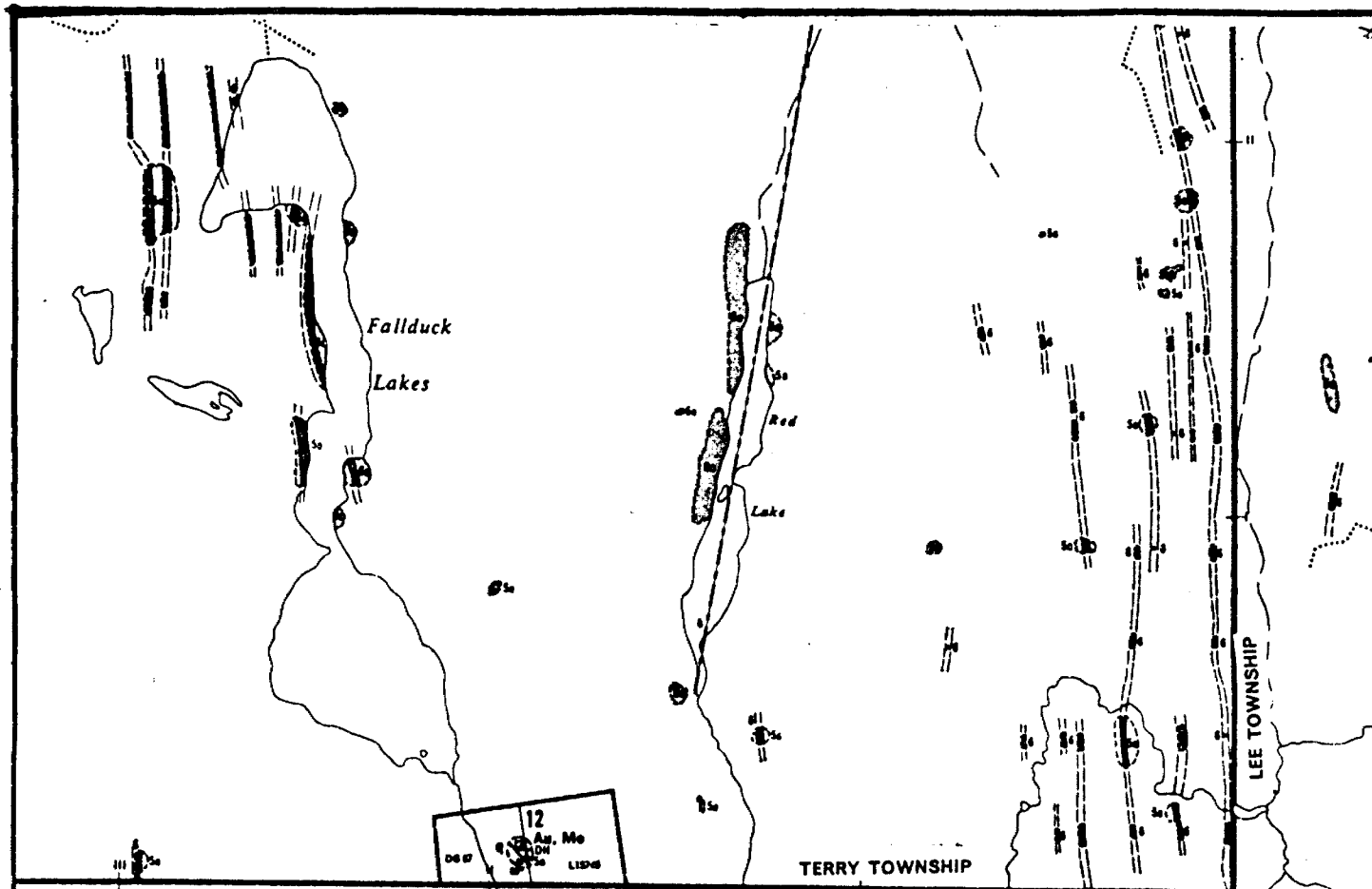
-  DIABASE
-  GRANITE

TERRY GOLD EXPLORATIONS INC.  
 PLAN OF SHOWING  
 TERRY TOWNSHIP ONTARIO



C.W. ARCHIBALD LIMITED

FIGURE 3



1 Inch to 1/2 Mile

DUNMORE TOWNSHIP

# GEOLOGICAL PLAN TERRY GOLD EXPLORATIONS INC.

TERRY TOWNSHIP PROPERTY  
FROM Map 2214



## LEGEND

### ARCHEAN

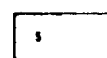
#### MAFIC INTRUSIVE ROCKS (MATACHEWAN)



6 Diabase.

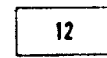
#### INTRUSIVE CONTACT

#### FELSIC INTRUSIVE ROCKS (ALGOMAN)

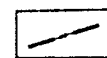


- 5a Granite, hornblende-biotite granite, granodiorite.
- 5b Granite gneiss.†
- 5c Syenite, syenite porphyry, quartz syenite.†
- 5d Mafic syenite, lamprophyre.†

#### INTRUSIVE CONTACT



12 Location of mining property, surveyed.  
12. Biederman [circa 1920]



Lineament.

Au

Gold.

Mo

Molybdenum.

E C O N O M I C   G E O L O G Y

The quartz vein or Biederman showing is only slightly mineralized with pyrite, chalcopyrite and small widely spaced clusters of molybdenite. It is, however, reported to contain gold and silver values.

In the O.D.M. 1922 Report it was stated that the central part of the vein was barren. Grab samples taken from this central portion of the vein in June of this year showed only a trace of gold. Meaningful samples from the footwall and hanging wall of this vein were impossible to obtain at this time.

The clusters of narrow quartz stringers east of the Biederman vein are filling north-west striking fractures. It is to be hoped that under the overburden, fracturing could be more intense and would contain mineralized quartz.

As most of the property is overburdened, there could be additional veins on this property but the problem will be to locate them. If they are more heavily mineralized than the Biederman showing, they could be located by geophysics.

C O N C L U S I O N S

In the drilling done on the Biederman vein in 1914, Number 3 hole from which the assays were obtained showed 120 feet of quartz. This hole was believed to have been drilled from the footwall side which would account for the long intersection. However, there is a discrepancy between O.D.M. Volume XXXI, Part VII, 1922 and geological Report 92, 1971. The former shows the vein with an  $85^{\circ}$  dip to the east whereas the latter describes the vein as dipping  $65^{\circ}$  west to vertical. Regardless of this discrepancy, the vein is sizeable with a width of twenty feet where it outcrops.

Values of from .90 cents to \$14.00 in gold and two to three ounces in silver were reportedly obtained from the core of Hole 3, but no lengths of core were given. With gold at \$20.00 per ounce, the gold values would equal 0.05 to 0.70 ounces per ton. Referring to the assays obtained, the 1922 Report says "These values, while interesting, give no conception of the economic importance of the deposit". This statement is true to this day and I believe further exploration of the showing and the property is warranted.

Other veins may be located by geophysics if they are better mineralized than the Biederman showing.

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

Priore to an exploration program, I would recommend the staking of at least four more claims to protect the possible strike of the Biederman vein. Two claims to the north and two to the south of the present property should give strike protection.

I would then recommend an exploration program as follows:

1. Cut a north-south baseline and a grid of lines every two-hundred feet with stations at one-hundred foot intervals.
2. Run a magnetometer and V.L.F. electromagnetic survey over the property.
3. Diamond drill at least four holes. Two holes should be drilled in section under the outcrop for sampling purposes and to determine the dip of the vein. Two other holes should be drilled along strike of the vein. If values obtained and vein continuity warrant it, further drilling could be done to further delineate this vein.

C O S T    E S T I M A T E

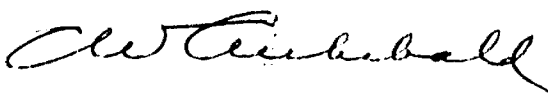
Staking four claims	\$	500.00
Cutting base line, lines at 200 foot intervals (approx. 8 line miles)		1,600.00
V.L.F. Electromagnetic Survey		1,500.00
Magnetometer Survey		1,500.00
Diamond Drilling (approx. 1,000 feet @ \$20.00 foot)		20,000.00
Engineering, assaying, travel		3,500.00
		<hr/>
	\$	28,600.00
Contingencies approx. 15%		4,000.00
		<hr/>
Total	\$	32,600.00

R E F E R E N C E S

O.D.M. Volume XXXI, Part VII, 1922  
Geology of the Watabeag Area

O.D.M. & N.A. Geological Report 92, 1971  
Geology of the Bourkes Area,  
District of Timiskaming

Toronto, Ontario  
30th June, 1980

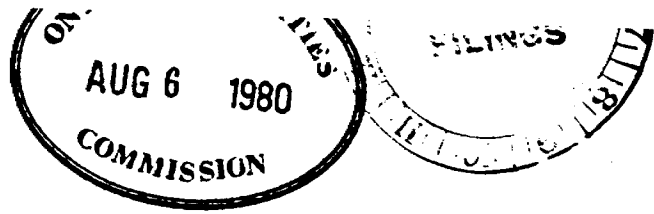


C. W. Archibald, B.A.Sc.  
P. Eng. of Ontario



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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.

**TERRY GOLD EXPLORATIONS INC.**  
(incorporated under the laws of the Province of Ontario)

**NEW ISSUE**

**1,000,000 underwritten common shares  
without par value**

	Price to Public	Underwriters' Commission (1)	Proceeds to the Corporation (2) (3)
Per Share .....	54c	27c	27c
Total .....	\$540,000	\$270,000	\$270,000

- (1) In addition to the underwriting commission referred to above, the Corporation has agreed to pay to the Underwriters a commission of \$40,500 to be satisfied by the issuance to them of 150,000 common shares of the Corporation.
- (2) Before deducting expenses of this issue estimated at \$19,000 a proportionate part of which, of approximately \$4,925, will be borne by the Underwriters.
- (3) The net amount received by the Corporation will not be less than 35% of the gross proceeds of the new and secondary offering.

The purpose of this issue is to provide funds to carry out exploration work on the Corporation's properties and to secure funds for working capital purposes, all as referred to under "Use of Proceeds".

**SECONDARY OFFERING**

**350,000 common shares without par value**

Shares comprising the secondary offering will be offered at prices arbitrarily fixed by the Underwriters. It is planned that such shares will initially be offered for sale in the 80c to 90c price range. The shares will not be offered for sale until after the underwritten shares have been sold. The proceeds from the sale of these shares will not accrue to the Corporation. See "Plan of Distribution" and "Principal and Selling Shareholders."

**THERE IS NO MARKET THROUGH WHICH THESE SHARES MAY BE SOLD. PURCHASERS MAY NOT BE ABLE TO SELL SHARES PURCHASED BY THEM.** The price payable to the Corporation for its shares was arbitrarily determined by the Underwriters.

**THESE SHARES ARE SPECULATIVE.** See "Speculative Nature of the Securities".

We, as principals, conditionally offer these shares, subject to prior sale, if, as and when accepted by us, in accordance with the conditions contained in the underwriting agreement referred to under "Plan of Distribution", and subject to the approval of all legal matters on behalf of the Corporation and on our behalf by Messrs. Salter, Apple, Cousland & Kerbel.



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## PROSPECTUS SUMMARY

The following is intended to provide a summary of the principal features of the offering. Reference should be made to more detailed information contained elsewhere in the prospectus.

### The Company and its Mining Claims

Terry Gold Explorations Inc. (the "Corporation") is a public company incorporated under the laws of the Province of Ontario. The Company has acquired an option to purchase 12 unpatented mining claims in the Larder Lake Mining Division of the Province of Ontario and plans to explore same for occurrences of gold mineralization. The mining claims have been reported upon by Mr. C. W. Archibald, Mining Engineer, and a summary of his conclusions and recommendations for development work are set out under "Engineer's Report" on pages 6, 7 and 8. The projected development programme is estimated to cost about \$133,100.

### Use of Proceeds

The net proceeds to be received by the Corporation from the underwriting of its shares, after providing for the costs of the issue, will be approximately \$256,000. The Corporation will receive an additional \$27,000 from Messrs. H. G. Harper and J. T. Tokarsky as a result of their subscription for shares — see "Issuance of Shares in Settlement of Indebtedness" on page 16. A detailed breakdown as to the expenditure of these funds will be found under "Use of Proceeds" on page 12 and as indicated, approximately \$133,100 will be allocated to defray the cost of carrying out recommended development work on the Corporation's mining claims.

### The Offering

As particularized on the cover of the Prospectus, 1,000,000 treasury shares of the Corporation are being underwritten at 27¢ per share to provide the Corporation with \$270,000. The secondary offering of 350,000 shares will only be made by the Underwriters after the underwritten shares have been sold. The proceeds from the sale of the secondary offering will accrue to the Underwriters and not to the Corporation.

### Management

The directors and officers of the Corporation have been associated with a number of junior exploration companies over the years. Details in this regard are set forth under "Certain Particulars Relating to Management and the Promoters" on page 19. Mr. H. G. Harper, the President and a promoter of the Corporation, has been a consulting mining geologist for a number of years. The benefit of his professional experience and expertise will be available to the board of directors to assist it in formalizing ongoing exploration and development programmes for the Corporation's properties.

### Risk Factors

Exploration for economic deposits of minerals is subject to a number of risk factors and reference is made to "Speculative Nature of the Securities" on page 11. While the rewards to an investor if an ore body is discovered can be substantial, few of the properties which are explored are ultimately developed into producing mines. If the Corporation's exploration programme is not successful, a purchaser of shares may lose his entire investment. In making an investment decision, a

prospective investor should carefully weigh this consideration as well as a lack of a market through which he may sell his shares. Purchasers of common shares will suffer an immediate dilution in their investment.

Purchasers of common shares will suffer an immediate dilution depending upon whether they purchase underwritten shares at the offering price of 54¢ or shares comprised in the secondary offering. Assuming the secondary shares are sold at 80¢ per share, purchasers of the underwritten shares will suffer an immediate dilution of 31.3¢ per share while purchasers of the secondary shares will suffer an immediate dilution of 57.3¢ per share. Reference is made to "Speculative Nature of the Securities" for further particulars respecting dilution.

#### **Issuance of Shares**

After this offering, the Corporation will have issued 1,350,005 common shares which will be held by the public. Included in this figure are 100,000 shares allotted to Messrs. Harper and Tokarsky in connection with the Corporation's acquisition from them of an option on the mining claims. These shares will be sold by them at 27¢ per share to the Underwriters. Messrs. Harper and Tokarsky each holds 250,000 preference shares, each carrying one vote at meetings of shareholders, thus enabling them together to control the Corporation. Advances of \$27,000 by Messrs. Harper and Tokarsky are being settled by the issuance to them of 100,000 common shares which they are selling to the Underwriters at their acquisition cost of 27¢ per share. See also "Warrants" on page 14 respecting share purchase warrants to be received by Messrs. Harper and Tokarsky and which will enable them to purchase common shares of the Corporation in the future. These matters are also described in greater detail under "Principal and Selling Shareholders" on page 17 and "Promoters and Interest of Management and Others in Certain Transactions" on page 16.

# **TERRY GOLD EXPLORATIONS INC.**

## **PROSPECTUS**

### **HISTORY AND BUSINESS**

Terry Gold Explorations Inc. (the "Corporation") was incorporated under The Business Corporations Act (Ontario) by Articles of Incorporation effective April 29, 1980. The Corporation's objects include exploring for, acquiring and developing mineral lands and the operation and mining thereof. The head and principal offices of the Corporation are located at Suite 806, 88 University Avenue, Toronto, Ontario M5J 1T6.

### **MARTER, TERRY AND BRYCE TOWNSHIPS PROPERTY**

#### **Description**

The Property comprises a group of 12 unpatented mining claims located in Marter, Terry and Bryce Townships in the Larder Lake Mining Division. The unpatented mining claims bear numbers L537924 to and including L537927 and L555547 to and including L555554. The Property totals approximately 480 acres with 8 contiguous claims covering some 320 acres in Marter Township, 2 contiguous claims covering some 80 acres in Terry Township, and 2 contiguous claims covering some 80 acres in Bryce Township. See "Acquisition Option" below.

### **MARTER TOWNSHIP PROPERTY**

#### **Location and Access**

The Marter Township property is approximately 4 miles north of the town of Englehart, Ontario. Access is by concession road, which runs along the south side of the property, a distance of 3 miles east of Highway 11. Two logging roads also traverse the north claims from the east boundary of the claims to the Blanche River.

#### **History**

The showing on this property, known as the Wojceiszyn showing, consists of a sheared carbonate zone which was exposed in two rapids on the Blanche River, some half-mile apart, and further exposed in a series of pits and trenches near the river. Grab samples have been taken from one of the trenches. In 1956, William Gerrie, P.Eng., drilled five diamond drill holes on this property, totalling 763 feet and explored approximately 350 feet in strike length. In May 1980, a north-south base line was set out on this property, east-west lines at four-hundred foot intervals were flagged and chained, and magnetometer and V.L.F. electromagnetic surveys were run over the property.

#### **Engineer's Report**

The following and subsequent references to "Engineer's Report" are management's summary of the conclusions and recommendations of Mr. C. W. Archibald, Mining Engineer, contained in his

report dated June 30, 1980, the full report being available for inspection in the public offices of the Ontario Securities Commission, 10 Wellesley Street East, Toronto, Ontario.

The overall area in which the claims are situated is believed to be in a geological environment favourable for the occurrence of gold in quartz veins. However, the sparcity of rock outcrop in the area means that the geology must be projected from small and widely scattered outcrops making it difficult to correlate geophysics with geology.

The preliminary electromagnetic and magnetometer surveys conducted this year revealed little of interest, and Mr. Archibald does not recommend further geophysics at this time. Grab samples from one of the trenches on the property are reported to have returned gold values. In the 1956 diamond drilling, all five diamond drill holes showed wide-spread quartz veining shearing, and green carbonates. The quartz veining occurred in the shearing and the green carbonates, and beyond these into the massive andesite.

Mr. Archibald states his opinion that this is a good area in which to explore for veins carrying economic gold values as the shearing, carbonatization, quartz veining and gold values are all present. He suggests that other areas on the property should be explored and refers to the shear zone seen to the north of the property on the Misema River as probably extending onto these claims east of and parallel to the area drilled. He states that geologically the pattern is the same and gold veins could occur in the shear.

In Mr. Archibald's opinion, the property warrants an exploration programme and the following recommendations are made: The property should be explored by diamond drilling, drilling six holes across the full width of the shearing in the area of the old trenches, with holes spaced roughly four-hundred feet apart. If interesting gold values are obtained, a closer spacing of holes will be required to delineate the gold values. Cross sectional drilling should be done, if necessary, to assure full coverage of at least two-hundred feet of the wall rock on both sides of the shear zone and green carbonates. At least one hole should be drilled to cross-section the shearing running south of the rapids on the Misema River and nearly parallel that in the trenched area. This recommended drilling would amount to approximately 4,200 feet without delineation holes. If delineation holes or other exploration were warranted, recommendations could be made at a later date.

It is estimated that the recommended programme in Marter Township will cost approximately \$95,600 made up as follows:

Diamond drilling (4,200 ft. @ \$18/ft.) .....	\$ 75,600
Travel, assays, engineering .....	7,500
Contingencies (15%) .....	<u>12,500</u>
Total .....	<u>\$ 95,600</u>

## TERRY TOWNSHIP PROPERTY

### Location and Access

The Terry Township property is approximately twenty miles west of the town of Kirkland Lake, Ontario. The property can be reached by gravel road and lumbering roads from Highway 66.

## History

The only known showing, an outcropping of slightly mineralized quartz, was discovered in 1908 near the two mile post of the south side of Terry Township. A pit, approximately twenty feet deep, was sunk on the quartz. In 1914, four diamond drill holes, totalling 1,014 feet, were drilled on the quartz showing from the footwall side. So far as is known, no work has been done on the vein or within this claim area since the time of the diamond drilling.

## Engineer's Report

In the drilling done on the Biederman vein in 1914, Number 3 hole from which the assays were obtained showed 120 feet of quartz. This hole was believed to have been drilled from the footwall side which would account for the long intersection. The vein is sizeable with a width of twenty feet where it outcrops. Values of from \$.90 to \$14.00 in gold and two to three ounces in silver were reportedly obtained from the core of Hole 3, but no lengths of core were given. With gold at \$20.00 per ounce, the gold values would equal 0.05 to 0.70 ounces per ton. Mr. Archibald, in referring to the assays obtained, concurs with a 1922 Report which says that these values, while interesting, give no conception of the economic importance of the deposit.

In Mr. Archibald's opinion, further exploration of the showing and the property is warranted, and the following recommendations are made: At least four more claims, two claims to the north and two to the south of the property, should be staked to protect the possible strike of the Biederman vein. Then an exploration programme is recommended as follows: 1) Cut a north-south baseline and a grid of lines every two-hundred feet with stations at one-hundred foot intervals; 2) Run a magnetometer and V.L.F. electromagnetic survey over the property; and 3) Diamond drill at least four holes. Two holes should be drilled in section under the outcrop for sampling purposes and to determine the dip of the vein. Two other holes should be drilled along strike of the vein. If values obtained and vein continuity warrant it, further drilling could be done to further delineate this vein.

It is estimated that the recommended programme in Terry Township will cost approximately \$32,600 made up as follows:

Staking four claims .....	\$ 500.00
Cutting base line, lines at 200 foot intervals (approx. 8 line miles) .....	1,600.00
V.L.F. Electromagnetic Survey .....	1,500.00
Magnetometer Survey .....	1,500.00
Diamond Drilling (approx. 1,000 feet @ \$20.00 foot) .....	20,000.00
Engineering, assaying, travel .....	3,500.00
Contingencies (approx. 15%) .....	4,000.00
Total .....	<u>\$ 32,600.00</u>

## BRYCE TOWNSHIP PROPERTY

### Location and Access

The property is in the north-west corner of Bryce Township, abutting on Tudhope and Robillard Townships, approximately 8.7 miles south-west of the town of Charlton, Ontario. The property is approximately  $\frac{3}{4}$  of a mile from the nearest road which is a farm road. From the farm road to Highway 560, it is 8.2 miles.

### History

This property was known as the Paquette group and some rock trenching was done on present Claim L-537927, but the date of the trenching is unknown. These claims were staked in June of 1979. Shortly after they were staked, they came under pending proceedings in connection with The Bear Island Indian Foundation Caution, and therefore no assessment work or exploration work has been done. The 'Caution' was raised on May 6, 1980. So far as is known, the claims have never been tested by geophysics or diamond drilling.

### Engineer's Report

Mr. Archibald concludes that this property is an exploration 'bet' only. He states that chances of finding a mine on it are not very good, but mines have been found in the same geological environment and its possibilities should not be overlooked. At least ten percent of the property is outcrop area so the exploration is not a completely blind operation. With mineralization and gold values showing up in altered fracturing running at right angles to pronounced linears, there is the possibility of locating a more highly altered, fractured and mineralized zone which would give sufficient widths and grade to make an economic deposit.

In Mr. Archibald's opinion this property warrants exploration and the following minimal budget exploration plan is recommended:

1. Cut a northeast-southwest base line and lines at right angles to the base line at two-hundred foot intervals. The lines to be chained and stations marked every hundred feet. The lines are a necessity for correlation of results and exact locations of geophysical results.
2. Run a V.L.F. electromagnetic survey over the claims using the above line grid.
3. Do a magnetometer survey over the claims.
4. If there are any promising or non-overburdened anomalies associated with the linears, they should be diamond drilled.

It is estimated that the recommended programme in Bryce Township will cost approximately \$4,900 made up as follows:

Line Cutting (approximately 3 miles) .....	\$ 900.00
Electromagnetic Survey .....	750.00
Magnetometer Survey .....	750.00
Engineering, travel .....	1,500.00
Contingencies (15%) .....	<u>1,000.00</u>
Total .....	<u>\$ 4,900.00</u>

### Staking of Claims

At least 8 additional claims will be staked by the Corporation to extend the perimeters of the Terry Township Property and the Bryce Township Property so that each will comprise not less than 10 unpatented mining claims. Until such claims have been staked on a property, no work will be carried out thereon. If the Corporation is unable to complete any of such stakings, an amendment to this Prospectus will be filed and no work carried out on such property without the prior consent of the Ontario Securities Commission. The aforementioned staked claims will belong to the Corporation, and the Vendors referred to below under "Acquisition Option" will have no interest therein.

## Title

Title to the mining claims comprising the Property is recorded in the name of the Corporation. In Ontario to keep unpatented mining claims in good standing, 20 days work must be performed and recorded in the first year after same are recorded, 40 days work in each of the second, third and fourth years and 60 days work in the fifth year after which, to maintain title, the claims must be brought to lease. Terry Township is an unsurveyed township and thus the Terry Township claims would require a land survey before being brought to lease. There is neither surface nor underground plant or equipment.

## Acquisition Option

The Corporation, pursuant to agreement dated June 20, 1980, acquired an option to purchase the mining claims comprising the Property from Mr. H. G. Harper, the President and a director of the Corporation, in consideration of payment to Mr. Harper and Mr. J. T. Tokarsky (the "Vendors") of \$4,700 cash, and the issuance of 500,000 common shares of the Corporation at the price of 27¢ per share as set forth below. No person or company has received or is entitled to receive more than 5% of the consideration accruing to the aforementioned two named individuals. The aforementioned sum of \$4,700 represents reimbursement of monies expended and services performed by Messrs. Harper and Tokarsky pertaining to the Property.

Under the Agreement, the Corporation will, within 30 days of the date of the issuance by the Ontario Securities Commission (the "effective date") of a receipt for this Prospectus, issue 100,000 common shares to the Vendors whereupon the Corporation will have a period of one year from the effective date to carry out such exploration and development work on the Property as it deems appropriate. To fully exercise its option and earn an 100% undivided interest in the Property the Corporation will be required to issue an additional 400,000 common shares to the Vendors in equal blocks of 80,000 shares each on or before each successive anniversary date of the effective date.

Forthwith upon the Corporation paying \$4,700 and issuing 100,000 shares to the Vendors on account of the option price, the Corporation will earn an undivided 20% interest in the Property. On or before each of five successive anniversary dates of the effective date, upon the opinion of an independent engineer that the Property merits further participation, and in order to keep the option in good standing, the Corporation may issue a further 80,000 shares to the Vendors and earn a further undivided 16% interest. After the Corporation has issued 500,000 shares, it will have earned an undivided 100% interest in the Property.

The Agreement provides, however, that if in exercising any instalment of the option price as above set forth, the result would be that the aggregate number of shares then issued on account of the option price would exceed 25% of the number of common shares of the Corporation then issued and outstanding, such option instalment shall not be exercised unless and until 25% of the number of common shares of the Corporation outstanding would be in excess of the aggregate number of option shares if that instalment of the option were exercised. In the event that the instalment of the option price cannot be paid for the reason aforesaid, the Vendors agree with the Corporation to extend the option on the Property upon written notice by the Corporation of its commitment to maintain and exercise the option by issuing shares for the instalment of the option price within 3 months of becoming eligible to do so under the terms of the above-noted restriction.

So long as the option remains in good standing, the Corporation shall have exclusive discretion as to the exploration and development of the Property. Pursuant to the Agreement, the Corporation is

obliged to keep the claims in good standing, and in the event that the Corporation should decide to abandon the claims comprising the Property or any part thereof, the Corporation shall, no less than 60 days prior to the staking anniversary of such claims, notify the Vendors and, if requested, transfer such claims to the Vendors, subject to the interest of the Corporation earned to that date. The Vendors shall then have sole discretion as to the exploration, development, use, working, maintenance or abandonment of such claims. The terms of the option agreement shall continue to apply to the remaining claims then comprising the Property, but no further interest may be earned by the Corporation in those claims which it has abandoned.

#### **PRELIMINARY EXPENSES**

The preliminary expenses related to incorporation and organization are approximately \$3,500. There have been no administrative expenses incurred to date. It is estimated that administrative expenses during the next twelve months will be about \$15,000, and that exploration and development expenses will be approximately \$133,100.

#### **PLAN OF DISTRIBUTION**

##### **Underwritten Shares**

Under an agreement dated June 20, 1980 between the Corporation and Durham Securities Corporation Limited ("Durham"), 100 Adelaide Street West, Toronto, Ontario and Norwich Investments Limited ("Norwich"), 88 University Avenue, Toronto, Ontario and Rosmar Corporation Limited ("Rosmar"), 100 Adelaide Street West, Toronto, Ontario (the "Underwriters"), the Corporation has agreed to sell and the Underwriters have agreed to purchase 1,000,000 common shares (the "underwritten shares") of the Corporation offered by this Prospectus for an aggregate consideration of \$270,000. The obligations of the Underwriters under the agreement may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the underwritten shares if any of the underwritten shares are purchased under the agreement. Payment of the purchase price of the underwritten shares will be made by the Underwriters to the Corporation as to 6/15ths within 30 days of the issuance by the Ontario Securities Commission of a receipt for this Prospectus (the "acceptance date"), as to 5/15ths within 60 days of the acceptance date and as to 4/15ths within 90 days of the acceptance date. The underwritten shares are being purchased by Durham as to 28%, Norwich as to 36%, and Rosmar as to 36%.

The Corporation has agreed that until December 31, 1985, the Underwriters will have the first right of refusal to undertake future financing planned by the Corporation. The Corporation has also agreed to indemnify the Underwriters against liability for misrepresentations contained in this Prospectus and any amendments thereto except for information contained herein furnished by the Underwriters.

### **Secondary Offering**

In consideration of the Underwriters' agreement to purchase 1,000,000 underwritten shares, the Corporation has agreed to pay the Underwriters a commission of \$40,500 to be satisfied by the issuance to the Underwriters of 150,000 fully paid and non-assessable common shares (the "commission shares") of the Corporation following receipt by it of payment in full for the 1,000,000 underwritten shares. The 150,000 commission shares together with an additional 200,000 common shares to be acquired by the Underwriters (see "Principal and Selling Shareholders") for a total of 350,000 common shares, will be offered for sale by the Underwriters over-the-counter as described on the facing page hereof after all of the underwritten shares have been sold. Although there is no present intention to do so, the secondary shares may be offered at prices lower than those set forth on the cover of this Prospectus. If a material change occurs in the affairs of the Corporation that justifies an increase in the then current offering price for the secondary shares, a Prospectus amendment will be filed before implementation of such increase.

The underwritten and secondary shares may be sold to other registered dealers acting as principals for resale by them, or such secondary shares may be offered for sale by registered dealers acting as agents on behalf of the selling shareholders and who will be paid commissions not exceeding 25% of the public offering price, and any such sales would be made within the price ranges set forth above.

### **Adjustment of Proceeds to the Corporation**

The Underwriters have agreed that if the sum of \$297,000 is less than 35% of the gross proceeds paid by the public for the shares comprising the new and secondary offerings, the Underwriters will pay to the Corporation an amount which, when added to \$297,000 will yield a sum equal to 35% of such gross proceeds. The "gross proceeds paid by the public" for shares of the Corporation means the net total amount paid by the public to the Underwriters in the purchase of common shares of the Corporation offered under this Prospectus, up to and including the date the Underwriters complete distribution.

### **SPECULATIVE NATURE OF THE SECURITIES**

The Property does not contain a known body of commercial ore and the funds to be received from the sale of the common shares offered by this prospectus are to be used to explore same. If the recommended programme is successful, additional funds will be required in excess of those to be provided by the present offering for further exploration work to prove an economic ore body and to bring such ore body to production. The only source of future funds presently available to the Corporation is through the sale of equity capital.

The underwriters referred to under "Plan of Distribution" are not obligated to buy back common shares except to the extent that they may have oversold the offering. In the event of their repurchasing common shares, the buy-back price may be significantly lower than the original selling price. If overselling does occur, it will not exceed 10% of the number of common shares offered for sale by this prospectus.

As indicated on the cover of this prospectus, 50% of the monies paid by investors to purchase the underwritten shares will accrue to the Corporation and 50% will accrue to the Underwriters. The

following table reflects the distribution of the proceeds received from the sale of the shares comprising the secondary offering assuming an average selling price of 80c per share:

	No. of Shares	%	Sales Proceeds Received	% of Sales Proceeds Received
Received by Underwriters . . . . .	150,000	42.8	\$226,000	80.8
Received by Vendor . . . . .	100,000	28.6	27,000	9.6
Received by Promoter . . . . .	100,000	28.6	27,000	9.6
	<u>350,000</u>		<u>280,000</u>	

Note — The shares received by the vendor and the promoter will be sold to the Underwriters at 27c per share.

Upon completion of this offering, and after deducting anticipated expenses, the net proceeds to the Corporation are estimated at approximately \$256,000 and the net tangible book value of the 1,350,005 common shares then outstanding would be 22.7c per share calculated on the basis of assigning a book value of \$31,700 to the Property (100,000 common shares issued and arbitrarily valued at 27c per share and \$4,700 cash). Purchasers of common shares will accordingly suffer an immediate dilution, the effect of which will depend upon whether an investor purchases underwritten shares at the offering price of 54c per share or shares under the secondary offering. The following tables summarize the information concerning dilution (excluding the exercise of Warrants), the second table assuming a secondary offering price of 80c per share:

<b>Purchase of Underwritten Shares</b>	
Public offering price per share . . . . .	54.0c
Tangible book value per share after offering . . . . .	22.7c
Dilution per share to investors . . . . .	31.3c
<b>Purchase of Secondary Shares</b>	
Public offering price per share . . . . .	80.0c
Tangible book value per share after offering . . . . .	22.7c
Dilution per share to investors . . . . .	57.3c

#### USE OF PROCEEDS

The gross proceeds to the Corporation from the sale of the underwritten shares will be \$270,000. The costs of this issue are estimated at \$19,000. The underwriters will pay their proportionate share thereof of approximately \$4,925. The Corporation will receive an additional \$27,000 through the subscription by Messrs. Harper and Tokarsky for 100,000 common shares at 27c per share. Such net proceeds will form the working capital of the Corporation and will be used as follows:

<b>Implementation of development programme recommended by Mr. Archibald</b>	
Marter Township Property . . . . .	\$95,600
Terry Township Property (1) . . . . .	32,600
Bryce Township Property (1) . . . . .	4,900
Corporation's share of costs of issue . . . . .	14,075
Settlement of accounts payable . . . . .	8,200
Administrative expenses during next 12 months . . . . .	15,000
Working capital(2)(3) . . . . .	<u>126,625</u>
	<u>\$297,000</u>

- (1) These amounts will not be expended until additional claims have been staked. See "Staking of Claims" on page 9.
- (2) This amount will be increased accordingly if work is not performed on the Terry Township Property or the Bryce Township Property by reason of a failure to stake adjoining claims.
- (3) Future administrative expenses not provided for above and the possible expenditure of additional funds to carry out exploration work on the Property and the carrying out of exploration and development work on other properties as referred to below.

Additional work on the Corporation's Property may be carried out depending upon the results achieved from the programmes recommended by Mr. Archibald.

While the Corporation has no plans in this regard at the present time, monies in its treasury as available may also be used to defray the cost of programmes of acquiring, staking, exploring and developing other properties either alone or in concert with others and generally to carry out exploration programmes as opportunities and finances permit, but no such properties will be acquired and monies will not be expended thereon without an Amendment to this Prospectus being filed if the securities of the Corporation are then in the course of distribution to the public.

Monies not immediately required for the Corporation's purposes as set out in the Prospectus will be deposited in interest bearing accounts with Canadian chartered banks and/or trust companies.

No part of the proceeds will be deposited outside Canada or be advanced or disbursed in any way to other companies or persons except to the extent necessary to enable the Corporation to implement and complete the exploration and development programmes as set forth in this Prospectus and Amendments thereto. No part of the proceeds will be used to invest in securities other than securities in which a company registered under Part III of the Canadian and British Insurance Companies Act may invest its funds without availing itself for that purpose of the provisions of Sub-section 63(4) of the said Act. If the Corporation wishes to use the proceeds for purposes other than those set out in this Prospectus, it will obtain the prior consent of the shareholders and will provide 21 days prior notice to the Ontario Securities Commission.

### CAPITALIZATION

Designation of Securities	Authorized	Outstanding as of June 30, 1980	Outstanding on Completion of this Financing
Common shares . . . . .	5,000,000	100,005	1,350,005 (1)
without par value		(\$27,005)	(\$364,505)
Preference shares . . . . .	2,000,000	500,000	500,000
with a par value of 1/10th of 1¢ per share	(\$2,000)	(\$500)	(\$500)

- (1) Gives effect to the issuance of 1,000,000 underwritten shares, 150,000 commission shares to the Underwriters, 100,000 shares to the vendors of the Property and 100,000 shares subscribed for by the promoters. All references to the foregoing are to common shares.
- (2) 250,000 common shares are reserved for exercise of warrants.

## DESCRIPTION OF SECURITIES

### Common Shares

Each of the common shares without par value carries one vote at all meetings of shareholders, is entitled to dividends as and when declared by the directors and is entitled upon liquidation to a pro rata share of the assets of the Corporation distributable to the holders of common shares, subject only to the prior right of holders of preference shares to receive an amount equal to the par value thereof. The common shares carry no conversion or pre-emptive rights. Upon completion of this issue, all issued and outstanding common shares will be fully paid and non-assessable. Under its Articles of Incorporation, the Corporation may purchase its common shares.

### Preference Shares

Each of the preference shares with a par value of 1/10th of 1¢ per share carries one vote at all meetings of shareholders but is not entitled to receive any dividends or to participate in the assets of the Corporation in the event of its dissolution other than to receive, in priority to the common shares, a sum equal to the par value thereof. The preference shares, or any part thereof, are redeemable at their par value at any time at the option of the Corporation with the consent of the holders. All outstanding preference shares are redeemable in any event on July 15, 1985. Preference shares are redeemable at an earlier date at par on the basis of one share to be redeemed for each common share of the Corporation purchased pursuant to the share purchase warrants referred to hereunder. The preference shares are not transferable without the prior written consent of the Ontario Securities Commission. All of the presently issued preference shares are fully paid and non-assessable.

### Warrants

The Corporation has authorized the issuance of up to 500,000 warrants entitling the holders thereof to purchase one common share of the Corporation for each warrant held. The Corporation will issue, upon receipt of the sum of \$270,000 from the sale of the underwritten shares, warrants entitling the promoters of the Corporation, to purchase 250,000 common shares of the Corporation at the price of 33 $\frac{3}{4}$ ¢ per share until July 15, 1985. No common shares so purchased will be offered for sale within a period of six months from the date of the issuance by the Ontario Securities Commission of a receipt for this prospectus and thereafter without the written consent of the Underwriters if the shares offered by this prospectus are then in the course of distribution to the public. Up to an additional 250,000 warrants will be issuable to the promoters on the basis of warrants being issued entitling them to purchase one common share of the Corporation for every four additional common shares of the Corporation sold by it from its unissued common shares. The purchase price payable on the exercise of such additional warrants will be 125% of the purchase price paid to the Corporation's treasury and said warrants will be exercisable for a period of five years from the date of their respective issuance. Warrants may not be transferred without the prior written consent of the Ontario Securities Commission. The warrants will contain anti-dilution provisions including among other things provisions for appropriate adjustments in the class, number and price of shares issuable pursuant to any exercise of the warrants upon the occurrence of certain events including any subdivision, consolidation or re-classification of common shares, the payment of stock dividends, and the consolidation or merger by the Corporation with or into another corporation or the sale, conveyance, lease or other transfer by the Corporation of all or substantially all of its assets.

### MANAGEMENT

The names and home addresses of the directors and officers of the Corporation and the position presently held by them in the Corporation are as follows:

<u>Name</u>	<u>Address</u>	<u>Position</u>
Hugh Grant Harper, P.Eng.	314 Hendon Avenue Willowdale, Ontario	President and director
Irwin Arthur Wallace	2500 Bathurst St. Apt. 508 Toronto, Ontario	Vice-President and director
John Thomas Tokarsky	90 Peckham Avenue Willowdale, Ontario	Secretary-Treasurer and director
Thomas Richard Heale	431 Crosby Avenue Richmond Hill, Ontario	Director
George Arthur John Monteith	2679 Bloor St. West Etobicoke, Ontario	Director

The principal occupation of the directors and officers during the past ten years is as follows:

- Mr. Harper . . . . . professional engineer and designated consulting engineer providing exploration services to the mining industry through Harper Consulting Services Inc. during the past 3 years and prior thereto consulting engineer and geologist, self-employed.
- Mr. Wallace . . . . . self-employed notary public, insurance agent and real estate broker.
- Mr. Tokarsky . . . . . accountant and corporate secretary, self-employed and controlling shareholder of Tokarsky Corporate Services Limited since September 1974, previously Tokarsky Corporate Services since November 1971, between October 1969 and September 1971 in the employ of Shlesinger Corporate Services Limited.
- Mr. Heale . . . . . consulting geologist, self-employed. Retired since January 1975.
- Mr. Monteith . . . . . geologist, self-employed since May 1975, between 1970 and 1975 a University student in geology, and prior thereto a student at The School of Mines, Haileybury.

It is not anticipated that the Directors or Officers will devote more than 5% of their time to managing the affairs of the Corporation. They will, however, be available to carry out their duties and responsibilities as required. Mr. H. G. Harper will render professional services to the Corporation in the carrying out of its exploration and development programme and will make available such portions of his time as may be required to this end from time to time.

Reference is made to the caption "Certain Particulars Relating to Management and the Promoters" respecting certain background information relating to the parties described above.

Messrs. Harper and Tokarsky have agreed with the Underwriters tha., until December 31, 1985, they will vote all shares of the Corporation, the voting of which they control or direct to cause two nominees of the Underwriters to be elected as Directors of the Corporation.

### REMUNERATION OF MANAGEMENT

To date no aggregate direct remuneration has been paid or is payable to the directors and senior officers of the Corporation, other than for accrued directors' fees of \$1,000. During the current financial year directors will be paid a fee of \$100 for each meeting of the board of directors or meeting of shareholders which they attend. A monthly fee not exceeding \$400 will be paid to Tokarsky Corporate Services Limited based upon services provided to the Corporation consisting of head office accommodation, accounting, administrative and secretarial services. Mr. Harper, the President and a director of the Corporation who is a mining geologist will be paid for time expended by him on the Corporation's behalf.

### PRIOR SALES OF SHARES

Five shares of the Corporation have been issued and sold at \$1.00 per share.

### ISSUANCE OF SHARES IN SETTLEMENT OF INDEBTEDNESS

Following the issuance of a receipt for this prospectus, the Corporation, pursuant to agreement with Messrs. Harper and Tokarsky, will be indebted to them in the amount of \$27,000 representing \$4,700 payable to the vendors of the Property and \$22,300 advanced by them by way of loan to the Corporation. The total amount of such indebtedness will be satisfied by the issuance by the Corporation to them equally of a total of 100,000 common shares issued at a price of 27¢ per share. By agreement between Messrs. Harper and Tokarsky and the Underwriters dated June 20, 1980, these shares will be purchased by the Underwriters from them at 27¢ per share following the acceptance of filing of this prospectus by the Ontario Securities Commission. The 100,000 shares so acquired by the Underwriters will form part of the shares referred to under "Secondary Offering" on the facing page of this prospectus. The Underwriters may advance monies to Messrs. Harper and Tokarsky on account of the purchase price of said shares. The aforementioned sum of \$27,000 represents a payment allocation as follows: Messrs. Harper and Tokarsky — \$4,700; accounts payable — \$3,500; costs of issue — \$19,000.

### PROMOTERS AND INTEREST OF MANAGEMENT AND OTHERS IN CERTAIN TRANSACTIONS

Messrs. H. G. Harper and J. T. Tokarsky, directors and the President and Secretary-Treasurer of the Corporation respectively, are its promoters and are the vendors of the Property. By agreement dated June 20, 1980, Messrs. Harper and Tokarsky equally subscribed for and the Corporation issued to them a total of 500,000 preference shares of the Corporation for an aggregate consideration of \$500. Pursuant to said agreement, the Corporation, subject to earlier redemption as hereinafter described, will redeem these preference shares at par on July 15, 1985 unless such redemption date is extended with the written concurrence of the Ontario Securities Commission. The Corporation has agreed to make application to extend the redemption date if requested by a holder of preference shares. Said preference shares will be redeemed at an earlier date at par on the basis of one share to be redeemed for each common share of the Corporation purchased pursuant to the warrants referred to hereunder. Under said agreement, the Corporation also agreed to issue warrants to the promoters entitling them to purchase an aggregate of 250,000 common shares of the Corporation (see "Warrants" and "Capitalization") at 33 $\frac{3}{4}$ ¢ per share exercisable on or before July 15, 1985, but any shares purchased pursuant to said warrants will not be offered for sale within a period of six months from the date of the issuance by the Ontario Securities Commission of a receipt for this prospectus and thereafter without the written consent of the Underwriters if the shares offered by this prospectus are then in the course of distribution to the public. The Corporation also agreed with the promoters that,

to the extent the Corporation hereafter receives funds from the sale of its common shares, exclusive of the common shares being purchased by the Underwriters from the Corporation, it would issue to them additional warrants to a maximum of 250,000 warrants entitling them to purchase, for a period of five years, common shares of the Corporation. Such warrants will be issued on the basis of one warrant for every four common shares sold by the Corporation and the price at which common shares may be purchased thereunder will be equal to 125% of the price received by the Corporation incidental to the sale of its common shares with respect to which such warrants are issued.

### PRINCIPAL AND SELLING SHAREHOLDERS

Set out below are particulars, as at June 30, 1980, of the present principal holders of shares of the Corporation, whose ownership is direct, of record and beneficial.

Name and Address	Class of Security	No. of Shares Owned	% of Class	No. of Shares Owned After This Offering	% Owned After This Offering
Hugh Grant Harper . . . . . 314 Hendon Avenue Willowdale, Ontario . . . . .	Common Shares	50,000	50%(1)	nil	nil
John Thomas Tokarsky . . . . . 90 Peckham Avenue Willowdale, Ontario . . . . .	Common Shares	50,000	50%(1)	nil	nil
	Preference Shares	250,000	50%	250,000	50%
	Preference Shares	250,000	50%	250,000	50%

- (1) Calculated before giving effect to the proposed offering of common shares referred to on the facing page, and the issuance of additional common shares referred to under "Issuance of Shares in Settlement of Indebtedness".
- (2) Following receipt by the Corporation of the proceeds from the sale of the underwritten shares, Messrs. Harper and Tokarsky will hold warrants entitling them to purchase an aggregate of 250,000 common shares of the Corporation. See "Promoters and Interest of Management and Others in Certain Transactions".

As disclosed in this prospectus, 350,000 common shares will be offered hereunder by way of a secondary offering as follows:

Name and Address	No. of Common Shares to be Sold	No. of Common Shares to be Owned After This Financing	Percentage to be Owned After This Financing
Durham Securities . . . . . Corporation Limited 100 Adelaide St. W., Toronto, Ontario	98,000	Nil	Nil
Norwich Investments Limited . . . . . 88 University Ave., Toronto, Ontario	126,000	Nil	Nil
Rosmar Corporation Limited . . . . . 100 Adelaide St. W., Toronto, Ontario	126,000	Nil	Nil

The following are the names of every person having an interest either directly or indirectly to the extent of not less than 5% in the capital of the Underwriters:

Durham Securities Corporation Limited .	David J. Foster, 32 Forest Ridge Drive, Toronto, Ontario.
	Alex Pancer, 110 Elise Terrace, Willowdale, Ontario.
Norwich Investments Limited . . . . .	Estate of the late Kenneth R. Macklin, Apt. 121, 35 Ormskirk Avenue, Toronto, Ontario
	June S. Brew, 54 Brantwood Dr., Scarborough, Ontario.
Rosmar Corporation Limited . . . . .	Albert Allison, PH.23, 400 Walmer Rd., Toronto, Ontario

Note: The 350,000 common shares referred to above compose 150,000 bonus shares issued by the Corporation to the Underwriters, and 200,000 shares to be purchased by them from H. G. Harper and J. T. Tokarsky at 27¢ per share.

As of the date of this prospectus, the directors and senior officers of the Corporation hold 100% of the Corporation's issued common and preference shares.

#### **DIVIDENDS**

No dividends have been paid to date by the Corporation.

#### **AUDITORS, TRANSFER AGENT AND REGISTRAR**

William E. Griffin, Chartered Accountant, Suite 300, 111 Rainside Road, Don Mills, Ontario is the Corporation's auditor.

National Trust Company, Limited, 21 King Street East, Toronto, Ontario is the Transfer Agent and Registrar with respect to the Corporation's common shares.

The Corporation acts as its own transfer agent with respect to preference shares and warrants.

#### **MATERIAL CONTRACTS**

Except for contracts entered into in the ordinary course of business, the only contracts entered into by the Corporation within the two years prior to the date of this prospectus are the following:

1. Property acquisition option agreement between the Corporation and H. G. Harper referred to under "Acquisition".
2. Underwriting agreement between the Corporation and the Underwriters referred to under "Plan of Distribution".

3. Agreement between the Corporation and Messrs. H. G. Harper and John T. Tokarsky respecting the issuance of common shares to them in settlement of monies owed to them by the Corporation and referred to under "Issuance of Shares in Settlement of Indebtedness".

4. Agreement between the Corporation and Messrs. Harper and Tokarsky respecting their subscription for preference shares of the Corporation and the issuance to them of warrants referred to under "Promoters and Interest of Management and Others in Certain Transactions".

Copies of the foregoing contracts may be inspected at the head office of the Corporation during ordinary business hours during the distribution of the securities offered by this prospectus and, after the issuance of a receipt for this prospectus, in the public offices of the Ontario Securities Commission, 10 Wellesley Street East, Toronto, Ontario.

#### **CERTAIN PARTICULARS RELATING TO MANAGEMENT AND THE PROMOTERS**

The following particularizes the association of the undernamed with other junior mining exploration and development companies during the past ten years, the association extending from the indicated date. Except as otherwise indicated, none of the following companies has discovered an ore body or oil or gas well which has reached the stage of commercial production.

Mr. Harper is a director or officer of the following active companies: Consolidated Imperial Resources Ltd.; D'Eldona Gold Mines Ltd., producing gas wells; Enertex Developments Inc.; Fin Resources Inc.; First Canadian Gold Corporation Ltd.; Jamestown Explorations Inc.; Opawica Explorations Inc.; Proto Explorations & Holdings Ltd., producing gas wells; Temple Explorations Inc.; Thunderbolt Explorations Inc.; Greenwich Lake Explorations Ltd.; Uranex Resources Ltd.; Western Uranium Explorations Inc.; Coronation Gold Explorations Inc. (22/2/79); Mercier Explorations Limited (3/5/79); Empire Resource Explorations Ltd.; Petrobar Explorations Inc.; J-Q Resources Ltd.; Osisko Lake Mines Ltd.; Bald Eagle Explorations Inc.; Lynco Resources Inc. (5/10/79); Goldmac Explorations Inc. (10/12/79); and 4 companies which are not presently active.

Mr. Harper has been but is no longer a director or officer of the following companies: Azen Mines Ltd., Cavalier Energy Inc., Davoil Natural Resources Ltd., Kerralda Mines Limited, Kingbridge Mines Ltd., Newore Developments Ltd., Peerless Canadian Explorations Ltd., Sarimco Mines Ltd., Torcan Explorations Ltd., Viva Explorations Ltd., Winnebago Mines Ltd., Wolverine Developments Inc., Process Minerals Ltd., Summit Diversified Inc., Xtra Developments Ltd., Combined Metal Mines Ltd.

Mr. Harper has acted in the capacity of consultant only for the following companies: Abino Gold Mines Ltd., Active Mines Ltd., Amalgamated Rare Earth Mines Ltd., Ardel Explorations Ltd., Bouchard & Co. Ltd., Calvert Gas & Oils Ltd., Canadian Conquest Mines Ltd., Candore Explorations Ltd., Canray Resources Ltd., Carbrew Explorations Ltd., Cardiff Uranium Mines Ltd., Cochenour Willans Gold Mines Ltd., Concourse Minerals Ltd., Coniston Explorations & Holdings Ltd., Consolidated Dolsan Mines Ltd., Dickenson Mines Ltd., Diplomat Mines & Explorations Inc., Dolphin-Miller Mines Ltd., Dumont Nickel Corporation Ltd., Eclipse Metals Ltd., Fairview Mining Inc., Farwest Mining Ltd., File Lake Explorations Ltd., Gateford Mines Ltd., Glade Explorations Ltd., Glencair Mining Co. Ltd., Goldmaster Mines Ltd., Grand Canadian Mining Corporation Ltd., Geneva Metals Inc., Jameland Mines Ltd., Kam-Kotia Mines Ltd., Kopan Developments Ltd., Langis

Silver & Cobalt Mining Corporation Ltd., Mareast Explorations Ltd., Mount Jamie Mines Ltd., New Cinch Uranium Ltd., New Kelore Mines Ltd., Nickel Rim Mines Ltd., Pleno Mines Ltd., Power Mines Ltd., Redcon Gold Mines Ltd., Rawhide "U" Mines Ltd., Rowan Consolidated Mines Ltd., Sarimco Mines Ltd., S.I.S. Resources Corporation, The Sterling Trusts Corporation, United Cobalt Mines Ltd., United Macfie Mines Ltd., Wisconsin Mining Company Ltd., Young-Shannon Gold Mines Ltd., Combined Metal Mines Ltd., Saskatchewan Mining Development Corporation, Groundstar Resources Ltd., Canadian Gold Resources Ltd., Seaway Base Metals Ltd., Dunraine Mines Limited.

Mr. Tokarsky, during the past ten years, has been associated with approximately 56 mining and oil exploration companies as a director and/or officer. The records of 37 of these companies are not available to him and their present status is also unknown to him; 14 are not presently active, and five are in good standing. The active corporations with which he is presently associated as an officer and/or director are as follows: Geolex Resources Ltd. (formerly Aspen Explorations Inc.) producing gas well, (16/11/76); Consolidated Copper-Lode Developments Inc. (15/4/77); Enertex Developments Inc. (29/12/75); Midpines Explorations Inc. (formerly Southport Mines Ltd.) (25/2/75); Natalma Mines Ltd. (15/2/72); Orellock Explorations Ltd. (28/8/77); Jaridge Explorations Inc. (1/3/78); Western Uranium Explorations Inc. (10/4/78); Metina Developments Inc. (29/6/78); Petroline Explorers Inc., producing oil and gas wells, (19/5/78); Coronation Gold Explorations Inc. (22/2/79); Mercier Explorations Limited (3/5/79); Nolan Lake Explorations Inc. (18/6/79); Cymbal Explorations Inc. (5/11/79); Goldmac Explorations Inc. (10/12/79); Lynco Resources Inc. (5/10/79); Opawica Explorations Inc. (2/6/80); Vega Gold Explorations Inc. (13/3/80). Mr. Tokarsky is an officer and/or director of 21 companies which are not presently active.

Mr. Wallace is a director and/or officer of the following active companies: Belle Aire Resources Explorations Limited; Bonanza Red Lake Explorations Inc.; Carday Uranium Mines Inc.; Consolidated Imperial Minerals Limited; Consolidated Tache Mines & Investments Ltd.; Cymbal Explorations Inc. (5/11/79); D'Eldona Gold Mines Limited; D'Eldona Developments Limited; Fin Resources, Inc.; First Canadian Gold Corporation Inc.; Jamestown Explorations Inc.; Insulite Development Corporation Inc.; Minedel Mines Limited; Natalma Mines Limited; Northumberland Mines Limited; Oneida Energy and Resources Corporation; Opawica Explorations Inc.; Pelican Mines Limited; Petrobar Explorations Inc.; Proto Explorations & Holdings Inc.; Sumtra Diversified Inc.; Temple Explorations Inc.; Thunderbolt Gas & Oil Explorations Inc.; Mercier Explorations Limited (3/5/79); Nolan Lake Explorations Inc. (18/6/79); Golden Falcon Explorations Inc.; Goldmac Explorations Inc. (10/12/79). Mr. Wallace has been associated with 61 other companies which are not presently active or from which he has resigned as a director and/or officer.

Mr. Heale has been a director and/or officer of the following active companies: Consolidated Copper-Lode Developments Inc. (21/11/77); Midpines Explorations Inc. (25/5/78); Metina Developments Inc. (29/6/78); Nolan Lake Explorations Inc. (18/6/79); Cymbal Explorations Inc. (5/11/79); Goldmac Explorations Inc. (10/12/79); Vega Gold Explorations Inc. (13/3/80); Edomar Resources Inc.; and 6 companies which are not presently active.

Mr. Monteith has been an officer and/or director of the following active companies: Western Uranium Explorations Inc. (10/4/78); Metina Developments Inc. (29/6/78); Coronation Gold Explorations Inc. (22/2/79); Lava Cap Resources Ltd., oil and gas production; and one company which is not presently active.

Set forth below are particulars of certain companies of which Mr. Harper and Mr. Monteith have been the promoters. The table reflects monies raised through the sale of treasury shares,

expenses incurred in carrying out exploration work on properties and the dates of association as a promoter.

Mr. Harper:

<u>Company</u>	<u>Underwriting Proceeds</u>	<u>Field Expenses</u>	<u>Date</u>
Landair Explorations Limited (1) . . . . .	\$205,000	112,000	1971-1976
Energex Developments Inc. (2) . . . . .	110,000	47,680	1976-1979
Mercier Explorations Limited (3) . . . . .	250,000	58,494	1979-1980
Goldmac Explorations Inc. (4) . . . . .	187,500	5,990	1980

(1) Subsequently merged to form Uranex Resources Ltd., which has a drilled reserve of over 2,000,000 tons of pegmatite grading 0.7 pounds of U<sub>3</sub>O<sub>8</sub> per ton, as well as a substantial fluorite deposit. Present working capital — \$38,700.

(2) Present working capital — \$35,000.

(3) Present working capital — \$241,000.

(4) Present working capital — \$ 181,200.

Mr Monteith:

<u>Company</u>	<u>Underwriting Proceeds</u>	<u>Field Expenses</u>	<u>Date</u>
Western Uranium Exploration Inc. (1) . . . . .	\$180,000	138,468	1978-1980
Coronation Gold Explorations Inc. (2) . . . . .	325,000	193,969	1979-1980

(1) Present working capital — \$14,300.

(2) Present working capital — \$120,444

The above information not being within the knowledge of the Corporation has been furnished by the above-named who have compiled the same to the best of their abilities.

**PURCHASER'S STATUTORY RIGHTS OF WITHDRAWAL, RESCISSION AND DAMAGES**

Sections 70, 126 and 135 of The Securities Act, 1978 provide, in effect, that when a security is offered in the course of a distribution or a distribution to the public:

- (a) a purchaser will not be bound by a contract for the purchase of such security if written or telegraphic notice of his intention not to be bound is received by the dealer from whom the purchaser purchased the security not later than midnight on the second business day after the latest prospectus and any amendment to the prospectus offering such security is received or deemed to be received by the purchaser or his agent, and
- (b) if a prospectus together with any amendment to the prospectus contains a misrepresentation, a purchaser who purchases a security offered thereby during the period of distribution or distribution to the public shall be deemed to have relied on such misrepresentation if it was a misrepresentation at the time of purchase and, subject to the limitations set forth in the Act,

- (1) has a right of action for damages against,
  - (i) the issuer or a selling security holder on whose behalf the distribution is made.
  - (ii) each underwriter required to sign the certificate required by section 58 of the Act.
  - (iii) every director of the issuer at the time the prospectus or amendment was filed.
  - (iv) every person or company whose consent has been filed pursuant to a requirement of the regulations under the Act but only with respect to reports, opinions or statements made by them, and
  - (v) every other person or company who signed the prospectus or the amendment,but no action to enforce the right can be commenced by a purchaser more than the earlier of 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action or three years after the date of the transaction that gave rise to the cause of action, or
- (2) where the purchaser purchased the security from a person or company referred to in (i) or (ii) above or from another underwriter of the securities, he may elect to exercise a right of rescission against such person, company or underwriter, in which case he shall have no right of action for damages against such person, company or underwriter, but no action to enforce this right can be commenced by a purchaser more than 180 days after the date of the transaction that gave rise to the cause of action.

Reference is made to the aforesaid Act for the complete texts of the provisions under which the foregoing rights are conferred and the foregoing summary is subject to the express provisions thereof.

# TERRY GOLD EXPLORATIONS INC.

(Incorporated under the laws of Ontario)

## OPENING BALANCE SHEET June 30, 1980 (Note 2)

### ASSETS

#### Current Assets

Cash .....	\$ 505
Mining Property (Note 3) .....	31,700
Organization Expense .....	3,500
<b>Total Assets .....</b>	<b><u>\$35,705</u></b>

### LIABILITIES

#### Current Liabilities

Accounts payable and accrued liabilities (Note 4) .....	\$ 8,200
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#### Share Capital (Note 5)

##### Authorized —

2,000,000 preference shares, at a par value of 1/10¢ each (\$2,000)  
5,000,000 common shares without par value

##### Issued —

500,000 preference shares .....	\$ 500
100,005 common shares .....	<u>27,005</u>
	<u>27,505</u>

<b>Total Liabilities and Capital .....</b>	<b><u>\$35,705</u></b>
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Approved by the Board:

(Signed) H. G. Harper, Director

(Signed) John T. Tokarsky, Director

### AUDITOR'S REPORT

To the Directors of  
Terry Gold Explorations Inc.

I have examined the balance sheet of Terry Gold Explorations Inc. as at June 30, 1980. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion the balance sheet together with the notes thereto, presents fairly the financial position of the company, as at June 30, 1980 in accordance with generally accepted accounting principles.

July 30, 1980  
Don Mills, Ontario

(signed) WILLIAM E. GRIFFIN  
Chartered Accountant

# TERRY GOLD EXPLORATIONS INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 1980

### 1. Accounting Policies

The accounting policies of the company are in accordance with generally accepted accounting principles and those considered to be particularly significant are set out below.

#### (a) Deferred Exploration

Exploration and development expenditures are deferred until such time as they are written off against production from the property to which they apply or until the claims are sold or otherwise disposed of.

### 2. Incorporation

On April 29, 1980 a Certificate of Incorporation was issued incorporating Terry Gold Explorations Inc. under the Business Corporations Act 1970 as at that date and empowering it under its objects to explore for, develop and produce ore and minerals including oil and gas.

### 3. Mining Property

On June 20, 1980 the company acquired an option to purchase 12 unpatented mining claims in the Larder Lake Mining Division, Ontario, for a consideration of 100,000 common shares valued by the directors at 27 cents per share and a cash payment of \$4,700 for a total option purchase price of ..... \$31,700

To fully exercise its option and earn an 100% undivided interest in the mining claims, the Company will be required to issue to the Vendors an additional 400,000 common shares in equal blocks of 80,000 shares each on or before each of five successive anniversary dates of the date of issuance of the 100,000 shares for the option. The issuance of the initial 100,000 shares to the Vendors will earn the Company an undivided 20% interest and each successive issuance of 80,000 shares will earn the Company a further undivided 16% interest in the mining claims.

### 4. Accounts Payable

Accounts payable consists of the estimated organization expenses of \$3,500 and the cash portion owing re the option on the mining property \$4,700 for total accounts payable of ..... \$8,200

### 5. Share Capital

(a) The preference shares carry 1 vote per share and are preferred as to repayment of capital but do not participate in earnings. These shares are redeemable at par. The Company has the right to purchase its common shares

- (b) During the period from incorporation April 29, 1980, the Company issued or agreed to issue shares as follows:

Preference Shares	
500,000 shares for cash .....	<u>\$ 500</u>
Common Shares	
5 shares for cash .....	<u>\$ 5</u>
100,000 shares for Mining Property .....	<u>27,000</u>
<u>100,005</u>	<u>\$27,005</u>

- (c) The subscription agreement with the holders of the issued preference shares (the shareholders) provides that the 500,000 shares will be redeemed no later than July 15, 1985 unless an extension is granted by regulatory bodies.

The Company has authorized the issue of warrants to purchase 500,000 common shares. One preference share would be redeemed contemporaneously with the exercise of a common share warrant.

On completion of the financing referred to in Note 6 the Company will issue to the shareholders, warrants to purchase 250,000 common shares at 33 $\frac{3}{4}$  cents per share exercisable at any time until July 15, 1985.

To the extent that the Company receives funds from the sale of its common shares exclusive of those sold under the financing referred to in Note 6, the Company has agreed to issue to the shareholders additional warrants up to a maximum of 250,000 warrants on the basis of one warrant for every four common shares sold by the Company. The exercise price would be equal to 125% of the price received by the Company incidental to the sale of common shares with respect to which the warrants are issued.

- (d) Shareholders have subscribed for 100,000 common shares at 27 cents per share, which subscription has been accepted by the Company effective forthwith upon the acceptance for filing of the Company's prospectus by the Ontario Securities Commission.

## 6. Financing

By agreement dated June 20, 1980, underwriters have firmly agreed to purchase a total of 1,000,000 common shares of the Company's capital at 27 cents per share (\$270,000) payable as to \$108,000, \$90,000 and \$72,000 within 30 days, 60 days and 90 days of the date of acceptance for filing of the Company's Prospectus by the Ontario Securities Commission.

Upon completion of the aforesaid underwriting, the Company has agreed to pay commissions totalling \$40,500 to the underwriters, to be satisfied by the issue of a total of 150,000 common shares.

Under the agreement if the sum of \$297,000 is less than 35% of the total amount paid by the public to the underwriters in the purchase of common shares offered under the Prospectus during the course of distribution thereof, the underwriters will pay to the Company an amount which when added to \$297,000 will yield a sum equal to 35% of the amount so paid by the public in the purchase of said common shares.

The underwriters have a right of first refusal on future financing to December 31, 1985.

### CERTIFICATES

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part XIV of The Securities Act, 1978 and the regulations thereunder.

Dated: July 30, 1980

H. G. Harper  
Chief Executive Officer

John T. Tokarsky  
Chief Financial Officer

George Monteith  
Director

I. A. Wallace  
Director

#### Promoters

H. G. Harper

John T. Tokarsky

### UNDERWRITERS

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part XIV of The Securities Act, 1978 and the regulations thereunder.

Dated: July 30, 1980

DURHAM SECURITIES CORPORATION  
LIMITED

By: D. J. Foster

NORWICH INVESTMENTS LIMITED

By: J. S. Brew

ROSMAR CORPORATION LIMITED

By: H. Bauman