010

N. SECURITIES COMMISSION OR OTHER 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.

MINAKI GOLD MINES LIMITED

Suite 520, 25 Adelaide Street East, Toronto, Ontario

PROSPECTUS

COMMON SHARES
(without par value)

NEW ISSUE
100,000 underwritten shares.

Firmly Underwritten	Price Per Share	Net Proceeds to Corporation (1)	Maximum Offering Price of These Shares to the Public
100,000	35¢	$35,000	65¢

(1) Before deducting the expenses of this issue payable by the Company estimated not to exceed $4,500.

PLAN OF DISTRIBUTION
The Underwriter acting as principal will offer the underwritten shares over-the-counter in the Province of Ontario within the maximum price ceiling set forth above. Sales of the underwritten shares may also be made through other registered dealers acting as agents who will be paid commissions not exceeding 25% of the selling price of the shares so offered.

DISTRIBUTION SPREAD
The Underwriter may be said to realize the profit before expenses in an amount equal to the amount by which the price paid for such shares is less than the price of which said shares are sold to the public.

PURPOSE OF OFFERING
The purpose of this Issue is to secure funds for the general expenses of the Company and particularly to provide funds for the carrying out of development work on the Company's properties referred to under "Use of Proceeds" in this Prospectus.

SECONDARY OFFERING
23,887 shares referred to in the Prospectus under the caption "Offering" by Selling Shareholders. The proceeds from the sale of these shares will accrue to the Selling Shareholders and not to the treasury of the Company. The Selling Shareholders will not offer any part of the Secondary Offering until the 100,000 treasury shares have been purchased by the Underwriter.

There is no market for the shares of the Company.

THESE SHARES ARE SPECULATIVE.

Particular reference should be made to the captions "History and Business", "Offering", "Promoter" and "Interest of Management and Others in Material Transactions".

UNDERWRITER
M. RASH & CO. LIMITED
Suite 930, 159 Bay Street, Toronto, Ontario

INDEX

HISTORY AND BUSINESS

MINAKI GOLD MINES LIMITED (the "Company") was incorporated under The Business Corporati Act (Ontario) by Articles of Incorporation dated August 16, 1972 to engage in the acquisit. exploration, development and operation of mines, mineral lands and deposits. The Head Office of the Company is located at Suite 520, 25 Adelaide Street East, Toronto, Ontario.

PROPERTY INTERESTS

Bigstone Bay Area Mining Claims

Location and Access

Minaki Gold Mines Limited (the "Company") is the beneficial owner of five unpatented mining claims covering an area of approximately 175 acres and situate in the Bigstone Bay Area of the District of Kenora in the Province of Ontario. The mining claims, which are recorded as numbers K314875 to K314878 inclusive, and K314948 are located in the Kenora Mining Division of western Ontario on Sultana Island in Bigstone Bay of northeast Lake of the Woods. The mining claims lie some 10 miles by boat from Kenora. A narrow stretch of water separates the Island from the Rat Portage Indian Reserve on the mainland. A two-mile long road leads from the shore of the Indian Reservation near Sultana Island to Highway 17, the main Trans Canada Highway through Kenora. The road through the Indian Reserve joins Highway 17 about five or six miles east of Kenora. The main line of the Canadian Pacific Railway lies 1½ to 2 miles north of the highway.

Sultana Island once formed part of the mainland Indian Reservation but had been separated from it by rising waters of the lake. Dwellings along the highway and cottages along the lakeshore are serviced with electricity. Kenora is a town of about 12,000 and constitutes a nearby source of personnel and supplies, boat rentals, small aircraft and float planes. Kenora is serviced by daily scheduled flights of Transair DC-3 aircraft to Dryden meeting Transair's jet to Toronto. Although the area is in general well timbered, a large portion of the surface rights near Lake of the Woods is held by cottagers and consequently cutting is restricted.

History

The mining claims were first held by the Ontario Mining Company at an unknown date and subsequently by Messrs. Galt, Blumer and Hart until 1892. The claims were then acquired by Mr. F.J. Caldwell of Winnipeg who held them alone until 1899. He began development, started a mill and eventually with a group of individuals in England formed the Sultana Gold Mines Limited. They developed and worked the mine until 1906 and it is believed to have produced close to half a million dollars worth of gold (presumably at $20 per ounce). The workings included an inclined shaft to 560 feet vertical depth, eight levels and about 5,000 feet of development work. The drifts followed along the veins and opened vertically into several stopes which followed the pitch. The ore veins and masses pinched and swelled considerably and on the 7th level the main vein contracted so drastically, it was presumed faulted-off and much expense was entailed searching for its assumed faulted-off continuation in an area to the northwest. Dr. E.L. Bruce, writing for the Ontario Department of Mines in 1929, considered that the vein had not been so faulted, but had instead narrowed drastically and he considered that there was a reasonable chance that the ore resumed at depth.

The mine was involved in litigation at least twice; once when the Rat Portage Indian Band claimed the Island had been part of their Reserve at the time of their grant and should have so remained after the rise of the water level separated the island from the mainland. The second litigation followed the granting of mineral rights under Mining Claim K314948 to a group who constructed "Burley's Crib" – a cribbed "island" now in 15 feet of water, through which mining was initiated on the Crown Reef vein. (Later the Sultana drifted to these workings at the southwest end of their own drifts and used them for access and ventilation). The Sultana experienced trouble with flooding as a result of these workings connected with the near-water veins, and long lasting litigation helped deplete the Sultana funds.

Apparently nothing further was done until 1934 when Selected Canadian Gold Fields de-watered the t, did sampling and 3,500 feet of diamond drilling, apparently only in short holes of 150 feet bored from the drifts. Two holes were drilled below the old workings in the main vein area. Two probable drilling sites were observed near the eastern boundary of the massive granite but their direction of drilling is not known. In 1960-61 Strathcona Mines Limited did work consisting of geological mapping, rock trenching and sampling and 22 diamond drill holes totalling 10,366 feet.

In the fall of 1972 after acquiring the old Sultana property and claim K314948, the Company carried out geological and geophysical surveys as the summer phase of an initial exploration program. A number of excellent and good drill targets were located chiefly in volcanics and evidence of old surface diamond drilling was seen. The gold potential of the property was impossible to assess because underground workings were inaccessible. Even the nature of the deposit was no longer in evidence having been removed by open cut. Old mine and exploration data which was not on file at the Government Assessment offices was purchased and studied in the hope that it would enable underground evaluation and possibly indicate which, if any, of the surface drill targets had already been tested. Subsequently, a winter geophysical program was carried out and further excellent drill targets were located. Exploration and development, expenditures incurred by the Company on the mining claims including the costs of acquisition of old mine and exploration data have amounted to the sum of $18,923.

Save with respect to the foregoing, the Company is not aware of any surface or underground exploration or development work having been carried out on the mining claims. There is neither surface nor underground plant or equipment located on the mining claims.

Engineer's Report

The following is a summary of a report by M.L. Halladay, P.Eng., dated June 27, 1973 wherein the results of exploration and development carried out to date on the mining claims is reviewed and further programs to test the gold and base metal potential of the mining claims are recommended. The full report of M.L. Halladay is available for inspection in the public files of The Ontario Securities Commission.

Work completed by the Company in 1972-73 comprised two geophysical surveys, a geological survey and a review of former data. The geophysical and geological surveys produced seven drill targets. Several of these are excellent conductors interpreted as possible massive sulphide bodies. Two targets are possible buried quartz veins located near structures or interpreted continuation of structures which are known to have ore localized along them further to the north.

The seven hole drilling program referred to above, is designed to intersect each target with one hole and does not provide for follow-up of interesting intersections. It is logical to expect that some follow-up will be necessary on one or more of the seven targets and requirements might be greater in the case of the gold targets than in the case of base metal targets. Positive results from this initial drilling would confirm the existence of a vein structure along either the projection of the old main zone or along the granite (quartz diorite) porphyry contact. Further drilling might then be required in order to test for ore along the vein. This work would be justified in such a locale where close to one half million dollars worth of gold has already been extracted (this figure obtains for gold at $20 per ounce) from this intrusive.

Some help in resolving inconclusive or confusing results obtained in drilling the massive sulphide targets might be forthcoming from the use of drill hole rock geochemistry to select favourable horizons or favourable directions along them.

In view of EM targets extending off the claim group both to the north-east and to the south-west, it is advisable to protect the drill targets with more ground on these sides. A patented claim lying to the south-west should be optioned if possible. The largest part of the EM anomaly in this area is held by the Company but a part does exist on the adjacent ground and should be obtained if this can be done under reasonable terms.

Ground under the lake to the north-east is presently unclaimed and it is recommended that two claims be staked from a small island tying onto claim K314876 on the north.

Monies required to perform this recommended drilling would be as follows:

PHASE I Gold exploration (summer or winter program)		
Staking	$ 150	
Diamond Drilling: 800 feet @ $10/foot	$8,000	$8,150
PHASE II Base metal exploration (mostly winter program)		
Remarking grid on ice and spotting holes	$1,000	
Diamond drilling: 2,000 feet @ $10/foot	20,000	
Rock geochemistry if indicated	1,200	$22,200
Contingency for Phases I & II		1,000
PHASE III		
Follow-up drilling		10,000
	TOTAL	$41,350

Title

Title to the mining claims which form one contiguous block, is recorded in the name of the Company, such title being the usual title to unpatented mining claims enjoyed in the Province of Ontario. To keep unpatented mining claims in good standing in the Province of Ontario during the first year after recording 20 days' work must be performed and recorded, 40 days' work performed and recorded yearly for the next three years and 60 days' work performed and recorded in the fifth year. Thereafter and after surveying, claims are required to be brought to 21 year lease in the ensuing year with annual rentals of $1 per acre during the first year and 25¢ per acre annually thereafter. If a lease is for mining rights only, the second and subsequent years' rental is at the rate of 10¢ per acre.

Acquisition

The aforesaid mining claims were acquired by the Company by purchase from Mark Rash, 2 Delia Court, Downsview, Ontario, under an Agreement dated August 24th, 1972. The claims had originally cost the said Vendor a total of $2,100. paid by the Vendor to Rodney Knappett, 28 Rosalie Drive, Downsview, Ontario.

As consideration for the transfer to it of the mining claims, the Company alloted and issued to Mr. Rash a total of 750,000 fully paid and non-assessable shares in its capital stock. Certificates representing 656,363 of such shares are held in escrow on the terms and conditions set out under the caption "Escrowed Shares". The Vendor's consideration paid by the Company was determined by the present Directors of the Company. Since the mining claims were completely unproven, it was not possible to assign any particular value thereto and accordingly the said shares were alloted and issued at the sum of $15,000 which amount was arrived at by considering the cost of the mining claims to Mr. Rash and the cost of the engineering program recommended to initially explore the mining claims. Reference is hereby made to the caption "Offering" for particulars concerning the sale by way of a secondary offering of certain shares of the Company owned by Mr. Rash.

So far as the Company is aware, no person or company has received or is entitled to receive a greater than 5% interest in the consideration received by Mr. Rash or by Mr. Knappett in respect of the Bigstone Bay Area mining claims.

Reference is also made to the caption "Escrowed Shares" for particulars concerning circumstances under which the escrowed shares may be surrendered by the holder thereof for the benefit of the Company. None of the mining claims in which the Company has an interest contains a known body of commercial ore and the proposed exploration program thereon is an exploratory search for ore.

USE OF PROCEEDS

The net proceeds to the Company from the sale of the underwritten shares will be $30,500 after deducting the expenses of the issue estimated not to exceed $4,500. These monies will be added to the monies presently available to the Company which at May 31, 1973 amounted to the sum of $18,852 and will form part of the Company's working capital. The sum of $8,150 will be used to implement the Phase I gold exploration programme recommended by Margaret L. Halladay, P.Eng. on the Company's Bigstone Bay Area Mining Claims and the further sum of $23,200 will be used to implement the Phase II base metal exploration programme which is also recommended for the said mining claims. Dependent upon the results achieved and the availability of funds, the Company may carry out follow-up exploration of the Bigstone Bay Area Mining Claims, the cost of which cannot be determined at the present time. The Company may also make expenditures to acquire the ground adjacent to its Bigstone Bay Area Mining Claims as recommended by Mrs. Halladay, if this can be obtained under reasonable terms. While the Company has no plans in this regard, 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 Company are then in the course of distribution to the public.

Monies not immediately required for the Company's purposes, are deposited in interest-bearing accounts with Canadian chartered banks and/or trust companies. While there are no such immediate plans, monies available in the Company's treasury subject to the approval of shareholders of the Company, may be utilized to purchase securities of other corporations, but no such purchases will be made while the securities offered hereunder are in the course of distribution to the public.

OFFERING

The Company entered into an Agreement (the "Underwriting Agreement") dated June 27, 1973 with M. Rash & Co. Limited (the "Underwriter") Suite 930, 159 Bay Street, Toronto, Ontario, whereunder the Underwriter, acting solely on its own behalf with respect to the underwritten shares referred to below, agreed to purchase the following shares of the Company, namely:

No. of Shares underwritten	Price per Share	Amount to be received by the Company	Maximum Offering Price of these shares to the Public
100,000	35¢	$35,000	65¢

The Underwriter is obligated to take up and pay for all of the underwritten shares if any are taken up within three business days of the date of acceptance for filing of this Prospectus by the Ontario Securities Commission, (such date of acceptance being hereinafter referred to as the "Acceptance Date") subject to the terms, conditions and provisions of the said Underwriting Agreement, pursuant to which the Underwriter has the right to refuse to complete the purchase in certain events.

The Company is not aware of any assignments, sub-options or sub-underwritings with respect to the aforementioned underwritten shares. The only person having a greater than 5% interest in the Underwriter-Optionee is Mark Rash, 2 Delia Court, Downsview, Ontario.

The Underwriter, acting as principal, will offer the underwritten shares over-the-counter in the Province of Ontario, within the maximum price ceilings set forth above. Sales of the underwritten shares may also be made through other registered dealers acting as agents who may be paid commissions not exceeding 25% of the selling price of the shares so offered. The Underwriter may be said to realize a profit before expenses in an amount equal to an amount by which the price paid for such shares is less than the price at which said shares are sold to the public.

Secondary Offering

A total of 23,887 shares of the Company will be offered for sale over-the-counter in the province of Ontario by Mark Rash, as to 18,637 shares and the Underwriter as to 5,250 shares, through Registered Dealers, the proceeds from such sales accruing solely to the Selling Shareholders and not to the Company. After the 100,000 underwritten shares have been purchased by the Underwriter, the Selling Shareholders may commence offering their shares for sale. The Selling Shareholders may be said to realize a profit before expenses in an amount equal to an amount by which the cost of such shares is less than the price at which said shares are sold to the public.

DESCRIPTION OF CAPITAL STOCK

The capital stock is the Company's only class of stock. All shares issued by the Company rank equally as to dividends and there are no indentures or agreements limiting the payment of dividends. All shares issued by the Company rank equally as to voting power, one vote for each share. There are no conversion rights and there are no special liquidation rights, pre-emptive rights or subscription rights. The presently outstanding capital stock is not subject to any call or assessment and the shares offered hereby when issued and sold as described by this Prospectus will not be subject to any call or assessment.

MANAGEMENT

The names and home addresses of the Directors and Officers of the Company and the positions presently held by them in the Company are as follows:

Name	Address	Position
Irwin Arthur Wallace	508 - 2500 Bathurst St. Toronto, Ontario	President & Director
Terry Sokoloff	749 Steeles Ave. W. Unit 25 Willowdale, Ontario	Secretary-Treasurer & Director
Arthur John Fortens	75 Thorncliffe Park Dr. Toronto, Ontario	Director
Wilfred Walker, P.Eng.	229 Bayview Fairways Dr. Thornhill, Ontario	Director
Irving Dobbs	43 Bellbury Crescent Willowdale, Ontario	Director

The principal occupations of the Directors and Officers during the past five years are as follows:

Mr. Wallace is a self-employed Notary Public and Insurance and Real Estate Broker. He acts as an officer and/or director of several mining companies, including Newrich Explorations Limited, Lobo Mines & Explorations Limited and Shilo Mines Limited.

Mr. Sokoloff is an accountant and is presently employed by, and is a Director of, Shlesinger Corporate Services Limited. Prior thereto, he was employed by Laventhol Krekstein Horwath & Horwath, Chartered Accountants, Toronto. He is also an officer and/or director of several mining companies, including Richan Explorations Limited, Iron Cliff Mines Limited and Great Eagle Explorations & Holdings Limited.

Mr. Fortens is an accountant and has been employed by Sprucedale Holdings Limited since June 1, 1970. From August 1, 1970 to May 31, 1971 he was employed as an accountant by Fifth Floor Services. Prior thereto, he was employed by Louada Holdings Limited, Louis Cadesky Associates (Northern) Limited and related companies. He is presently an officer and/or director of several mining companies including North American Rare Metals Limited, Mistango River Mines Limited and New Territorial Uranium Mines Limited.

Mr. Walker is a Consulting Geologist, self-employed. He is a director of several mining companies, including Teckora Mines Limited and Pac Explorations Limited.

Mr. Dobbs has been President of Dobbs & Company Insurance Ltd. for more than the past five years. He is also a director and/or officer of several companies, including Consolidated Boeing Holdings & Explorations Limited, Canton Explorations Limited and Force Crag Mines Limited.

CAPITALIZATION

Designation of Security	Amount Authorized	Amount outstanding as at May 31, 1973	Amount outstanding if all Securities being issued are sold (1)
Common shares without par value	3,000,000 $1,500,000	965,005 $64,505	1,065,005 $99,505

(1) This figure assumes that the 100,000 shares underwritten and referred to under the caption "OFFERING" are all taken up and paid for.

PRINCIPAL AND SELLING SHAREHOLDER

Set forth below are particulars of the present principal holder of shares of the Company and being common shares without par value:

Name and Address	Type of Ownership	Number of Shares	Percentage of Class (1)
Mark Rash 2 Delia Court Downsview, Ontario	Of record and beneficially	675,000	63.4

As disclosed in this Prospectus, 23,887 shares may be offered hereunder by way of a Secondary Offering by the holders of such shares. The said shares which may be offered by the Selling Shareholders will be offered as follows:

Name and Address	Number of Shares to be Sold	Number of Shares to be Owned after this Financing	Percent to be Owned after this Financing (1)
Mark Rash 2 Delia Court Downsview, Ontario	18,637	656,363	61.6
M. Rash & Co. Limited Suite 930, 159 Bay St. Toronto, Ontario	5,250	nil	nil

(1) Calculated on the basis of there being 1,065,005 shares issued and outstanding following the sale of the underwritten shares.

As at the date of this Prospectus, the Directors and Senior Officers of the Company as a group beneficially owned, directly or indirectly, less than 1% of the issued and outstanding shares of the Company.

PRIOR SALES OF SHARES

Since its incorporation, the Company has sold the following shares:

Number of Shares	Price per Share
5	$1
125,000	20¢
50,000	25¢
40,000	30¢

Since the Company's incorporation, Mark Rash has sold 75,000 shares at the price of 35¢ per share.

ESCROWED SHARES

Certificates representing 656,363 shares of the Company are held in escrow by Guaranty Trust Company of Canada, Toronto, Ontario (the "Trustee"). The terms of escrow provide that the shares and the beneficial ownership of or any interest in them and the certificates representing them (including any replacement, share or certificates) shall not be sold, assigned, hypothecated, alienated, released from escrow, transferred within escrow or otherwise in any manner dealt with, without express consent, order or direction in writing of the Ontario Securities Commission being first had and obtained. The certificates representing said shares and the shares shall also be subject to such similar escrow provisions as may be required from time to time by any other regulatory authority having jurisdiction and so designated by the Company. The prior consent of the Company is also required to release any of such certificates from escrow.

The escrowed shares are subject to surrender for the benefit of the Company if the mining claims referred to under the caption "Bigstone Bay Area Mining Claims" for which they were issued are abandoned upon the recommendation of an independent engineer or geologist.

Capital Stock	Number of Shares held in Escrow	Percentage of Class (1)
Common Shares without par value	656,363	61.6

(1) Calculated on the basis of there being 1,065,005 shares issued and outstanding following the sale of the underwritten shares.

DIVIDENDS

No dividends have been paid to date by the Company.

AUDITOR

The Auditor of the Company is T.H. Bernholtz, Chartered Accountant, Suite 804, 330 Bay Street, Toronto, Ontario.

REGISTRAR AND TRANSFER AGENT

Guaranty Trust Company of Canada, 88 University Avenue, Toronto, Ontario, acts as the Company's Registrar and Transfer Agent.

PROMOTER

Mark Rash, 2 Delia Court, Downsview, Ontario, referred to throughout this Prospectus, may be regarded as the Promoter of the Company.

MATERIAL CONTRACTS

The Company has entered into the following material contracts since its incorporation, namely:

1. Agreement dated August 24, 1972 between the Company and Mark Rash, pursuant to which the Company acquired its interest in five unpatented mining claims situated in the Bigstone Bay Area, Kenora Mining Division, Ontario, as referred to under "HISTORY AND BUSINESS" on Page 1.
2. Underwriting Agreement dated June 27, 1973, between the Company and M. Rash & Co. Limited referred to under "OFFERING" on Page 5.

Copies of the foregoing instruments may be inspected during ordinary business hours at the Head Office of the Company during the distribution of the securities offered by this Prospectus.

REMUNERATION OF MANAGEMENT

For the period from incorporation to May 31, 1973, the aggregate direct remuneration paid to the Directors and Senior Officers of the Company has amounted to the sum of $500. In addition to the foregoing, Wilfred Walker, P.Eng. a Director of the Company has been paid the sum of $690 for professional engineering services related to the Company's exploration activities and rendered to the Company in his capacity as Technical Mining Consultant to the Board of Directors.

A monthly fee of $300 is paid to Shlesinger Corporate Services Limited, Suite 520, 25 Adelaide Street East, Toronto, Ontario, for providing head office accommodation, accounting, administrative and secretarial services for the Company and, the sum of $2,700 has been paid to May 31, 1973. Terry Sokoloff, a Director and the Secretary-Treasurer of the Company is an employee and a Director and Officer of Shlesinger Corporate Services Limited.

PRELIMINARY EXPENSES

The Company has incurred administrative expenses for the period from incorporation (August 16, 1972) to May 31, 1973, in the amount of $5,544 and estimates that for the balance of the first fiscal year administrative expenses should not exceed an additional $2,000. Exploration expenditures for the period ending May 31, 1973, have amounted to the sum of $18,923. It is proposed that a further sum of $31,350 be expended pursuant to the recommendations of M.L. Halladay, P.Eng. Geologist, for exploration and development of the Company's Bigstone Bay Area Mining Claims.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Reference is made to the caption "HISTORY AND BUSINESS" for particulars of the Agreement under which the Company acquired five unpatented mining claims situate in the Bigstone Bay Area, Kenora Mining Division, Ontario. Mark Rash, named in this Prospectus as the Company's promoter, in consideration of the transfer to the Company of the said unpatented mining claims, received by allotment 750,000 shares without par value in the capital of the Company. Reference is made to the caption "OFFERING" for particulars concerning the secondary offering by Mark Rash of 18,637 shares of the Company representing a portion of the aforesaid vendor's consideration. Mark Rash is also the controlling shareholder of M. Rash & Co. Limited, the Underwriter and selling shareholder referred to under the capiton "OFFERING".

PURCHASER'S STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

The Securities Act (Ontario) provides, in effect, that where a security is offered to the public in the course of 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 vendor or his agent not later than midnight on the second business day after the prospectus or amended prospectus offering such security is received or is deemed to be received by him or his agent, and

(b) a purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the Prospectus and any amended Prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after the expiration of 90 days from the later of the date of such contract or the date on which such Prospectus or amended Prospectus is received or is deemed to be received by him or his agent.

Reference is made to Sections 64 and 65 of The Securities Act (Ontario) for the complete text of the provisions under which the above-mentioned rights are conferred.

To The Directors
Minaki Gold Mines Limited

I have examined the balance sheet of Minaki Gold Mines Limited as at May 31, 1973 and the statements of deferred exploration and administrative expenditures, and source and application of funds for the period from Incorporation (August 16, 1972) to May 31, 1973. My examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at May 31, 1973 and its activities and the source and application of its funds for the period then ended, in accordance with generally accepted accounting principles applied on a consistent basis.

June 27, 1973
Toronto, Ontario

T. H. Bernholtz
Chartered Accountant

MINAKI GOLD MINES LIMITED
BALANCE SHEET
AS AT MAY 31, 1973

ASSETS

Cash on hand and in bank		$21,027.11
Mining claims and properties (Note 1)		15,000.00
Deferred expenditures		
Exploration expenditures	$18,922.74	
Administrative expenditures	5,543.84	
Incorporation and organization expenses	6,186.31	30,652.89
		$66,680.00

LIABILITIES AND CAPITAL

Accounts payable		$ 2,175.00
Capital Stock (Note 1)		
Authorized:		
3,000,000 common shares, without par value not to exceed $1,500,000.00		
Issued and fully paid:		
For cash:		
215,005 shares	$49,505.00	
For properties:		
750,000 shares	15,000.00	
965,005 shares		64,505.00
		$66,680.00

The accompanying notes form an integral part of these financial statements.

Approved on behalf of the Board of Directors:

"I.A. Wallace" Director

"Terry Sokoloff" Director

MINAKI GOLD MINES LIMITED
STATEMENT OF DEFERRED EXPLORATION AND ADMINISTRATIVE EXPENDITURES
FOR THE PERIOD FROM INCORPORATION (AUGUST 16, 1972)
TO MAY 31, 1973

Exploration		
District of Kenora, Bigstone Bay Area, Ontario		
Government fees and licenses	$ 252.75	
Engineering fees and expenses	1,139.97	
Geophysical surveys	15,030.02	
Cost of acquisition of data re previous exploration	2,500.00	$18,922.74
Administrative		
Head office, accounting and corporate services	$ 2,700.00	
Legal and audit fees	1,500.00	
Transfer agent's fees and expenses	695.99	
Shareholders' information	151.70	
Directors' fees	500.00	
Miscellaneous expenses	210.96	
	5,758.65	
Less: Interest income	214.81	5,543.84
		$24,466.58

MINAKI GOLD MINES LIMITED
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE PERIOD FROM INCORPORATION (AUGUST 16, 1972)
TO MAY 31, 1973

Source of funds		
Sale of 215,005 shares of the Corporations: capital stock	$49,505.00	
Interest income	214.81	$49,719.81
Application of funds		
Exploration expenditures	18,922.74	
Administrative expenditures	5,758.65	
Organization expenses	6,186.31	30,867.70
Working capital, end of period		$18,852.11

MINAKI GOLD MINES LIMITED
NOTES TO FINANCIAL STATEMENTS
AS AT MAY 31, 1973

Note 1. The mining claims consist of five unpatented claims in the Bigstone Bay Area, District of Kenora, Province of Ontario and are valued at the consideration attributed to 750,000 shares of the Corporation's capital stock, issued therefor.

Note 2. By agreement dated June 27, 1973, the underwriter has firmly agreed to purchase 100,000 shares of the Corporation's capital stock at 35¢ per share, payable within three business days after the day upon which the Corporation receives a final receipt for its prospectus from the Ontario Securities Commission.

Note 3. As the Corporation was incorporated on August 16, 1972 it is not possible to present statements on a comparative basis.

There are no other material facts.

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by Part VII of The Securities Act (Ontario) and the Regulations thereunder.

DATED this 27th day of June, 1973.

RWIN ARTHUR WALLACE
Chief Executive Officer

TERRY SOKOLOFF
Chief Financial Officer

ARTHUR J. FORTENS
Director

WILFRED WALKER
Director

PROMOTER

MARK RASH
Underwriter

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 VII of The Securities Act (Ontario) and the Regulations thereunder.

DATED this 27th day of June, 1973.

M. RASH & CO. LIMITED
PER: Mark Rash

NO SECURITIES COMMISSION OR SIM
ANY WAY PASSED UPON THE MERITS
UNDER, AND ANY REPRESENTATION T

020

FIRST AMENDMENT

OF

MINAKI GOLD MINES LIMITED
Suite 520, 25 Adelaide Street East
Toronto, Ontario

P R O S P E C T U S

COMMON SHARES
(without par value)

NEW ISSUE:

125,000 underwritten shares and 90,000 optioned shares as follows:

Firmly Underwritten	Under Option	Price Per Share	Net Proceeds to Corporation	Maximum Offering Price of These Shares to the Public
125,000		20¢	$25,000	40¢
	50,000	25¢	12,500	50¢
	40,000	30¢	12,000	60¢
	90,000		$49,500	

All of the foregoing underwritten and optioned shares have been purchased by the Underwriter-Optionee. Incidental to the distribution of the underwritten and optioned shares, the Underwriter-Optionee offers 1,250 shares.

The Underwriter-Optionee, acting as principal, will offer the underwritten and optioned shares over-the-counter in the Province of Ontario within the maximum price ceilings set forth above. Sales of the underwritten and optioned shares may also be made through other registered dealers acting as agents who will be paid commissions not exceeding 25% of the selling price of the shares so offered.

SECONDARY OFFERING:

75,000 shares referred to in the Prospectus under the caption "OFFERING" by Mark Rash. The proceeds from the sale of these shares will accrue to the Selling Shareholder and not to the treasury of the Company. All of the said shares have been sold.

The Underwriter-Optionee and the principal to the Secondary Offering may be said to realize a profit after expenses in an amount equal to the amount by which the price paid for such shares is less than the price at which said shares are sold to the public.

There is no market for the shares of the Company.

The purpose of this issue is to secure funds for the general purposes of the Company and particularly to provide funds for the carrying out of development work on the Company's properties referred to under "USE OF PROCEEDS" in the Prospectus.

THESE SHARES ARE SPECULATIVE.

Particular reference should be made to the captions "HISTORY AND BUSINESS", "OFFERING", "PROMOTER" and "INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS".

UNDERWRITER-OPTIONEE:
M. RASH & CO. LIMITED
Suite 930, 159 Bay Street, Toronto, Ontario

FIRST AMENDMENT TO THE PROSPECTUS

OF

MINAKI GOLD MINES LIMITED

The Prospectus of the Company, dated September 11, 1972, is hereby amended as follows:

1. By adding to the Prospectus under the caption "PROPERTY INTERESTS" on page 1 the following:

A program of geological mapping and geophysical surveying has been undertaken on the Company's mining claims in the Big Stone Bay area of the District of Kenora in the Province of Ontario. The old mining activities on Sultana Island were concentrated on payable gold occurrences in quartz veins. Beyond the out crops on Sultana Island there are limits to what can be done to project new vein structures by geologic inference or by geophysical methods short of a lot of diamond drilling. Induced Polarization (I.P.) work done across the mine setting can be expected to reflect the distribution of sulphides therein, but would not be sensitive to gold rich quartz veins as such unless they were intimately associated with sulphides in sizeable amounts. By contrast, a strong I.P. response was obtained in the surrounding rocks, distracting attention from possibilities in quartz vein mineralization to those in more massive sulphides contained therein. Such shift in emphasis is accompanied by the hope that these heavier sulphide occurrences which are much easier to find and outline will in the prevailing circumstances carry significant precious metals as well as supplying attendant chances in copper and zinc base metals. On the evidence obtained, there is good reason to suppose that this hope is real because of the favourably changing volcanic rock composition; the anomalous level of trace amounts of silver in the sulphides so far sampled in the volcanic rocks; the existence of copper (up to 0.53%) in the massive sulphides that already have been encountered, and the known presence of gold in the general setting.

The main thrust of the exploration has been diverted from the direct search for gold-bearing quartz veins and disseminated gold-copper associated with the granite to an examination of the geophysical results for their inherent massive sulphide possibilities. This change in emphasis also arises from an examination of old exploration records purchased by the Company from previous operations. There is observed geophysical response in the lake with a preeminent, at times strong, conductor zone recorded in good quality over some 2,000 feet of strike length. Throughout, it is in fair correlation with magnetic activity, the strength of the correlation by and large consonant with the strength of the conductor. In addition, there are four other conductors each warranting thorough investigation dependant upon results of work carried out on the main conductor zone.

The Company's Consulting Engineers have advised the Company of the results of the surveys carried out over the mining claims. Their conclusions

indicate that the most recent geophysical investigations have defined a set of sulphide rich horizons in the volcanic rocks immediately surrounding the granite on which was located the previous gold prospecting and mining in the area. In a shift away from quartz vein exploration, these horizons present themselves as mineralized zones in which there reside such fair chances in both base and precious metals that they take precedence over all other possibilities so far conceived. The Engineers recommend that a program of diamond drilling be undertaken to test at least two, if not three, of the prescribed conductor zones for their contained mineral potential, with a total of 2,000 feet for a cost of $20,000 envisaged in a winter drill program.

2. By adding to the Prospectus under the caption "USE OF PROCEEDS" on page 4, the following:

Dependant upon the availability of funds, the Company proposes to carry out the recommendations of its Consulting Engineers respecting the exploration of the Company's mining claims for their base metal potential.

3. By adding to the Prospectus under the caption "OFFERING" on page 5, the following:

All of the 125,000 underwritten and 90,000 optioned shares have been purchased by the Underwriter-Optionee. As at April 5, 1973, the Underwriter-Optionee beneficially owned 1,250 shares of the Company, which are offered by it for sale to the public.

The 75,000 shares offered by the Underwriter-Optionee for its own account have all been sold.

4. By deleting the caption "CAPITALIZATION" on page 6 and substituting the following therefor:

CAPITALIZATION

Designation of Security	Amount Authorized	Amount Outstanding as at September 5, 1972	Amount Outstanding as at April 5, 1973	Amount Outstanding if all securities being issued are sold
Common shares without par value	3,000,000 ($1,500,000)	750,005 ($15,005)	965,005 ($64,505)	965,005 * ($64,505)

*Giving effect to the sale of 125,000 underwritten and 90,000 optioned shares.

5. By amending the Prospectus under the caption "HISTORY AND BUSINESS" on page 1 as follows:

The head office of the Company is located at Suite 520, 25 Adelaide Street East, Toronto, Ontario.

There are no other material facts.

The foregoing, together with the Prospectus dated September 11, 1972, constitutes full, plain and true disclosure of all material facts relating to the securities offered by this Prospectus as required by Part VII of The Securities Act (Ontario) and the Regulations thereunder.

DATED this 5th day of April, 1973.

IRWIN ARTHUR WALLACE
Chief Executive Officer

TERRY SOKOLOFF
Chief Financial Officer

ARTHUR J. FORTENS
Director

WILFRED WALKER
Director

Promoter: M. RASH & CO. LIMITED
Per: MARK RASH

UNDERWRITER-OPTIONEE

To the best of our knowledge, information and belief, the foregoing, together with the Prospectus dated September 11, 1972, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by Part VII of The Securities Act (Ontario) and the Regulations thereunder.

DATED this 5th day of April, 1973.

M. RASH & CO. LIMITED
Per: MARK RASH

SUMMARY REPORT OF ACTIVITIES ON MINAKI GOLD MINES LIMITED BIGSTONE BAY, KENORA DISTRICT, ONTARIO TO MAY, 1973

BY M.L. HALLADAY, F.GAC, P.ENG.

BARRINGER RESEARCH LIMITED
304 CARLINGVIEW DRIVE
METROPOLITAN TORONTO
REXDALE, ONTARIO

June 27, 1973

LIST OF

LIST OF DRAWINGS

1. SUMMARY

Three phases of work have been done on the Minaki property on Sultana Island since aquisition in 1972:-

1) Geological and geophysical surveys (Report dated Dec. 1972)
2) Purchase and review of data from W. Mackle (Report dated Feb. 7, 1973)
3) Geophysical surveys covering the water portion of the Minaki claims (Report dated March 22, 1973).

1. Significant findings of the first report (see Fig. 3) outlined three strong IP responses within the volcanic sequence which have been attributed to massive sulphides; an intermediate strength anomaly which was given a much lower priority, and two anomalies (one more significant than the other) within the granite intrusive, the nature of which suggest possible occurrences of quartz vein material with minor metallics. Further, a linear feature was noted on air photos which is in position to be a southward continuation of the main gold vein system beyond the Crown Reef cross vein and thus beyond workings and exploration presently on record. Trace elements within the volcanic sequence of the Minaki property were found to be highly anomalous in silver.

2. Study of data obtained from W. Mackle indicated that the old workings had been fairly well tested without significant success in locating further ore. Data indicates that the ore existed in a plunging drag fold in the main zone. Other major structural features along the main zone could equally well localize ore. Study of the data confirmed a change in emphasis from a gold search to a base metal search.

3. Results of geophysical surveys over water portions of the Minaki property showed three strong EM target areas, believed to be due to massive sulphides. Five drill holes have been recommended.

The strength and attractiveness of the massive sulphide targets has gained them undisputed priority. The drill programme set out by John Boniwell in no. 3 above also provides for testing the massive sulphide targets located in the first

ork. It forms a good basic programme of exploration to which the following recommendations are added.

a) In view of the recent changes to a more elevated price for gold, and considering that just under half a million dollars worth of gold (at the old price of $20.00/oz.) was won from the property in former production, it it recommended that two areas be tested for gold possibilities, viz anomaly 5 of Barringer Report of December 1972, and the interpreted continuation of the main zone indicated by a linear. It is reasonable to expect that careful prospecting which is known to have been done at the time of the original operation would have unearthed any easily attainable significant zone. Therefore drilling is recommended rather than trenching and one hole (400 feet) on each trend is recommended. Favourable indications from either location would merely affirm the projection of the main zone. Quality of these results would determine whether or not further drilling is merited. It may be necessary to do considerable drilling along such a new zone in order to locate a structural trap capable of localizing ore.

b) Two claims should be added on the northeast where open ground exists and where anomalies indicated a possible further continuation in that direction. The anomaly is weakening along this projection, but further protection is indicated. An option should be arranged with the owner of D193, a patent claim to the southwest, which contains the continuation (probably termination) of the strongest conductor.

c) In the case where drilling results are confusing or inconclusive, rock geochemistry may provide clues to mineralization trends along the horizon or vertically in a sequence, where exhalative mineralization is involved.

The recommended drilling programme is designed to intersect each target with one hole, and does not provide for follow-up of interesting intersections. It is logical to expect that some follow-up will be necessary on one or more of the seven targets, and requirements might be greater in the case of the gold targets than in the case of base metal targets. Positive results from this initial drilling of gold possibilities would confirm the existence of a vein

structure along either the projection of the old main zone, or along the granite (quartz diorite) porphyry contact. Further drilling would then probably be required in order to test for ore along the vein.

Cost of the recommended programme would be in the order of the following:

PHASE 1 Gold exploration (summer or winter programme)

Staking	$150.00	
Diamond drilling: 800 feet @ $10.00/ft.	$8,000.00	$8,150.00

PHASE II Base metal exploration (mostly winter programme)

Remarking grid on ice and spotting holes	$1,000.00	
Diamond drilling: 2000 feet @ $10.00/ft.	20,000.00	
Rock geochemistry if indicated	1,200.00	$22,200.00
Contingency for Phases I & II		1,000.00

PHASE III

Follow-up drilling		$10,000.00
	TOTAL	$41,350.00

2. INTRODUCTION

Since August 1972 several surveys and a study have been carried out on the property by Barringer Research Limited at the behest of Minaki Gold Mines Limited. The following report attempts to summarize the findings of these surveys.

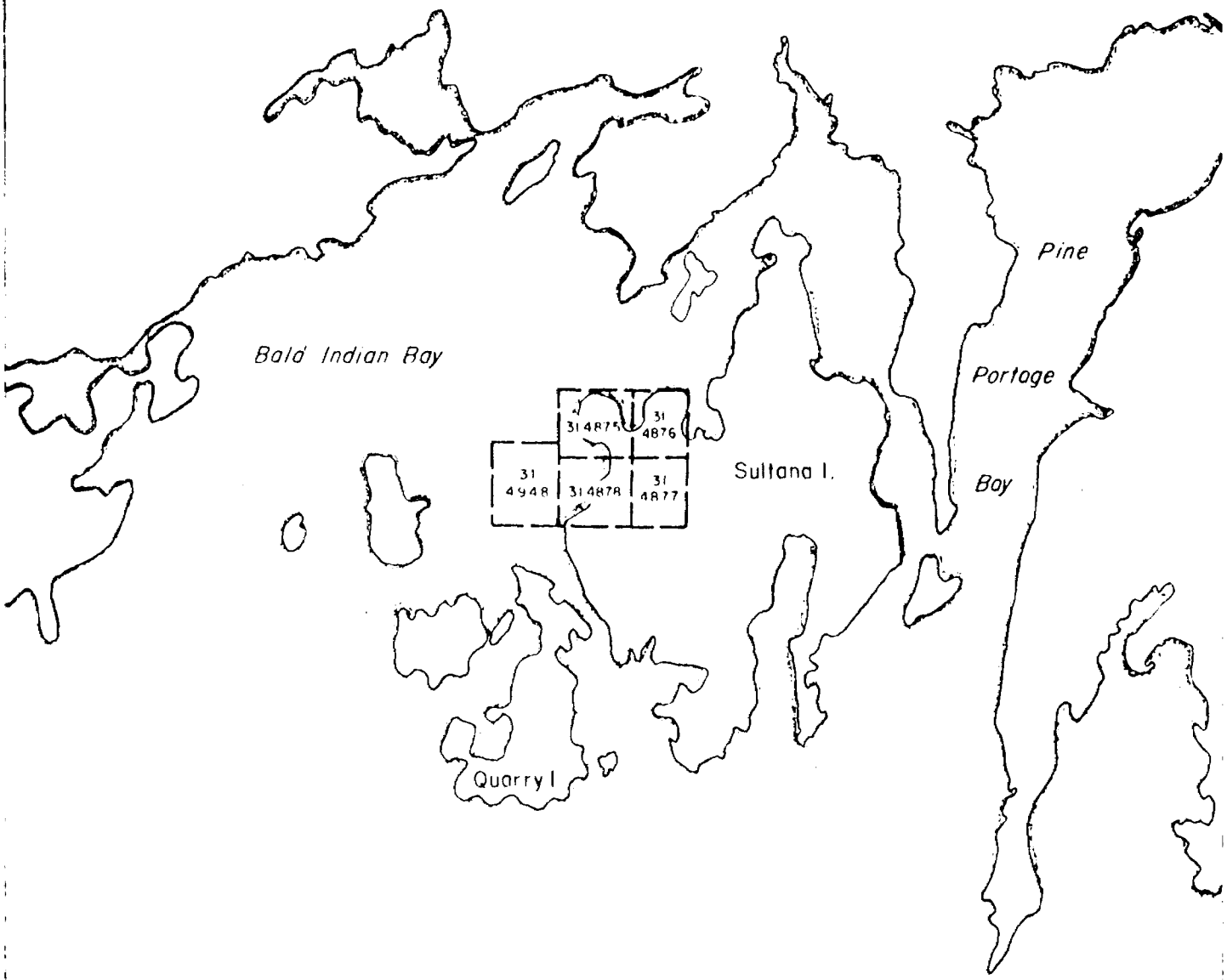
3. PROPERTY

The property consists of five contiguous unpatented claims on and near Sultana Island in the Kenora Mining Division of Western Ontario. They contain about 175 acres and are numbered as follows:

K 314875
K 314876
K 314877
K 314878
K 314948

The first four were previously the property of the former producer Sultana Mine. The last is a water claim adjacent to the west.

INDIAN RESERVE NO. 38B



Scale : 1" = 1/2 mile

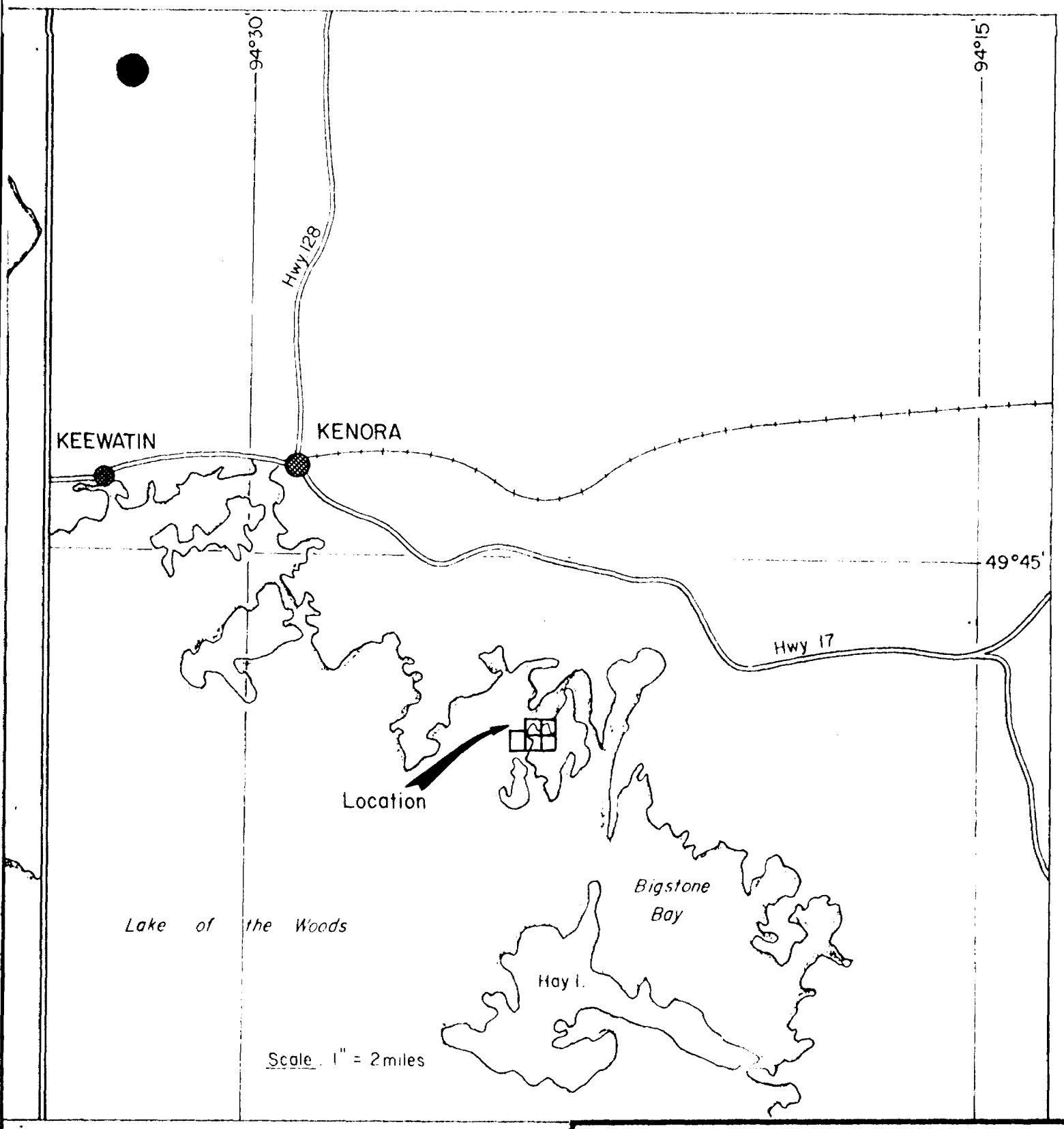
ref ODME&NA map no M1815

N

—A—

REGISTERED PROFESSIONAL ENGINEER
M.L. HALLADAY
PROVINCE OF ONTARIO

M.L. Halladay



MINAKI GOLD MINES LIMITED

BIGSTONE BAY AREA, LAKE OF THE WOODS, ONTARIO

LOCALITY PLAN

Work undertaken by
BARRINGER RESEARCH LTD, Toronto, Canada.

AUG. 1972		DWG.5-331-1

4. LOCATION AND ACCESS

The property is in the Kenora Mining Division of Western Ontario on Sultana Island in Bigstone Bay of northeast Lake of the Woods. It lies some 10 miles by boat from Kenora. A narrow stretch of water separates the island from Rat Portage Indian Reserve on the mainland. Several roads in this area join the shore of the lake to Highway 17, the main Trans Canada Highway through Kenora. One of these roads runs through the Indian Reserve and joins the highway about 5 or 6 miles east of Kenora. Another is Ormiston Road, about a mile further east. The main line of the Canadian Pacific Railway lies 1½ to 2 miles north of the highway.

Sultana Island once formed part of the mainland Indian Reservation but has been separated from it by rising waters of the lake. Dwellings along the highway and cottages along the lakeshore are serviced with electricity. Kenora is a town of about twelve thousand and constitutes a nearby source of personnel and supplies, boat rentals, small aircraft and float planes. Kenora is serviced by daily scheduled flights on Transair DC-3 aircraft to Dryden meeting Transair's jet to Toronto. Although the area is in general well timbered, a large portion of the surface rights near Lake of the Woods is held by cottagers and consequently cutting is restricted.

5. HISTORY

The property was first held by the Ontario Mining Company (dates unknown) and subsequently by Messrs. Galt, Blumer and Hart until 1892. It was then acquired by Mr. F.J. Caldwell or Winnipeg who held it alone until 1899. He began development, started a mill, and eventually with a group of individuals in England formed the Sultana Gold Mine, Limited. They developed and worked the mine until 1906. It is believed to have produced close to half a million dollars worth of gold (presumably at $20.00/oz.). The workings included an inclined shaft to 560 feet vertical depth, eight levels and about 5000 feet of development work. The drifts followed along the veins and opened vertically into several stopes which followed the pitch. The ore veins and masses pinched and swelled considerably and on the 7th level the main vein contracted so drastically, it was presumed faulted-off and much expense was entailed searching for its faulted-off continuation in an area to the northwest. Bruce (1929) considered that the vein had not been so faulted, but had instead narrowed drastically. He considered that there was a reasonable chance that the ore resumed at depth.

The mine was involved in litigation at least twice; once when the Rat Portage Indian band claimed the island had been part of their reserve at the time of their grant and should have so remained after the rise of the water level separated the island from the mainland. The second litigation followed the granting of mineral rights under the water claim to a group who constructed "Burley's Crib" - a cribbed "Island" now in fifteen feet of water, through which mining was initiated on the Crown Reef vein. (Later the Sultana drifted to these workings at the southwest end of their own drifts and used them for access and ventilation). The Sultana experienced trouble with flooding as a result of these workings connected with the near-water veins, and long lasting litigations helped deplete the Sultana funds.

Apparently nothing further was done until 1934 when Selected Canadian Gold Fields de-watered the shaft, did sampling and 3500 feet of diamond drilling; apparently only in short holes of 150 feet bored from the drifts. Two holes were drilled below the old workings in the main vein area.

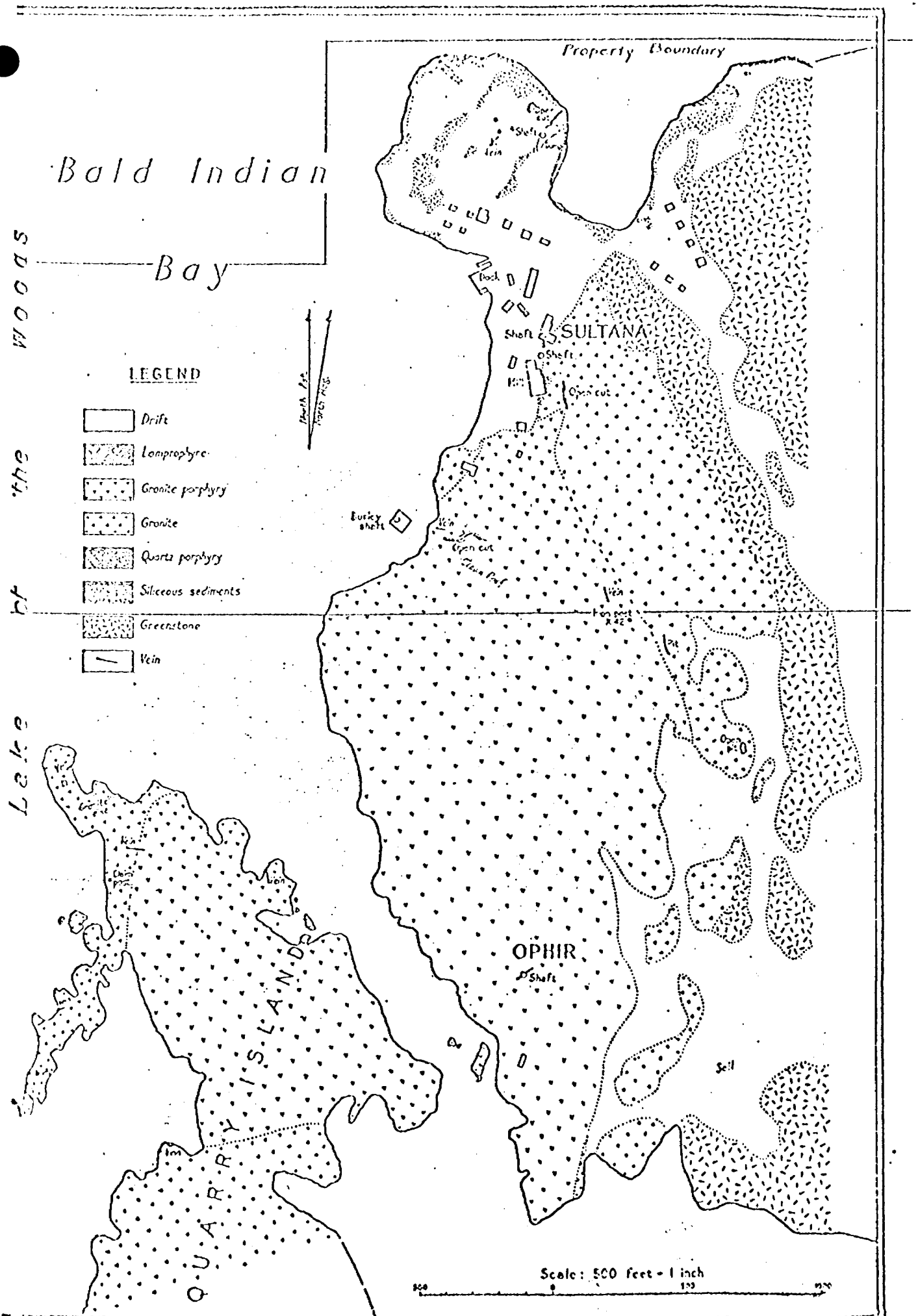
No other work has been referred to in the literature or assessment data, but two probable drilling sites were seen near the eastern boundary of the massive granite. Their direction of drilling is not known.

In 1960-61 Strathcona Mines Limited did work consisting of geological mapping, rock trenching and sampling, and 22 diamond drill holes totalling 10,366 feet.

6. REGIONAL GEOLOGY

The Lake of the Woods area is underlain by Keewatin volcanics of two superimposed basic to acid sequences. These have been folded into anticlines and synclines with axes striking east-west and northeast-southwest. The upper sequence is preserved in the synclines while anticlines display the underlying earlier sequence. After the folding there was intrusion by very large, lobed batholithic masses of granite. There are eight of these masses 40-50 miles in diameter in the region, partly mantled or draped with the Keewatin volcanics and sediments. In the area near Sultana one of these domes, the Dryberry Dome, comes within about half-a-mile of the east coast of Bigstone Bay near Sultana Island. The smaller acidic intrusive of Sultana Island is not connected, at least at surface, with the Dryberry Dome. The airborne magnetic pattern indicates the Sultana intrusive extends to the southwest under the lake. If a relationship exists at depth between it and the Dryberry Dome, it is not indicated by the published airborne magnetics. One of Goodwin's synclinal axes (Goodwin 1965) cuts through the northwest corner of the property and an anticlinal axis lies in Bigstone Bay to the southeast. The pyroclastics and sediments on the claim group are therefore probably of the upper sequence of extrusives while the lavas further to the southeast are probably of the lower sequence. Basic flows of the eastern part of the property might be of either age. Goodwin attributes mineralization in the Lake of the Woods area to the upper acid and pyroclastic members of the first cycle of volcanism. However it must also be remarked from regional maps that a large part of the mineral occurrences of the Lake of the Woods area lies in volcanics near the borders of granitic bodies, - either batholiths or smaller intrusive bodies within the volcanic belts which may be late members of the volcanic pile.

The west part of Sultana Island is underlain by a small granite intrusive of two or more phases. It extends southwest to Quarry Island and west under Lake of the Woods. The eastern and northern parts of Sultana Island are underlain by flows and intercalated sediments striking in a northeast direction. The flows change in composition from basic in the southeast through intermediate to acid in the northwest (see Fig. 2).



(From O.D.M. Ont. Rept. XXXIV pt 6a)

Mineral deposits of the immediate area include three producers, the old Sultana Mine, the adjacent Ophir mine, and the Wendigo, some 10 miles to the southeast. The Sultana is believed to have produced $1 million from workings in quartz veins of the main shear zone which lies along the contact of two phases of the granitic mass, and from workings on the Klondyke vein open cut in the volcanics some distance north of the intrusive (see Fig. 2). The mineralization on the Sultana and Ophir was reported to be mainly free gold with associated silver, molybdenite and and tungsten. The Wendigo had greater production than the Sultana. It lies in greenstone about a mile-and-a-half from the margin of a major granite mass (the Dryberry Dome). The ore is in a shear zone which is brecciated and contains 50-60% sulphide matrix of pyrite, chalcopyrite and gold.

7. RECENT WORK

In 1972 Minaki Gold Mines Limited acquired the old Sultana property and an additional claim to the west. In the fall of 1972 geological and geophysical surveys were carried out as the summer phase of an initial exploration programme. A number of excellent and good drill targets were located, chiefly in volcanics, and evidence of old surface diamond drilling was seen. The gold potential of the property was impossible to assess because underground workings were inaccessible. Even the nature of the deposit was no longer in evidence, having been removed by open cut. It was recommended that old mine and exploration data which was not on file at the Government Assessment office be purchased in the hopes it would enable underground evaluation and possibly indicate which, if any, of the surface drill targets had already been tested. The data was obtained and studied. Subsequently the winter geophysical programme was carried out and further excellent drill targets were located. The following are resumés of the findings of these surveys.

7.1 GEOLOGICAL SURVEY

Findings of this survey are incorporated in a detailed map at a scale of 1" = 100 feet numbered Drawing 5-331-2 appended to this report, and in a report dated December 1972 (Ref. 10). The reader is referred to this report for greater detail.

7.1.1 Volcanic Sequence

The claims were found to be underlain by a sequence of archean differentiated flows and intercalated sediments which strikes northeast and dips steeply northwest to vertically. They are presumed to young to the northwest. The flows are basic lavas at the southeast, overlain by tuffs and sediments which are highly siliceous, overlain by a dacitic flow which becomes porphyritic with euhedral quartz phenocrysts towards its top. The uppermost horizon is the eastern toe of a porphyritic rhyolite flow which is seen on the northwest corner of the property. The rhyolite, although gradational from the underlying dacite and in fault contact with it, is a highly siliceous porphyritic (with euhedral quartz) black rhyolite.

To the east of the rhyolite lies a horizon of siliceous sediments and/or tuffs. The andesitic lavas are pillowed at the top of the sequence, and are intruded by sills of (a) similar, and (b) porphyritic (feldspar) composition.

7.1.2 Granite Intrusive

The granitic intrusive is zoned. The central portion is a medium grey granitic porphyry. Phenocrysts are orthoclase and attain a length of a half inch. The outer zone of quartz diorite (some 300-500 feet thick) is dark grey to coarsely black and white. There is also a small tongue of fine grained black and white granite near the sulphide contact zone which appears to be a third phase. The main quartz vein and shear lies between the central porphyritic zone and the quartz diorite.

7.1.3 Structure

Field geology and a study of aerial photographs show the property to be highly faulted in at least 6 fault directions. Some of these are difficult to see on the ground but occasionally fault breccias are seen. One of these fault traces lying southwest of the Crown Reef cross-vein open cut in the southern part of the property, has a trend and location which could suggest that it was the southwest continuation of the main zone. A small quartz vein cutting across the west part of the open cut accommodates this possibility. Parallel to this linear, but beyond the east end of the Crown Reef cross-vein, is a feature outlined by the IP survey which manifests characteristics similar to those expected of low-sulphide quartz vein material. Either of these features could be a hitherto unknown continuation or repetition of the Sultana main zone.

7.1.4 Mineralization

Sulphides were seen in several places within the flow sequences. Inter-pillow sulphides (up to 10% of the rock) were seen at the top of the andesitic flows. A grab sample ran 0.10 oz. Ag/T., 0.03% Cu and a trace of gold. Sulphide from a trench on the apparent continuation of the northern (Klondyke) open cut and shaft ran 0.05% Cu with a trace of silver and gold. IP Anomaly 3

coincides with this showing. Finely disseminated sulphides within the tuff/sediments on the northeast part of the property ran 0.38 Oz. Ag/T., 0.01% Cu in the general vicinity of IP Anomaly 2, and from the northwest peninsula of the property, 0.26 and 0.28 oz. Ag/T, and 0.02% and 0.11% Cu.

A zone of massive sulphides 3 to 6 feet wide lies along the contact between the outer margin of the granitic intrusive and the enclosing flows. Two trenches were found from which samples yielded 0.01 and 0.005 oz. Au/T., 0.18 and 0.32 oz. Ag/T, 0.10 and 0.53% Cu, 0.62 and 0.31% Zn with traces of Pb and Ni. IP Anomaly 1 coincides with this showing. No sulphides were seen along the southern portion of the granite-greenstone contact and soil samples taken over a buried portion yielded negative results. The trenches over the massive sulphide contact occurrence are near the interpillow sulphides noted earlier. It is believed that the intrusive may have "smelted-out" sulphides from the pillowed andesites, collecting them at the edge of the intrusive.

With one exception, all sulphides assayed within this sequence of flows and interflow sediments carry values in silver which are 50 to 100 times those reported by Goodwin in analyses of similar flows (presumably barren specimens) some 10 miles further west. Minaki values range 0.10-0.38 oz./T with an arithmetic mean of 0.25 oz./T. This is equivalent to 8.57 ppm silver. Goodwin's weighted average chemical composition (Ag in presumed barren rocks) is 0.10 ppm. One of his specimens described as tuff or lava which was mentioned as having disseminated pyrite ran 0.31 ppm. It is not known how the amounts of sulphides present compare, but certainly the Minaki rocks are very anomalously enriched in silver.

The main mass of the intrusive was disappointingly devoid of sulphides. It had been hoped that some disseminated zones of porphyry-copper type mineralization would be located by the IP survey.

GEOPHYSICAL SURVEY (SUMMER)

Initially the geophysical methods chosen were designed to (a) indicate structures which might be gold bearing veins and (b) find any existing sulphide zones or finding areas of finely disseminated mineralization. For (a) a closely spaced magnetometer survey was chosen and for (b) and (a) an IP survey.

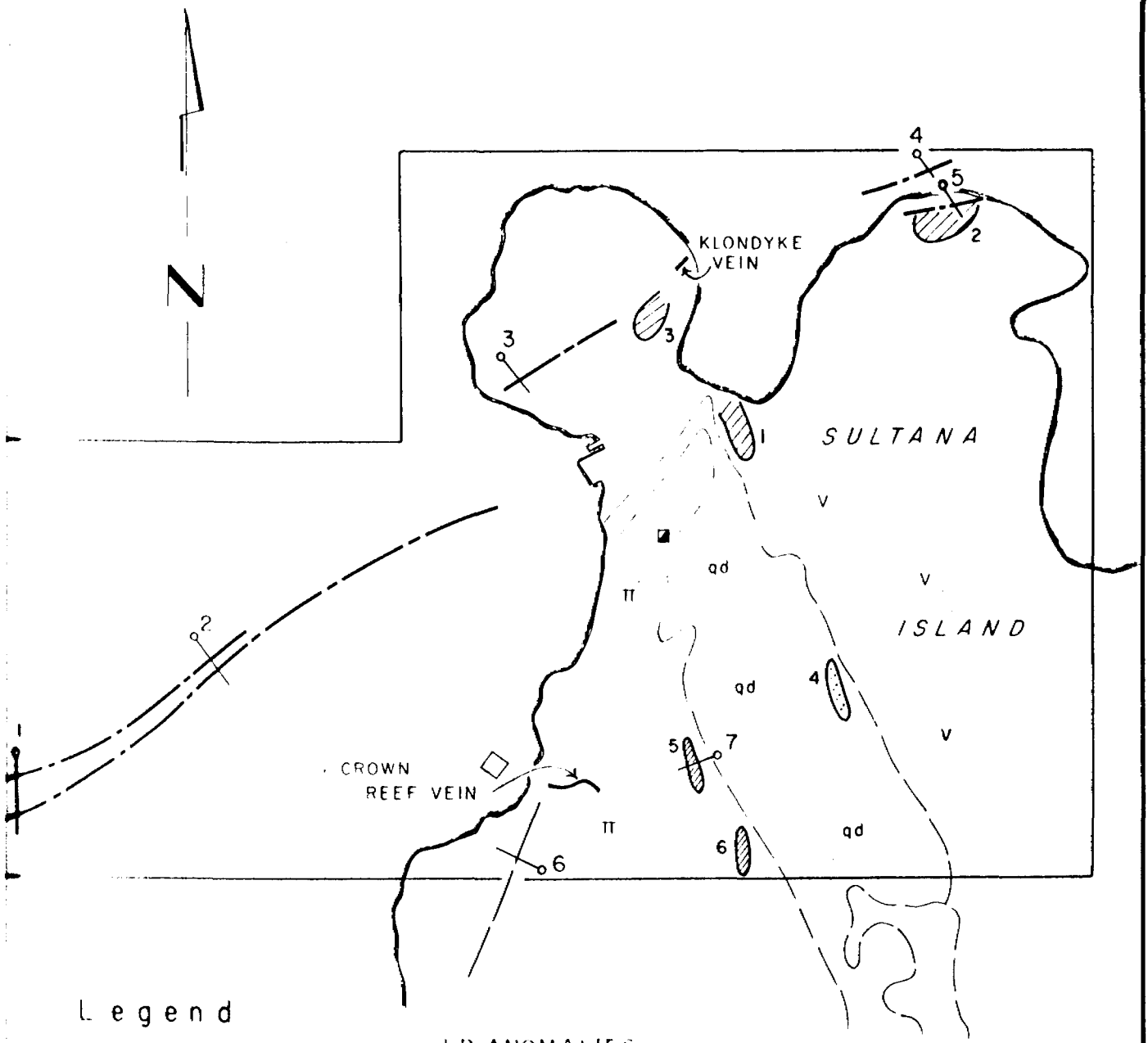
Details of these surveys are presented in a report by R. Caven (Ref. 10). The surveys outlined six anomalies (see Fig. 3) described below. Three of them are excellent responses and interpreted as probably being caused by sulphides. The remaining three are much weaker responses. One of these, Anomaly 5, and possibly Anomaly 6, are the type of IP and resistivity response which would be expected of a sparsely mineralized quartz vein. The location of Anomaly 5 is such that it might connect with the east end of the Crown Reef cross-vein, and thus could be connected with the main zone system. For this reason Anomaly 5 is considered significant.

7.2.1 Anomaly 1, at L00/1W-1E

This is a strong IP response from a body lying approximately north-south and apparently dipping east. A southward plunge is inferred and the anomaly is stronger at depth 300-400 feet than at surface.

This anomaly coincides with the trenched sulphides "smelted out" along the granite-greenstone contact. Trend of formations suggests this anomaly may lie along the same horizon as IP Anomaly 2. A surface drill hole (number 59-6) undercut this sulphide showing at vertical depth of some 200 feet. Mention is made of pyrite pyrrhotite and chalcopyrite but the core was apparently not assayed for copper or silver, although an intersection further down the hole was run for copper. A sample from the surface trench ran 0.53% copper, 0.32 oz./T silver, minor gold, zinc, nickel and a trace of lead.

Although this anomaly should not be considered definitively written off because of the former lack of emphasis on copper, and also because hole 59-6 did not intersect the most favourable IP manifestation, nevertheless because Anomaly 2 will test the same horizon further east, Anomaly 1 is given low priority.



Legend

Acid Intrusive

Volcanic sequence

IP ANOMALIES

Interpreted possible massive sulphides (strong)

Interpreted possible mass sulphides (weak)

Interpreted vein structure

LINEAR

Interpreted continuation of Main Zone

Proposed Drill Hole

MINAKI GOLD MINES LTD.

DIAGRAMATIC SKETCH SHOWING

RESUMÉ OF WORK DONE & PROPOSED DRILLING

0 500 1000 1500

Feet

Fig 3

7.2.2 Anomaly 2 at L4N/5E-10E

This anomaly at the top of the northeast peninsula is the strongest of the IP responses, and must be considered an excellent anomaly. It lies near the contact of the andesite flows with the overlying siliceous sediments. The magnetic anomaly is lower than that of Anomaly 1 and is also non-coincident. This is suggestive that the nature of the mineralization is probably different to that of Anomaly 1. Near this anomaly a sample was taken of very fine disseminated sulphide in sediments which assayed 0.38 oz./T. Ag with 0.01% Cu and nil Au. It was not assayed for other metals. This anomaly has been confirmed by the later vertical and horizontal loop EM survey which overlapped the IP coverage at this point. It is planned to test this anomaly with a drill hole numbered 5 recommended in a report by J.F. Poniwell of April 1973 (Ref. 11).

7.2.3 Anomaly 3 at L4N/1W

This anomaly lies south and west of the Klondyke open cut and vein. An old drill hole numbered 60-5 drilled toward Anomaly 3 from the north, cut a "rhyolitic flow top?" near the end of the hole. It terminated in a fault zone. Whether the IP anomaly projected that far east or not is not known because geophysical coverage was limited by the proximity of the shoreline. The IP is a strong, well defined response, better at depth 100 feet than at surface. A trench near Anomaly 3 contains narrow (1/2 ft.) massive sulphides a sample of which ran 0.05 copper with traces of gold and silver. It is not planned to drill this anomaly immediately because it did not yield any strong response from vertical and horizontal loop EM and it also appears to connect up with the projected axis of a strong EM conductor to the west. It is planned to drill the EM conductor and any encouragement received from this drilling would require follow-up in the drilling of IP Anomaly 3.

7.2.4 Anomaly 4 at L8S/1E

This is a weaker response than the first three, being only twice background chargeability. It is essentially a one-line anomaly and has a separate

flanking magnetic anomaly to the west and to the south. Magnetite was seen on fracture planes in the south part of the magnetic anomaly. Two fault linears intersect at the magnetic anomaly and breccia fragments were seen nearby, recemented with quartz carbonate. Similar fault breccias were seen at a couple of other locations on the property. The two anomalies may lie along the greenstone-intrusive contact. Thin coatings of granitic material were seen in the immediate vicinity on joint planes of the greenstone. It would seem that former exploration did not test this zone. Because the geophysical response is relatively weak by comparison with other anomalies on the property, it is not planned to drill this feature at the present time.

7,2,5 Anomaly 5 at 3-4W on Lines 8S-12S

This is an anomaly of very weak chargeability definition. It has, however, accompanying low resistivity and no significant magnetic signature:- characteristics which could be attributed to quartz vein material having low percentages of sulphides. It is strategically placed alongside or on the contact between quartz diorite and porphyry, a similar setting to the main gold bearing quartz vein. It is located a couple of hundred feet to the east of the Crown Reef vein, projecting north and south of it.

Descriptions of the old workings describe a series of 6 veins, apparently more or less parallel to one another, numbered from the "Lakeshore Shear" to the west, east to number 1 vein and east through numbers 2-4 inclusive. The most easterly (the 4th vein) was called the Bullfrog vein.

Mr. Benwell points out (Ref. 13 and oral communication) that a sizeable amount of sulphides (say 10%) must be intimately associated with gold bearing quartz veins in the order of 5 feet wide for IP anomalies to be detected. Although we do not know the amount of sulphides that was originally present in the mined out ore, it is believed that a wider vein structure (20 feet or more) with low (3 %) sulphide content could

be traced with IP given a situation of reasonable contrast with the country rocks.

In this instance we have a situation where an intrusive is known to have associated gold in one location in quantity and grade sufficient to have produced over $2 million of ore at present values. This ore was located in a structural trap on a favourable contact between two phases of the intrusive. Although prospecting was done during production phases and it is believed that no surface occurrence of merit was missed. Thus an extensive length of favourable contact is unexplored except at surface. It is impractical to explore this feature by drilling off at least 2000 feet of untested contact. The chosen geophysics was not intended to define with any certitude the position of quartz veins, but to act as a guide in selecting areas along the contact which are more favourable than others. This anomaly closely parallels the contact.

The geophysical expression is subtle and indeed the same response could be obtained from a shear zone with chlorite and/or sericite alteration. However, in consideration of the possible importance of the anomaly, a drill hole is recommended.

7.2.6 Anomaly 6 at L16S/1W

This anomaly is similar to Anomaly 5 in character. In fact, it may be connected to Anomaly 5. No work is planned on this anomaly unless encouraging results are obtained from drilling Anomaly 5 and further exploration becomes warranted.

7.3 INCORPORATION OF PREVIOUS DATA

Information purchased early in 1973 provided only limited additional information on underground workings. However a surface geological plan was obtained, also a surface drilling plan and logs of drill holes totalling 10,366 feet of drilling in 22 holes.

The drilling investigated several things:-

a) Ground near and below the old workings by 3 drill holes.
b) The lakeshore shear was tested by a number of holes.
c) The intrusive greenstone contact was tested in several places, one hole being located under the trenches.
d) The granite (quartz diorite)/porphyry contact was cut by several of the above holes.
e) The Klondyke vein was investigated by 4 holes placed east and west of the open cut, none of them testing the new geophysical targets.

It would appear that the immediate area of the old mine workings has been, for the most part fairly well tested. Although viable possibilities for ore remain in local areas, (e.g. the downward extensions of the number 3 vein and the Bullfrog vein; and also a possible swing in the azimuth of the plunge of the main zone may have resulted in it being missed by a drill hole), it was concluded that the main orebody probably contracted from a large mass of quartz to a narrow feeder vein. Other lenses could exist at depth, connected with the drag (?) structure but they are beyond the reach of geophysics and no other drilling guides are available. It would be more reasonable to explore new geophysical targets along on the favourable granite (quartz diorite)/porphyry contact. This contact has not been drilled east and southeast of the Crown Reef workings, where any ore found would be intact.

This information confirmed the change in emphasis from gold to the search for base metals in the volcanics. It showed that the geophysical gold targets

not been tested by drilling. It also obviated the necessity for extending the IP survey and enabled a less expensive method of geophysics to be used.

SECOND GEOPHYSICAL SURVEY (WINTER)

The encouraging geophysical responses found by the IP and mag surveys within the volcanics surrounding the intrusive confirmed original plans to geophysically survey the remaining water covered portion of the Minaki property. The strength and quality of these geophysical responses accented the need to test the volcanics for possible conformable massive sulphides. Because of the type of target sought and also because lower priority had been assigned to the gold search, it was decided to use the less expensive methods of EM rather than extend the IP coverage.

The EM survey used broadside vertical loop for reconnaissance on 400 foot lines, followed by horizontal loop using 100 and 300 foot coil separation. These were supplemented with a magnetometer survey. Details of the methods used and results have been presented in a report by John Boniwell, March 1973 (Ref. 13). When the survey was being planned, notice was taken of a magnetic anomaly which was projected off the property to the west. Two survey lines were planned to partly investigate the anomaly and permission was obtained from the owner of patent claim to complete these traverses. Lines were also extended across the ice on an adjacent area north of the property, stratigraphically above the rhyolite.

The salient features of this geophysical survey were the following. (Fig. 3 provides a schematic sketch for easy reference).

a) The strongest feature is an excellent anomaly at the west side of the water area. It is about 2000 feet long, stretching from line 10W to 20W. It tapers to the east in a direction towards the neck of the northwest headland of Minaki Island. It has a magnetic correlation of some 3200 gammas local relief. Massive heavy pyrrhotite mineralization is presumed. The zone is actually two separate conductor axes about 100 feet apart, the eastern being more magnetic, suggesting a mineral zoning. The dip is steep northwest and burial is no more than 70-75 feet of water and sediments. The host is believed to be (dacitic?)

graphics, and although graphite might be present it is believed that graphite (if present) could only be part of the cause of the anomaly. The system is [illegible] and dies out on the property adjacent to the west of Minaki. Two drill holes are planned for this conductor, one at the peak of the anomaly, and a [illegible] to check the feature along strike for changes in character and for [illegible] diversification.

Drill Hole No. 3 is proposed to investigate an anomaly on the northwest [illegible]. The conductor axis trends towards the high IP Anomaly 3 [illegible] survey, and it is believed that these two conductors are part [illegible] feature. However the IP conductor gave no EM response and it is [illegible] preferable to test the EM anomaly. The conductor is not so strong nor [illegible] as a) above, and may be stratigraphically higher. These two [illegible] enhance rather than detract from the desirability of the anomaly.

[illegible] conductor in the lake near the east end of the property is the target for [illegible] number 4. In characteristics of strength, quality and magnetic [illegible], it is comparable to a) above (over the length it has been surveyed) [illegible] stratigraphic position is unknown and high traces of silver (0.38 oz/T) [illegible] the area (stratigraphically below the anomaly) enhance its possibilities. [illegible] physically open to the east end, and also territorially it trends [illegible] record (lake) to the northeast. It is proposed that two claims be [illegible] a small island north of the anomaly.

[illegible] to correlate the summer IP and winter EM surveys some overlap was [illegible], and in the area of IP Anomaly 2, an EM conductor axis is superimposed [illegible] anomaly. This conductor is on land, and outcrop does not display the [illegible]. Apparent resistivity section indicates the anomaly may be [illegible] feet depth.

[illegible] at this location is andesite and a spatial relationship suggests [illegible] connection with the trenched massive sulphides (IP Anomaly 1) along [illegible] greenstone contact. This latter anomaly has been given a low [illegible] because of insufficiently high copper content in the massive sulphides [illegible] the trenches and in an old drill hole. The drill hole mentions pods,

...ers and bands of pyrite, pyrrhotite and chalcopyrite, however these ...ally were assayed for gold but not copper or silver. However, sulphides ... down the hole, described similarly ran 0.06% Cu. A recent grab sample ... these trenches ran 0.53% Cu. This anomaly is near but stratigraphically ... disseminated sulphides in sediments running 0.38 oz Ag/T.

8. CONCLUSIONS

[illegible] completed by Minaki Gold Mines Limited in 1972-73 comprised two geophysical [illegible]ys, a geological survey and a review of former data. The geophysical and [illegible]ical surveys (see Fig. 3) produced 7 drill targets. Several of these are [illegible] conductors, interpreted as probable massive sulphide bodies. Two targets [illegible] possible buried quartz veins located near structures or interpreted con-[illegible] of structures which are known to have ore localized along them further [illegible] north.

[illegible] drilling programme set out above is designed to intersect each target [illegible] hole, and does not provide for follow-up of interesting intersections. [illegible]al to expect that some follow-up will be necessary on one or more of [illegible] targets, and requirements might be greater in the case of the gold [illegible] than in the case of base metal targets. Positive results from this [illegible] drilling would confirm the existence of a vein structure along either [illegible] portion of the old main zone, or along the granite (quartz diorite)porphyry [illegible]. Further drilling might then be required in order to test for ore along [illegible]. This work would be justified in such a locale where close to half a [illegible] worth of gold had already been extracted (this figure attains for [illegible] ox.) from this intrusive.

[illegible] in resolving inconclusive or confusing results obtained in drilling [illegible] sulphide targets might be forthcoming from the use of drill hole [illegible] stry to select favourable horizons or favourable directions along [illegible]. 14).

9. RECOMMENDATIONS

... of EM targets extending off the claim group both to the northeast ... the southwest, it is advisable to protect our targets with more ground ... sides. Patent claim D193 to the southwest should be optioned if possible. ... part of the EM anomaly in this area is held by Minaki but a part does ... the adjacent ground and should be obtained if this can be done under ... terms.

... the lake to the northeast is presently unclaimed and it is recommen- ... claims be staked from a small island, tying on to claim K314876 ...

... required to perform this recommended drilling would be as follows:

... Gold exploration (summer or winter programme)

...	$150.00	
... drilling: 800 feet @ $10.00/ft.	$8,000.00	$8,150.00

... Base metal exploration (mostly winter programme)

... grid on ice and spotting holes	$1,000.00	
... drilling: 2000 feet @ $10.00/ft.	20,000.00	
... geochemistry if indicated	1,200.00	$22,200.00
... ency for Phases I & II		1,000.00

drilling	$10,000.00
TOTAL	$41,350.00

Respectfully submitted,

M. L. Halladay

M.L. Halladay, F.GAC, P.Eng.

REGISTERED PROFESSIONAL ENGINEER
M. L. HALLADAY
PROVINCE OF ONTARIO

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CERTIFICATE

I, MARGARET LOUISE HALLADAY, of Mississauga, in the County of Peel, in the Province of Ontario, hereby certify as follows:

1. That I am a geologist and reside at 2159 Parker Drive, Mississauga, Ontario.

2. That I hold a Bachelor of Science degree from Sir George Williams University (Montreal), and have completed additional geological studies at the undergraduate and graduate level at McGill University and the University of Toronto.

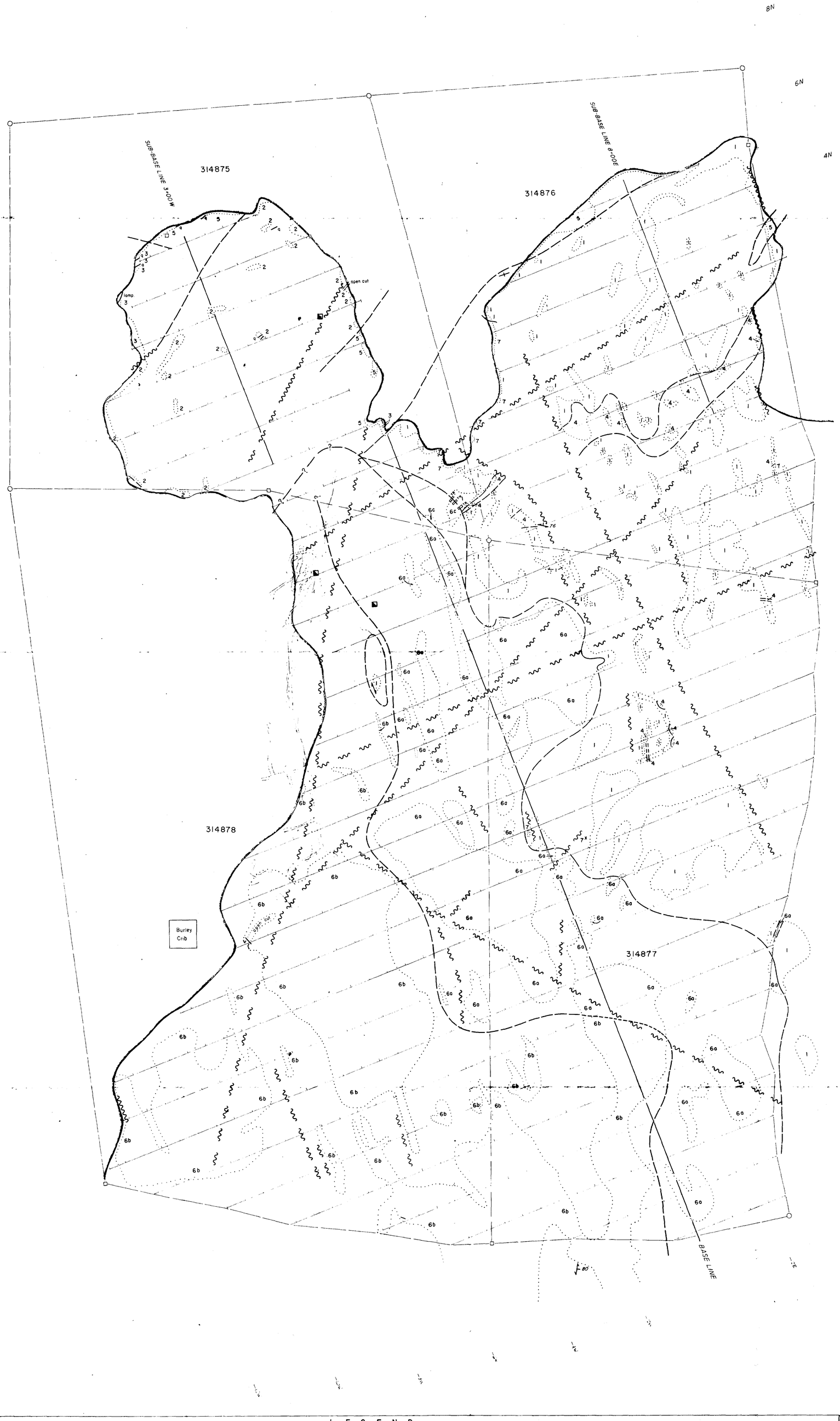
3. That I am a member of the Association of Professional Engineers of Ontario and a Fellow of the Geological Association of Canada; and that I have been practising my profession since 1963.

4. That I have no personal interest, direct or indirect in the property described in this report, nor in the properties or securities of Minaki Gold Mines Limited, nor do I expect to receive any interest therein.

5. That my report dated June 27, 1973 on the Sultana Island (Lake of the Woods) property of Minaki Gold Mines Limited is based on a geological survey of the property performed by me, Oct. 12 - 20th, 1972, published Government Geological reports and maps, on data from Government assessment work files, on data from former operators, and on results of geophysical surveys completed on the property by Barringer Research Limited.

M. L. Halladay

M.L. Halladay, F.G.A.C., P. Eng.



LEGEND

- Fault breccia
- ACID INTRUSIVES
  - 6c Granite
  - 6b Porphyry
  - 6a Quartz diorite
- ARCHEAN
  - 5 Sediments
  - 4 Feldspar porphyry (intrusive, probable part of flow sequence)
- ARCHEAN (cont'd)
  - 3 Rhyolite porphyry
  - 2 Dacite porphyry
  - 1 Andesite

- Areas of predominant outcrop
- Contacts - observed, assumed, gradational
- Fault - observed, assumed
- Bedding
- Schistosity
- TR Trench
- Shaft
- Claim post - located, unlocated

M. L. Halladay

Geology by M. Halladay, P.Eng. from Oct. 12 to Oct. 20 1972

Work undertaken by:
BARRINGER RESEARCH LTD, Toronto, Canada

MINAKI GOLD MINES LIMITED

BIGSTONE BAY, KENORA DISTRICT - ONTARIO

GEOLOGY

NOVEMBER 1972 | SCALE 1" = 100' | DWG. 5-331-2