



31M05NE0414 63.3095 COLEMAN

THE TOWNSHIP
OF
COLEMAN
DISTRICT OF
TIMSKAMING
LARDER LAKE
MINING DIVISION
SCALE: 1-INCH=40 CHAINS

LEGEND

PATENTED LAND
BROWN LAND SALE
LEASES
LOCATED LAND
LICENSE OF OCCUPATION
MINING RIGHTS ONLY
SURFACE RIGHTS ONLY
ROADS
IMPROVED ROADS
KINGS HIGHWAYS
RAILWAYS
POWER LINES
MARSH OR WOODS
MINES



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V

NOTES

400' Surface Right Reservation
around all Lakes & Rivers.

L.C. 7181 Covers Flooding Rights on
Montreal River to N.E.P.C.

Mining Claims in Cedar Lake Subject to
Water Reservation for the Town of Cobalt.
Statutes of Ontario, 7th Geo. V, 517 Chap. 57.

IV

Lorrain Twp. (M-536)

III

NO 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.

SILVER MONARCH MINES LIMITED
Suite 432, 12 Richmond Street East
Toronto, Ontario

P R O S P E C T U S

COMMON SHARES
(without par value)



NEW ISSUE: 200,000 underwritten shares as follows:

<u>Firmly Underwritten</u>	<u>Price Per Share</u>	<u>Net Proceeds to Corporation (1)</u>	<u>Maximum Offering of these shares to the public</u>
200,000	20¢	40,000	40¢

(1) Before deducting the expenses of this issue estimated not to exceed \$6,500.

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 ceilings 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 a profit before 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.

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:

77,275 shares referred to in this Prospectus under the caption "OFFERING" by the Underwriter. The proceeds from the sale of these shares will accrue to the Underwriter and not to the treasury of the Company.

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
MARCHMENT & MACKAY LIMITED
330 Bay Street, Toronto, Ontario

HISTORY AND BUSINESS.....

PRESENT PROPERTY INTERESTS.....

Millstream River Area Claims.

Location and Access.....

History and Development..... 3

Engineer's Report..... 4

Recommendations..... 5

Cost Estimates..... 5

Work Requirements..... 6

Royalty Interest..... 7

Gillies Limit Claims..... 8

Twentieth Century Property..... 9

USE OF PROCEEDS..... 10

CAPITALIZATION..... 11

DESCRIPTION OF COMMON SHARES..... 11

OFFERING..... 11

Secondary Offering..... 12

MANAGEMENT..... 12

REGISTRAR & TRANSFER AGENT..... 14

AUDITORS..... 14

ESCROWED SHARES..... 14

DIVIDENDS..... 14

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS..... 15

PRINCIPAL HOLDERS OF SHARES..... 15

SELLING SHAREHOLDER..... 16

PROMOTER AND INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS..... 16

MATERIAL CONTRACTS..... 18

PRIOR SALES OF SHARES..... 18

PURCHASER'S STATUTORY RIGHT OF WITHDRAWAL AND RESCISSION..... 19

AUDITORS' REPORT..... 20

FINANCIAL STATEMENTS..... 21

CERTIFICATES..... 26



31M05NE0414 63.3095 COLEMAN

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SILVER MONARCH MINES LIMITED

P R O S P E C T U S

HISTORY AND BUSINESS

Silver Monarch Mines Limited (the "Company") was incorporated under The Corporations Act (Ontario) and Part IV thereof by Articles of Incorporation dated May 20th, 1965, to engage in the acquisition, exploration, development and operations of mines, mineral lands and deposits. By Articles of Amendment effective January 19, 1973, the 3,000,000 issued and unissued shares of the Corporation, with a par value of \$1 each, were changed into 3,000,000 shares without par value, and the objects of the Corporation were extended. The head office of the Company is Suite 432, 12 Richmond Street East, Toronto, Ontario.

All of the properties in which the Company has an interest are without a known body of commercial ore and any work program carried out thereon is an exploratory search for ore.

PRESNT PROPERTY INTERESTS

Millstream River Area Claims

Silver Monarch Mines Limited (the "Company") has entered into an Agreement made as of the 19th day of October, 1972 with North American Rare Metals Limited ("North American") and Mistango River Mines Limited ("Mistango"), both of Suite 432, 12 Richmond Street East, Toronto, Ontario (hereunder collectively referred to as the "Optionors"), whereunder the Optionors granted to the Company the sole and exclusive right and option to acquire 50% of the Optionors' interest in 17 unpatented mining claims located in the Millstream River area of the Province of New Brunswick. During the 1973 season, the Company carried out a program of exploration and development on the 17 mining claims and based on the results thereof, 3 of the mining claims were permitted to lapse. By agreement dated October 22, 1973 the Optionors and the Company added an additional 4 mining claims to the group so that the Option Agreement now covers a total of 18 unpatented mining claims (the "Mining Claims"). The Company also agreed to reimburse the Optionors for their staking costs in the amount of \$100.

The Option Agreement provides that the option thereby granted shall continue from the date thereof until October 31st, 1975 and that if the Company shall expend the sum of \$100,000 on exploration and development of the Mining Claims during the currency of the option granted to it, such sum representing approximately the amount of monies previously expended by the Optionors on the Mining Claims, then it shall acquire 50% of the Optionors' interest in the Mining Claims. In the event the Company does not expend the sum of \$100,000 during the currency of the Option granted to it, then it shall not acquire any interest in the Mining Claims. The Agreement also contains miscellaneous provisions usual to agreements of this type respecting the payment of municipal, mining and other taxes by the Company, the maintenance of the Mining Claims in good standing during the currency of the option, the carrying out of exploration and development work on the Mining Claims in a good and workmanlike manner, the right to inspect the workings on the Mining Claims and the inspection by the Optionors of reports, maps, plans and particulars of development work being carried out thereon. The Agreement also provides that amounts expended in carrying out exploration and development work shall include amounts expended in doing geophysical, geochemical and geological surveys, in searching for, digging, trucking, sampling, working, mining and procuring ores, minerals and metals, in doing diamond drilling, assaying and metallurgical testing, in renting, erecting, installing mining plant, buildings, machinery, tools, appliances and/or equipment, in transporting men, machinery, tools, appliances, equipment, supplies, mining plant and/or buildings to and from the Mining Claims or any part of them, in paying wages and salaries of men engaged in work on the Mining Claims or any part of them, in paying assessments and contributions under Workmen's Compensation and Unemployment Insurance legislation relating to such men, in supplying food, lodging and other reasonable needs for such men and such other amounts as are directly related to the carrying out of exploration and development work on the Mining Claims.

Location and Access

The Mining Claims which form part of the larger Millstream River Property of the Optionors are situate approximately 20 miles northwest of the City of Bathurst, New Brunswick. A 25 mile hard surface road connects Bathurst with the community of Nicholas Denys and about 5 miles of gravel road continues on from Nicholas Denys into the property. Electric power is available and the metallurgical complex of Brunswick Mining & Smelting is located on tidewater at Belledune, approximately 25 miles from the property. The Nigadoo Mine concentrator is approximately 4 miles east of the settlement of Nicholas Denys.

History and Development

The Nigadoo-Millstream Area has been prospected since the late 1800's. Part of the Quebec Sturgeon sulphide deposits were discovered prior to 1891. It is only in the past 20 years that sufficient work has been carried out to allow adequate assessment of the economic potential. The only production from the Millstream-Break Area has been from the Nigadoo sulphide deposit approximately 8 miles distant from the property. Tupper, Boyle and Martin, authors of the Geological Survey of Canada Paper 67-49 covering the area, state that there is 1,390,000 tons of ore to a depth of 1,000 feet grading 4.36 oz. silver, 2.97% lead, 2.77% zinc and 0.34% copper across an average width of 6.8 feet. Several deposits have been outlined by diamond drilling on the Quebec Sturgeon ground adjoining the Optionors' property to the north and east with a shaft and some underground development work being completed on one deposit.

In 1967, a rich silver-bearing float was found on the Millstream River Property of the Optionors less than one-half mile south of the Rocky Brook-Millstream fault and about 3/4 mile southwest of the Quebec Sturgeon Shaft deposit. An assay of over 100 ounces of silver and 50% lead was obtained from this float, but drill follow-up at that time located a narrow zone of lead, zinc and silver that did not compare to the float. The Optionors proceeded with prospecting, geochemical surveys, trenching and diamond drilling. The larger Millstream River Property jointly held by the Optionors, has fluctuated in size from time to time and is divided into three groups, the East Group consisting of 16 claims, the Central Group consisting of 18 claims and the West Group consisting of 18 claims. The Company has acquired an option on the mining claims known as the West Group.

On the main mineralized system lying in the Central Group, more than 80 diamond drill holes totalling over 30,000 feet were completed by the Optionors. An area of 2,500 feet long and 400 feet wide was outlined within which there are numerous mineralized veins and lenses. An area where these vein systems were concentrated was selected for testing underground in 1970 and a brief summary of this underground program is presented.

Decline:	343.0 feet
Crosscutting:	368.0 feet
Drifting:	962.0 feet
Raising:	115.0 feet
Slashing:	20,895 cubic feet
Underground Diamond Drilling:	2,676.0 feet

During 1971 and the summer of 1972, geochemistry, trenching and diamond drilling were carried out on the Central and East Groups. The majority of this work was directed to the high geochemical areas extending to the east boundary of the East Group.

In the south area of the West Group lying to the north of the Millstream River, 4 drill holes were completed by another company (Great Northern) to test a lead-zinc-silver showing. Through an error, the ground was allowed to come open and was acquired by the Optionors. Subsequently 13 drill holes were completed on this showing and the deposit has a tested strike length of at least 700 feet. Since then, a controlled geochemical survey has been carried out on a 200 foot grid interval with samples taken every 100 feet and a number of high geochemical locations have been plotted.

Following the entering into by the Company and the Optionors of the Option Agreement, the Company carried out detailed geochemical surveys in those areas of the Mining Claims where high soil counts had been previously obtained. Some bull-dozing in these areas was completed and a new zone approximately 200 to 500 feet northwest of the Great Northern showing was located on surface. Bull-dozing and geochemical analysis of oxidized material returned high soil values (in parts per million) as follows:

<u>Location</u>	<u>Copper</u>	<u>Lead</u>	<u>Zinc</u>	<u>Silver</u>
39W-200 to 310N	120	24,000	6,000	28.00
41+80W - 340N	330	20,000	12,000	90.00
42W - 340N	415	18,000	3,500	520.00
42+20W - 340N	285	7,600	3,000	8.00

A heavily mineralized sample dug out from the gossan assayed 37.20% lead, 1.08% zinc, 5.15 ounces of silver per ton and 29.35% antimony.

The discovery was followed with a total of 2,010 feet of diamond drilling in this locale and three holes intersected values over a strike length of 250 feet. These assays returned an average of 4.63% combined lead-zinc and 7.13 ounces of silver per ton across 2.2 feet. Two of these holes assayed for antimony gave 3.68% and 2.38%. In addition, 1,580 feet of diamond drilling tested east and west of the Great Northern showing. Total diamond drilled footage completed by the Company was 3,590 feet and exploration and development expenditures by the Company carried out on the Mining Claims has amounted to the sum of \$34,552.

Engineer's Report

The following is a summary of a report dated October 16, 1973, prepared by S.W. Evans, P. Eng., Mining Geologist whose full report is available in the public files of the Ontario Securities Commission.

The 1973 field program carried out by the Company has proven the effectiveness of the geochemical bull-dozing and diamond drill format in successfully locating high grade metal occurrences along the Rocky Brook-Millstream Break. Further exploration work of this nature is warranted in selected areas of the Mining Claims. In addition, a geophysical search for basic rocks and associated Beresford type copper deposits through the north central area of the Mining Claims along the main fault system is pertinent to the program.

Recommendations

The following recommendations are listed:

1. New Zone: additional bull-dozing and diamond drill investigation should be carried out in this locale.
2. Claim #209422 and Claim #209426: detailed geochemical work, bull-dozing of trenches and diamond drilling in the previously covered areas of these two claims. Geochemical surveys should be done on the southern unexplored area of these claims. This work can be done without linecutting and the original lines extended by pace and compass with marked flagging of soil sample location.
3. Claims #246288 and #246289: These recently staked claims should be covered by a geochemical survey. This work can be carried on without linecutting by extending previous survey lines to the south with pace and compass control. All soil sampling stations should be marked on the flagging tape.
4. Proceed with magnetic and electromagnetic surveys along the main fault system in the north central sector of the property. The old grid system here is at a 400 foot interval and should be closed to 200 feet. This will involve 5 miles of additional linecutting and 10 miles of geophysics. Crone Radem type of instrumentation should be considered for the electromagnetic work.

Cost Estimates

The following costs estimates are submitted:

1.	Geochemical Surveys (Include detail work)	\$3,500
2.	Trenching (Bull-dozer)	2,000
3.	Diamond Drill Allowance 2,000 ft. @ \$8 per ft.	16,000
4.	Linecutting 5 miles @ \$80.00 = \$ 400 10 miles @ \$175 = \$1750	2,150
5.	Engineering and Supervision	3,000
6.	Contingences	3,350
	TOTAL	<u>\$30,000</u>

There has been no underground development work and there is neither surface nor underground plant or equipment on the Mining Claims which are recorded in the name of North American as follows:

Mining Licence No. 1209

204811 & 204821
204820 & 204824
204825 & 204828
204829 & 205077
205079 to 205084 inclusive

Mining Licence No. 1203

209422 & 209426

Prospectors Licence 1780

246288 & 246289

Mining Licence No. 1209 was issued December 20, 1972 and must be renewed before December 20, 1973. Claims 204811, 204820, 204821, 204824, 204825, 204828 and 204829 have 8,424 days assessment work recorded per claim. Claims 205077 and 205079 to 205084 have 659 days assessment work recorded per claim.

The mining claims under Mining Licence 1203 were recorded on July 20, 1967 and must be renewed before July 20, 1974. There is 3,328 days assessment work recorded per claim.

No work has been performed on mining claims 246288 and 246289 which were recorded in August 1973.

Work Requirements

Title to the Mining Claims is the usual title to unpatented mining claims enjoyed in the Province of New Brunswick. In the Province of New Brunswick a mining claim staked by a person with a prospecting licence is valid for one year from the date of recording, and must be renewed if it is to remain in good standing each year for a further 12 month period from the date of expiry thereof, but no claim is valid for more than 48 months from the date such claim is recorded unless the holder applies for and receives a mining licence covering the area contained within one or more of such claims. In order to renew a claim, the holder of the claim must prove that, from the time the claim was recorded to the time of the application for renewal, work has been performed on the claim to the extent of:

- (1) 25 days of 8 hours each up to the time of the first application;
- (2) a total of 50 days of 8 hours each up to the time of the second application; and
- (3) a total of 75 days of 8 hours each up to the time of the third application.

If more work is performed by or on behalf of the recorded holder than is required during the first year or any subsequent year, the excess work may be credited against future work requirements. With respect to contiguous mining claims, the required amount of work for all of the claims may be performed on one or more of the claims, provided that the maximum number of claims which may be grouped for this purpose may not exceed 25. Additionally, in the event all required work is not performed on a mining claim, such claim may be renewed on payment of a prescribed fee in lieu of each day's work not performed, which fee may be refunded provided that the holder during the ensuing year performs requisite work and, in addition, performs the amount of work that should have been performed during the previous year.

Any holder of the recorded mining claims or group of contiguous recorded mining claims not exceeding 25 in number may apply for and obtain a mining licence including such areas as are contained within one or more of such claims. Depending on which year application is made, proof of work performed on the claims must be furnished as follows:

- During the first year 25 days of 8 hours each;
- During second year 50 days of 8 hours each;
- During third year 75 days of 8 hours each;
- During fourth year100 days of 8 hours each;

In addition, the land included in the licence must be surveyed by a land surveyor.

Any holder of a mining licence may apply for and receive a renewable 21 year lease of the mining rights covered by his mining licence provided that the requirements of the licence have been complied with and the prescribed rental has been paid. There are certain work requirements contained in a lease in that the lessee must annually furnish proof that work has been performed on the mining lease during the preceding 12 month period to the extent of 25 days of 8 hours each for each area of 40 acres leased. Excess work performed in any given year may be credited against future work requirements. In addition to the work requirements, a lessee must also pay rental at a prescribed rate yearly in advance. The lessee may, in lieu of the work required to be done on the lease in each year, pay a prescribed fee for each day of such work not performed. Such fee may be refunded, if in the ensuing year the requisite work for that year and the work that should have been performed in the previous year is completed.

Royalty Interest

By Agreement dated October 31, 1968, the Optionors granted Mr. W.A. Carter, P.O. Box 417, Colborne, Ontario, the President and a Director of the Company, a 5% carried or non-assessable interest in the Mining Claims and other claims owned by the Optionors located in the Millstream River area of the Province of New Brunswick in consideration for his services in acquiring all of the claims for the Optionors. Mr. Carter is not required to contribute toward the cost of carrying out any development work on the claims but is entitled to receive 5% of the consideration paid if the Optionors at any time

se or otherwise dispose of the claims in whole or in part. If the Optionors elect to bring the claims or any part of them into production, Mr. Carter is entitled to receive 5% of the net profits earned from the production of minerals therefrom. "Net Profits" is defined to mean the annual gross revenue accruing to the Optionors from the realized sale of metals, minerals, material, concentrates and ores (hereinafter referred to as "Products") produced from the claims during each 12 month period, the first of which shall begin when commercial production is commenced by the Optionors less all direct expenses incurred in such 12 month period and less any excessive direct expenses over such gross revenues from prior 12 month periods to the extent that such excess was not previously deducted in computing Net Profits for a 12 month period. "Direct Expenses" is defined to mean and include the following types of expenditures incurred by or on behalf of the Optionors with respect to exploration, mining and production activities related to the claims, namely: staking and acquisition costs, exploratory, development, pre-production expenses, rentals, capital outlays for machinery, buildings and equipment on the claims, all costs and expenses of operations, maintenance and administration of mine and mill facilities and related employee welfare facilities, provincial mining taxes and other taxes applicable to the claims and the exploration thereof and the Products produced therefrom, costs of transportation of ores and concentrates, and all expenses incurred in the treatment of Products and the sale thereof. The Company has agreed that if it shall acquire 50% of the Optionors interest in the Mining Claims, the Company and the Optionors will contribute pro rata according to their interests in the Mining Claims to any consideration that Mr. Carter may be entitled to receive therefrom.

Gillies Limit Claims

Louis Cadesky, 647 Spadina Road, Toronto, Ontario and Norman Bernard Sheriff, 8 Whitmore Avenue, Toronto, Ontario, as Vendors, entered into an Agreement dated April 6th, 1967 with the Company whereunder the Company acquired from the Vendors 18 contiguous unpatented mining claims in the Gillies Limit, Ontario, approximately 7 miles due south of the Town of Cobalt, Ontario, in consideration of the issuance to the Vendors of 750,000 fully paid and non-assessable shares of the Company's capital stock. These shares accrued equally to the Vendors and insofar as the Company is aware, no person or company has received or is entitled to receive from the Vendors a greater than 5% interest in the consideration accruing to them. The Company carried out exploration and development work on the mining claims with negative results and such claims have been permitted to lapse. Right-offs to deficit in respect of the Gillies Limit claims have amounted to the sum of \$47,692, including \$37,500 for acquisition costs, \$6,192 in respect of deferred exploration expenditures and \$4,000 for related administrative expenditures.

Twentieth Century Property

Mr. Cadesky, acting equally on his own behalf and on behalf of Mr. Sheriff, entered into an Agreement dated March 15th, 1967 with James Joseph Gray, 2278 Lakeshore Boulevard, Oakville, Ontario, whereunder Mr. Cadesky purchased a group of 6 contiguous patented mining claims covering an area of approximately 120 acres located in the northeast corner of Coleman Township, Ontario and recorded in the Land Titles Office at Haileybury as Parcel Nos. 9023, 9336, 10726 and 10837 in the Register for South Section Temiskaming. The consideration paid to Mr. Gray was \$20,000 and the reservation to him of a royalty of 5% of net smelter returns on all ores and minerals derived from the Twentieth Century property with further provision that Mr. Gray be entitled to receive 250,000 shares of any public company that acquired the Twentieth Century property. Mr. Cadesky subsequently entered into an Agreement dated April 24th, 1967 with the Company, whereby acting equally on his own behalf and on behalf of Mr. Sheriff, he sold the Twentieth Century property to the Company. Nothing was paid by the Company to Mr. Cadesky and Mr. Sheriff, but the Company agreed to pay a royalty of 5% of net smelter returns to Mr. Gray and a further royalty of 5% of net smelter returns to be divided equally between Mr. Cadesky and Mr. Sheriff. In the event royalties based on net smelter returns are paid, the first \$30,000 of such royalties shall accrue solely to Mr. Gray and thereafter net smelter returns shall be disbursed pro-rata to the parties respectively entitled to receive the same. Mr. Cadesky and Mr. Sheriff also each donated 125,000 shares of the Company to Mr. Gray to satisfy his right to receive 250,000 shares of any public company that acquired the Twentieth Century property. Save as aforesaid, so far as the Company is aware, no person or company has received or is entitled to receive from Mr. Gray or from Messrs. Cadesky and Sheriff a greater than 5% interest in the consideration aforementioned, which has or may accrue to them respectively.

Title to the Twentieth Century property, which is recorded in the Company's name, is free of encumbrance and is the usual title enjoyed to lands granted as mining lands by the Crown in the Province of Ontario with customary reserves of pine trees, road allowances and use of navigable waters. There are no work requirements to keep the property in good standing. Annual acreage taxes amount to \$60, while annual municipal taxes of about \$90 are payable.

The Company carried out exploration and development work at a cost of \$38,515, consisting of road building and the installation of compressed air service. The Number 1 Shaft was rehabilitated and dewatered and a hoisting plant installed. Exploration and geological mapping of the surface and underground workings was carried out and a total of 4,051 feet of diamond drilling done from the surface and underground workings.

Although several strong veins were located with the drilling, the drilling also indicated that the most probable ore horizon (the base of the Huronian Sediments) lay much deeper than originally

anticipated at approximately 660 feet below surface. Further exploration from the Number 1 Shaft became impractical. The Company's consulting engineer for the project recommended continued surface diamond drilling to test established veins at the base of the Huronian Sediments since he regarded the property as containing the unexplored potential. No exploration work is presently being carried out on the property and the Company has not made a decision whether to carry out the recommendations of the consulting engineer.

USE OF PROCEEDS

The Net Proceeds to the Company from the sale of the underwritten shares will be \$40,000 which will be reduced by the costs of this issue estimated at \$6,500. These monies will be added to the Company's working capital which as at September 30, 1973, amounted to approximately \$10,300. Monies available to the Company, will be used in implementation of the recommendations of Mr. S.W. Evans, P.Eng., Mining Geologist, in his report dated October 16, 1973, estimated to cost \$30,000. Dependent upon the results achieved, and the availability of funds, monies may also be used to carry out follow-up development work as required. Excess funds will form part of the Company's working capital, to be used for general operating expenses. While the Company has no plans in this regard at the present time, monies in its treasury as available, may also be used to defray the costs of programs of acquiring, staking, exploring and developing other properties, either alone or in consort with others and generally to carry out exploration programs 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 or trust companies. While there are no such immediate plans, monies available from the Company's treasury 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.

CAPITALIZATION

<u>Designation of Security</u>	<u>Amount Authorized</u>	<u>Amount outstanding as at September 30, 1973</u>	<u>Amount outstanding if all securities being offered are sold (1)</u>
Common shares no par value (\$3,000,000)	3,000,000	1,700,005 (\$ 172,505)	1,900,005 (\$ 212,505)

(1) This figure assumes that the 200,000 shares underwritten and referred to under the caption "OFFERING" are all taken up and paid for.

DESCRIPTION OF COMMON SHARES

Each holder of common shares is entitled to one vote at all meetings of shareholders for each share held. Each share ranks equally with all other shares with respect to rights to dividends and upon a winding-up or dissolution of the Company. All shares to be outstanding upon completion of the present financing will be fully paid and non-assessable. All shares of the Company are freely transferrable.

OFFERING

The Company entered into an Agreement (the "Underwriting Agreement"), dated October 11, 1973, with Marchment & MacKay Limited (the "Underwriters"), Suite 1608, 330 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:

Underwritten Shares

<u>Number of Shares Underwritten</u>	<u>Price Per Share</u>	<u>Net Amount to be received by the Company</u>	<u>Maximum Offering Price of these shares to the Public</u>
200,000	20¢	\$ 40,000	40¢

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 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 persons having a greater than 5% interest in the issued capital of the Underwriter are William Roy Marchment, 53 King George's Road, Islington, Ontario, Robert Pascoe MacKay, 31 Alexander Street, Toronto, Ontario and Charles Ornstein, 260 Wellesley Street East, Toronto, Ontario.

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.

Secondary Offering

As stated on the Facing Page of this Prospectus, 77,275 shares of the Company will be offered for sale over-the-counter in the Province of Ontario by the Underwriter through registered dealers, the proceeds from such sale accruing solely to the Underwriter and not to the Company. The 77,275 shares were acquired by the Underwriter as follows:

28,500 by purchase from Frank Cadesky more particularly described under "Selling Shareholder"

40,500 representing a portion of the 465,500 free and escrowed shares purchased from Norman B. Sheriff and Tower Financial Corporation Limited more particularly described under "Promoter and Interest of Management and Others in Material Transactions"

8,275 by purchase in the open market during the past 12 months.

With respect to the shares offered by this Prospectus, the Underwriter may be said to realize a profit before 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.

The Underwriter may also make purchases and sales of shares of the Company over-the-counter during the course of distribution of the shares offered by this Prospectus.

MANAGEMENT

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

Name and Address

Walter Andrew Carter,
P.O. Box 417,
Colborne, Ontario.

Position

President and Director

Norman William Lamport,
1 Sylvan Avenue,
Scarborough, Ontario

Director

Arthur John Fortens,
47 Thorncliffe Park Drive,
Toronto, Ontario.

Director

Frank Cadesky,
767 Spadina Road,
Toronto, Ontario.

Secretary-Treasurer

The principal occupation of the Directors and Officers during the past 5 years is as follows:

WALTER ANDREW CARTER is and has been a Consulting Engineer self-employed and a Director of Silmil Explorations Inc. and other mining companies for the past 5 years.

NORMAN WILLIAM LAMPORT is a Corporate Secretary and has been since January 1971. Prior thereto he was a civil servant. Mr. Lamport is also a Director and Officer of several public companies, including Trinova Cobalt Silver Mines Limited.

ARTHUR JOHN FORTENS is an Accountant and has been employed by Sprucedale Holdings Limited since June 1, 1971. Prior thereto he was employed by Louada Holdings Limited, Louis Cadesky Associates Northern Limited and related companies.

FRANK CADESKY is and has been a Broker-Dealer and a co-owner of Glandfield & Co. Limited, Broker-Dealers, Toronto, Ontario.

The Directors and Senior Officers of the Company beneficially own, directly or indirectly, the undernoted shares of the Company:

<u>Designation of Class</u>	<u>Percentage of Class (1)</u>
Common	11.8

- (1) Calculated on the basis of there being 1,900,005 shares issued and outstanding following the sale of the underwritten shares.

REGISTRAR & TRANSFER AGENT

Guaranty Trust Company of Canada, 88 University Avenue, Toronto 1, Ontario, is the Company's Registrar and Transfer Agent.

AUDITORS

The Auditors of the Company are Messrs. Laventhol, Krekstein, Horwath & Horwath, Chartered Accountants, 700 - 120 Adelaide Street West, Toronto 1, Ontario.

ESCROWED SHARES

At the present time, certificates representing 675,000 shares of the Company are held in escrow by Guaranty Trust Company of Canada, 88 University Avenue, Toronto, Ontario, subject to release, transfer, hypothecation, assignment or other alienation, only on the written consent of the Ontario Securities Commission and of such securities commissions and/or like regulatory authorities in Canada as the Company may designate from time to time, and further provided that if any shares of the Company are listed on any Stock Exchange or Stock Exchanges in Canada, the Company may also require that the consent of such Stock Exchange or Stock Exchanges shall be required for any release, transfer, hypothecation, assignment or other alienation of the said shares from escrow. The escrowed shares are also subject to release only on the written consent of the Company.

<u>Capital Stock</u>	<u>Number of Shares held in Escrow</u>	<u>Percentage of Class</u>
Common Shares No par value	675,000	35.3 (1)

(1) Calculated on the basis of there being 1,900,005 shares issued and outstanding following the sale of the underwritten shares.

DIVIDENDS

No dividends have been paid to date by the Company.

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

No remuneration was paid or is payable by the Company to its Directors and Senior Officers for the fiscal year ending December 31, 1972. The aggregate direct remuneration paid by the Company to its Directors and Senior Officers for the nine months ended September 30, 1973, has amounted to the sum of \$900.

The aforesaid sums do not include the sum of \$500 payable to Mr. W.A. Carter for providing the Company with professional services in his capacity as Consulting Engineer during the fiscal year ending December 31, 1972, nor the sum of \$3,900 payable to Mr. Carter for similar services rendered during the nine months ending September 30, 1973. The Company intends to pay the Secretary remuneration at the rate of \$250 per month commencing in November, 1973.

PRINCIPAL HOLDERS OF SHARES

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

<u>Name and Address</u>	<u>Type of Ownership</u>	<u>No. of Shares</u>	<u>Percentage of Class (3)</u>
Frank Cadesky 767 Spadina Road Toronto, Ontario	Beneficial Direct and of Record	225,000 (1)	11.8
James Joseph Gray 2278 Lakeshore Blvd. Oakville, Ontario	Beneficial, Direct and of Record	225,000	11.8
Marchmont & MacKay Limited, Suite 1608 330 Bay Street Toronto, Ontario	Beneficial and Direct	302,275 (2)	15.9

- (1) Gives effect of the transfer by Frank Cadesky of 28,500 shares of the Company to Marchmont & MacKay Limited. Reference is made to the caption "Selling Shareholder".
- (2) Owned as at October 31, 1973. Of the shares owned by Marchmont & MacKay Limited, 225,000 are held of record.
- (3) Calculated on the basis of there being 1,900,005 shares issued and outstanding following the sale of the underwritten shares.

Frank Cadesky has offered to purchase the 225,000 escrowed shares owned by the Estate of James Joseph Gray, which offer is presently under consideration by the said Estate and has not been accepted or rejected.

SELLING SHAREHOLDER

Marchment & MacKay Limited (the "Purchaser") entered into an agreement dated October 25, 1973, with Frank Cadesky, whereunder the Purchaser agreed to purchase from Mr. Cadesky, 28,500 shares of the Company for the sum of 15¢ per share, the purchase of such shares to be conditional upon the acceptance of the Ontario Securities Commission of this Prospectus of the Company. The shares acquired by the Purchaser from Mr. Cadesky will form part of the 77,275 shares to be offered by Marchment & MacKay Limited as a secondary offering, particulars whereof are set forth under the caption "Offering".

<u>Name & Address</u>	<u>No. of Shares owned before offering</u>	<u>Percentage of Class(1)</u>	<u>No. of Shares to be offered</u>	<u>No. of Shares to be owned after offering</u>	<u>Percentage of Class(1)</u>
Marchment & MacKay Limited, Suite 1608 330 Bay St. Toronto, Ont.	302,275	15.9	77,275	225,000	11.8

(1) Calculated on the basis of there being 1,900,005 shares issued and outstanding following the sale of the underwritten shares.

PROMOTER AND INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Frank Cadesky, 767 Spadina Road, Toronto, Ontario, is the Company's promoter and is the President and a director of North American Rare Metals Limited and Mistango River Mines Limited referred to under the caption "Millstream Area Claims". As at October 31, 1973, Mr. Cadesky was the beneficial owner of 50,000 shares representing 0.9% of the capital stock of North American Rare Metals Limited.

Mr. W.A. Carter, the President and a Director of the Company, is entitled to a 5% carried interest in the Millstream River Area Claims which the Company has optioned from North American Rare Metals Limited and Mistango River Mines Limited. Reference is made to the caption "Millstream River Area Claims" for further particulars concerning Mr. Carter's interest therein. Mr. Carter is also a director of North American Rare Metals Limited and Mistango River Mines Limited.

Reference is made to the caption "Selling Shareholder" for particulars concerning the sale by Frank Cadesky to Marchment & MacKay Limited of 28,500 shares of the Company. Reference is also made to

the caption "Offering" for particulars concerning the underwriting by Marchment & MacKay Limited of a total of 200,000 shares of the Company's capital stock and of the offering by Marchment & MacKay Limited of certain shares of the Company for its own account.

Marchment & MacKay Limited entered into agreements with Norman B. Sheriff and Tower Financial Corporation Limited both dated December 13, 1972, whereunder Marchment & MacKay Limited purchased for the sum of \$2,000. a total of 465,500 shares of the Company of which 225,000 shares were subject to escrow. Pursuant to an agreement dated January 15, 1973, with the Company, Marchment & MacKay Limited acting on its own behalf as Underwriter-Optionee, agreed to purchase 200,000 shares of the Company at the price of 15¢ per share and in consideration therefor, was also granted an option to purchase an additional 150,000 shares of the Company at the price of 20¢ per share. All of the underwritten and optioned shares were purchased by Marchment & MacKay Limited and were offered for sale to the public at various prices not exceeding the maximum offering prices permitted by the Ontario Securities Commission. Following the sale by the Company of the underwritten and optioned shares, Marchment & MacKay Limited also offered for sale to the public a total of 200,000 shares for its own account, such shares having been previously purchased from Norman B. Sheriff and Tower Financial Corporation Limited and referred to above. Marchment & MacKay Limited may be said to have realized a gross profit in respect of the sale by it of the underwritten, optioned, and secondary shares in an amount equal to the difference between the price paid by it for such shares and the price at which such shares were sold to the public.

Prior to the reactivation of the Company in 1973, Louis Cadesky, now deceased, and Norman B. Sheriff were the promoters of the Company. Reference is made to the caption "Gillies Limit Claims" for particulars concerning the mining claims vended by them to the Company for 750,000 shares of its capital stock. Since these claims were completely unproven, it was not possible to assign any value thereto and accordingly the shares were allotted at an arbitrary value of 5¢ per share for a total amount of \$37,500. This amount did not necessarily bear any correlation to the actual worth of the property which was prospected and staked by Messrs. Cadesky and Sheriff at a cost of approximately \$635.

Norman B. Sheriff, formerly a promoter of the Company, together with his spouse and son, are the beneficial owners of all of the outstanding shares of Tower Financial Corporation Limited ("Tower"), Suite 313, 67 Yonge Street, Toronto, Ontario. Pursuant to an Agreement dated April 26, 1967 with the Company, Tower acting as Underwriter-Optionee, agreed to purchase 600,000 shares of the Company in three blocks of 200,000 shares each and at the prices of 10¢, 12.5¢ and 15¢ respectively. In consideration therefor, Tower was also granted options to purchase an additional 400,000 shares of the Company in two blocks of 200,000 shares each, and at the prices of 20¢ and 25¢ respectively. All of the underwritten shares were purchased on May

24, 1967, however, none of the optioned shares were purchased. There was no market for shares of the Company preceding May 24, 1967. All of the aforesaid shares were offered at the market from time to time within the price ceiling limits of the rules and regulations of the Broker-Dealers' Association of Ontario and Tower realized a profit in an amount equal to the excess by which the price paid for such shares was less than the price at which said shares were sold to the public. Neither of the then promoters of the Company sold shares of the Company from their personal holdings during the course of the distribution to the public of the Company's shares.

MATERIAL CONTRACTS

The Company has entered into the following material contracts during the past two years which are still in effect, namely:

1. Agreement dated October 19, 1972 as amended by agreement dated October 22, 1973, between the Company, North American Rare Metals Limited and Mistango River Mines Limited respecting the granting to the Company of an option to acquire an interest in the Millstream River Area Claims referred to under the caption "Millstream River Area Claims".
2. Agreement dated October 11, 1973, between the Company and Marchmont & MacKay Limited and referred to under the caption "Offering".

A copy of the aforesaid agreements may be inspected within ordinary business hours at the head office of the Company during the distribution of the securities offered by this Prospectus.

PRIOR SALES OF SHARES

The Company has sold the following common shares of its capital stock within the 12 months prior to the date of this Prospectus, namely:

<u>Number of Shares</u>	<u>Price Per Share</u>
200,000	15¢
150,000	20¢

Pursuant to a Prospectus dated January 22, 1973, Marchmont & MacKay Limited offered 200,000 common shares of the Company for sale for its own account. Particulars concerning the sale of such common shares are as follows:

<u>Date</u>	<u>Number of Shares</u>	<u>Price Per Share</u>
April 1973	87,625	50¢
April 1973	29,900	55¢
April 1973	53,150	60¢
April 1973	4,750	65¢

<u>Date</u>	<u>Number of Shares</u>	<u>Price Per Share</u>
May 1973	1,825	55¢
May 1973	11,100	60¢
May 1973	11,650	65¢
TOTAL -	<u>200,000</u>	

PURCHASER'S STATUTORY RIGHT OF
WITHDRAWAL AND RESCISSION

The Securities Act (Ontario) R.S.O. 1970, Chapter 426 as amended, provides, in effect, that where a security is offered to the public in the course of distribution:

- (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) R.S.O. 1970, Chapter 426 as amended, for the complete text of the provisions under which the abovementioned rights are conferred.

LEVENTHOL KREKSTEIN HORWATH & HORWATH

CHARTERED ACCOUNTANTS
700 RICHMOND ADELAIDE CENTRE
120 ADELAIDE STREET WEST
TORONTO 1, ONTARIO
TELEPHONE: 416-864-3200
CABLE: HORWINTAS

Represented throughout the world

AUDITORS' REPORT

To the Directors of
Silver Monarch Mines Limited

We have examined the balance sheet of Silver Monarch Mines Limited as at December 31, 1972 and the statements of deferred exploration, development and administrative expenditures, deficit and source and application of funds for the five years then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the corporation as at December 31, 1972 and its activities and the source and application of its funds for the five years then ended, in accordance with generally accepted accounting principles applied on a consistent basis.

Toronto, Ontario,
March 7, 1973.

Leventhol Krekstein Horwath & Horwath
Chartered Accountants.

SILVER MONARCH MINES LIMITED
(Incorporated under the laws of Ontario)

BALANCE SHEET - SEPTEMBER 30, 1973

ASSETS	September 30, 1973 <u>Unaudited</u>	December 31, 1972 <u> </u>
Current:		
Deposit receipts and accrued interest	\$ 15,090	\$ -
Mining claims and option (Note 1)	2	2
Deferred expenditures:		
Exploration, development and administrative expenditures	106,992	63,704
Incorporation expenses	<u>2,185</u>	<u>2,185</u>
	<u>\$124,269</u>	<u>\$ 65,891</u>
LIABILITIES		
Current:		
Accounts payable	<u>\$ 4,793</u>	<u>\$ 6,415</u>
SHAREHOLDERS' EQUITY		
Capital stock (Note 2):		
Authorized:		
3,000,000 shares, no par value		
Issued:		
950,005 shares for cash	135,005	75,005
750,000 shares for mining claims	<u>37,500</u>	<u>37,500</u>
<u>1,700,005</u> shares	172,505	112,505
Deficit	<u>53,029</u>	<u>53,029</u>
	<u>119,476</u>	<u>59,476</u>
	<u>\$124,269</u>	<u>\$ 65,891</u>

See accompanying notes.

Approved on behalf of the Board of Directors:

 . W. A. CARTER (Director)

 . A. J. FORTENS (Director)

SILVER MONARCH MINES LIMITED

DEFERRED EXPLORATION, DEVELOPMENT AND ADMINISTRATIVE EXPENDITURES

	Nine months ended September 30, 1973 Unaudited	Nine months ended September 30, 1972	Years ended December 31,					
			1972	1971	1970	1969	1968	
Exploration and development:								
Millstream River Area:								
Diamond drilling	\$ 23,557	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Engineering and consulting fees and expenses	4,840	-	1,000	-	-	-	-	-
Wages and supervision	3,090	-	-	-	-	-	-	-
Bulldozing and trenching	1,227	-	-	-	-	-	-	-
Assays	671	-	-	-	-	-	-	-
Miscellaneous	167	-	-	-	-	-	-	-
	<u>33,552</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Township of Coleman:								
Loss on sale of hoist house and pipes	-	-	-	-	-	-	-	1,613
Miscellaneous	127	151	157	160	168	182	182	113
	<u>127</u>	<u>151</u>	<u>157</u>	<u>160</u>	<u>168</u>	<u>182</u>	<u>182</u>	<u>1,726</u>
Gillies Limit:								
Engineering fees	-	-	-	-	-	-	-	200
Diamond drilling	-	-	-	-	-	-	-	5,448
Government fees and licenses	-	-	-	-	-	-	-	90
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,738</u>
Total exploration and development for periods	<u>33,679</u>	<u>151</u>	<u>1,157</u>	<u>160</u>	<u>168</u>	<u>182</u>	<u>182</u>	<u>7,464</u>
Total administrative expenditures for periods (Schedule)	<u>9,609</u>	<u>418</u>	<u>3,037</u>	<u>609</u>	<u>2,408</u>	<u>5,239</u>	<u>5,217</u>	<u>5,217</u>
Total expenditure for periods	43,288	569	4,194	769	2,576	5,421	12,681	
Balance deferred at beginning of periods	63,704	59,510	59,510	58,741	56,165	60,936	48,255	
	<u>106,992</u>	<u>60,079</u>	<u>63,704</u>	<u>59,510</u>	<u>58,741</u>	<u>66,357</u>	<u>60,936</u>	
Deduct expenditures written off to deficit:								
Exploration expenditures incurred on Gillies								
Limit claims abandoned	-	-	-	-	-	6,192	-	
Administrative expenditures apportioned to								
Gillies Limit claims	-	-	-	-	-	4,000	-	
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,192</u>	<u>-</u>	
Balance deferred at end of periods (Summary)	<u>\$106,992</u>	<u>\$60,079</u>	<u>\$63,704</u>	<u>\$59,510</u>	<u>\$58,741</u>	<u>\$56,165</u>	<u>\$60,936</u>	

SILVER MONARCH MINES LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENDITURES

	Nine months ended September 30, 1973	Nine months ended September 30, 1972	Years ended December 31,				
	Unaudited		1972	1971	1970	1969	1968
Legal and audit fees	\$ 4,263	\$175	\$2,550	\$225	\$ 675	\$ 875	\$ 510
Accounting and secretarial services	900	-	-	-	800	2,400	2,400
Office rent	900	-	-	-	400	1,200	1,200
Printing prospectus	1,358	-	-	-	-	-	-
Directors' and officer's fees	900	-	-	-	-	300	225
Transfer agent's fees and expense	299	242	420	322	365	268	348
Shareholders' information	603	-	-	-	-	-	619
Miscellaneous	1,130	1	67	62	168	275	128
	<u>10,353</u>	<u>418</u>	<u>3,037</u>	<u>609</u>	<u>2,408</u>	<u>5,318</u>	<u>5,430</u>
Less interest income	744	-	-	-	-	79	213
	<u>\$ 9,609</u>	<u>\$418</u>	<u>\$3,037</u>	<u>\$609</u>	<u>\$2,408</u>	<u>\$5,239</u>	<u>\$5,217</u>

SUMMARY OF DEFERRED EXPENDITURES

Exploration:							
Millstream River Area	\$ 34,552	\$ -	\$ 1,000	\$ -	\$ -	\$ -	\$ -
Township of Coleman	38,515	38,382	38,388	38,231	38,071	37,903	37,720
Gillies Limit	-	-	-	-	-	-	6,192
	<u>73,067</u>	<u>38,382</u>	<u>39,388</u>	<u>38,231</u>	<u>38,071</u>	<u>37,903</u>	<u>43,912</u>
Administrative	<u>33,925</u>	<u>21,697</u>	<u>24,316</u>	<u>21,279</u>	<u>20,670</u>	<u>18,262</u>	<u>17,024</u>
	<u>\$106,992</u>	<u>\$60,079</u>	<u>\$63,704</u>	<u>\$59,510</u>	<u>\$58,741</u>	<u>\$56,165</u>	<u>\$60,936</u>

SILVER MONARCH MINES LIMITED

STATEMENT OF DEFICIT

	Nine months ended September 30, 1973 <u>Unaudited</u>	Nine months ended September 30, 1972	Years ended December 31,				
			1972	1971	1970	1969	1968
Balance at beginning of periods	\$53,029	\$53,029	\$53,029	\$53,029	\$53,029	\$ -	\$ -
Additions during periods:							
Cost of mining claims abandoned (acquired for 750,000 shares of capital stock)	-	-	-	-	-	37,500	-
Exploration and administrative expenditures applicable to claims abandoned	-	-	-	-	-	10,192	-
Equipment written off	-	-	-	-	-	5,337	-
Balance at end of periods	<u>\$53,029</u>	<u>\$53,029</u>	<u>\$53,029</u>	<u>\$53,029</u>	<u>\$53,029</u>	<u>\$53,029</u>	<u>\$ -</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Source of funds:							
Sale of capital stock	\$60,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sale of hoist house and pipes	-	-	-	-	-	-	8,704
Hydro deposit refunded	-	-	-	-	-	500	-
	<u>60,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>8,704</u>
Application of funds:							
Option to acquire mining claims	-	-	1	-	-	-	-
Exploration and administrative expenditures	43,288	569	4,194	769	2,576	5,421	12,681
Deduct loss on sale of building and equipment not requiring an outlay of funds	-	-	-	-	-	-	1,613
	<u>43,288</u>	<u>569</u>	<u>4,195</u>	<u>769</u>	<u>2,576</u>	<u>5,421</u>	<u>11,068</u>
Increase (decrease) in working capital	<u>16,712</u>	<u>(569)</u>	<u>(4,195)</u>	<u>(769)</u>	<u>(2,576)</u>	<u>(4,921)</u>	<u>(2,364)</u>
Working capital (deficiency) at beginning of periods	<u>(6,415)</u>	<u>(2,220)</u>	<u>(2,220)</u>	<u>(1,451)</u>	<u>1,125</u>	<u>6,046</u>	<u>8,410</u>
Working capital (deficiency) at end of periods	<u>\$10,297</u>	<u>(\$ 2,789)</u>	<u>(\$ 6,415)</u>	<u>(\$ 2,220)</u>	<u>(\$ 1,451)</u>	<u>\$ 1,125</u>	<u>\$ 6,046</u>

SILVER MONARCH MINES LIMITED
 NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 1973

UNAUDITED

1. Mining claims and option:

6 patented mining claims in Coleman Township, Ontario acquired in consideration for a 10% royalty on net smelter returns, recorded at	\$1
Option to earn a 50% interest (subject to a 2½% carried interest) in 18 unpatented mining claims in the Millstream River Area of New Brunswick, recorded at	<u>1</u>
	<u>\$2</u>

To exercise the option to earn a 50% interest (subject to a 2½% carried interest) the company must expend the sum of \$100,000 for exploration and development work on the mining claims by October 31, 1975.

2. Capital stock:

(a) Articles of Amendment:

By Articles of Amendment dated January 19, 1973, the company changed its capital stock from \$1 par value to no par value.

(b) Underwriting - option agreement:

Under an agreement dated January 20, 1973, an underwriter purchased 200,000 shares of the company's capital stock at 15¢ per share and 150,000 shares at 20¢ per share.

(c) Issued shares:

	<u>No. of shares</u>	<u>Amount</u>
Balance, December 31, 1972	1,350,005	\$112,505
Issued to September 30, 1973:		
200,000 shares @ 15¢ per share	200,000	30,000
150,000 shares @ 20¢ per share	<u>150,000</u>	<u>30,000</u>
Balance, September 30, 1973	<u>1,700,005</u>	<u>\$172,505</u>

3. Subsequent event:

Underwriting agreement:

By an agreement dated October 11, 1973, an underwriter has agreed to purchase 200,000 shares of the company's capital stock at 20¢ per share payable within three business days of the date a prospectus of the company is accepted for filing by the Ontario Securities Commission (the "acceptance date").

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 thereto.

DATED this 31st day of October, 1973.

WALTER ANDREW CARTER
Chief Executive Officer

FRANK CADESKY
Chief Financial Officer

NORMAN WILLIAM LAMPORT
Director

ARTHUR JOHN FORTENS
Director

PROMOTER

FRANK CADESKY

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 31st day of October, 1973.

MARCHMENT & MACKAY LIMITED

per:

WILLIAM ROY MARCHMENT