

*Gillies Limit - Falconbridge  
Corp.*

No Securities Commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

63.3254

HODDEN-GREY INC.  
(Incorporated under the laws of the Province of Ontario)



31M05SE0082 63.3254 GILLIES

010

NEW ISSUE:

The Corporation will offer up to 400,000 of its shares through registered Security dealers as agents for the Corporation. The Agents shall use their best efforts to effect a bona fide public distribution of these shares and shall have the right to appoint sub-agents in connection with the offering. The shares will be offered to the public at the best price the market will permit; but in no case will the Corporation receive less than 25¢ per share after deducting Agent's commission of 2.5¢ per share. Unless \$110,000 is received from the sale of these shares within 90 days from the date of the final receipt of the Ontario Securities Commission for this Prospectus all subscriptions shall be returned in full and without deduction to the subscribers. The Guaranty Trust Company of Canada has been appointed Trustee of subscriptions pending sale of all of the said shares so as to net the Corporation \$110,000.00 less commission. (See within under the "PLAN OF DISTRIBUTION").

PURPOSE OF ISSUE:

The Corporation intends to use the funds currently on hand and additional funds as received to defray its ordinary operating expenses and to participate in a 20 well drilling program being 10 oil wells and 10 gas wells situated in the Monroe Gas Fields, Louisiana and Marion County, Texas, respectively, as recommended by the Corporation's consulting engineers. (See "PROPERTIES" and "USE OF PROCEEDS").

THESE SECURITIES ARE SPECULATIVE

THERE IS NO MARKET FOR THE SHARES OF THE CORPORATION.

REGISTRAR AND TRANSFER AGENT

Guaranty Trust Company of Canada,  
88 University Avenue,  
Toronto, Ontario.

This Prospectus is dated July 17, 1974.



31M055E0082 63.3254 GILLIES

010C

...GE

Incorporation	1
History and Business	1 and 2
Properties:	
Monroe Gas Field, Louisiana, and Marion County, Texas	
Vendors	2
Monroe Gas Field -	
(i) Location	2
(ii) History and Geology	2
(iii) Proposed Program	3
Marion County -	
(i) Location	3
(ii) Geology	3
(iii) Proposed Program	3
Finder's Fee	4
Capitalization	4
Escrowed Shares	4
Plan of Distribution	4 and 5
Purchaser's Right of Recission	5
Use of Proceeds	6
Directors and Officers	6
Remuneration of Officers and Directors	7
Interest of Management and Others in Material Transactions	7
Promoter	7
Principal Holders of Securities	7
Auditors	8
Registrar and Transfer Agent	8
Material Contracts	8
Other Material Facts	8
Financial Statements	9 to 15
Certificates	16

## THE CORPORATION

### Incorporation:

Hodden Grey Inc., (hereinafter called "the Corporation") was incorporated under the name Hodden Grey Mining & Explorations Ltd., under The Corporations Act of the Province of Ontario by Letters Patent dated the 25th day of April, 1969 for the purposes of acquiring, exploring and developing mining properties. By Articles of Amendment dated October 18, 1971, the shares of the Corporation with a par value of \$1.00 each were changed to shares without par value and the Corporation was exempted from the provisions of Part IV of the Corporations Act. By further Articles of Amendment dated August 16th, 1973, the name of the Corporation was changed from that of Hodden Grey Mining and Exploration Ltd., to that of Hodden Grey Inc. and the objects of the Corporation were extended. The address of the head office and the principal place of business is P.O. Box 99, Port Lambton, Ontario.

### History & Business:

#### Falconbridge Property

As its first venture and by an Agreement dated April 30th, 1969, between the Corporation and Lawrence R. Kingsland, 38 King George's Road, Etobicoke, Ontario, the Corporation acquired six (6) contiguous unpatented mining claims, numbered S156182 to S156187 inclusive (the "mining claims"), located in Falconbridge Township, Sudbury Mining Division, Ontario, for a consideration of 750,000 fully paid and non-assessable shares of the Corporation: 675,000 escrowed shares and 75,000 shares free of escrow. On May 1st, 1972, Mr. Kingsland agreed to donate back for the benefit of the Corporation 40,000 of the aforesaid escrowed shares which shares were used for the purpose of a prior offering.

A program consisting of line cutting, E.M. magnetometer survey and 600 ft. of diamond drilling was carried out. The results of the drilling indicated presence of sulphide materials in quantities below economic grade.

This program was carried out at a cost of \$8,299.00 under the supervision of the Corporation's consultant and in view of the low economic grade, consideration will be given in the future to further exploration at depth. These claims are in good standing but management does not propose any work at this time.

#### Gillies Limit:

By Agreement dated January 24th, 1972 between Tom Maki and Sylvia Maki, both of 151 Perreault Street West, Rouyn, Quebec and Helen B. Nelson of Box 1037, Haileybury, Ontario as Optionors, and the Corporation, as Optionee, the Corporation acquired the sole exclusive and irrevocable right and option to purchase five (5) patented and leased mining claims in Block VIII of the Township of Gillies Limit, Timiskaming Mining Division, Ontario for a consideration of \$15,000 in staged payments. Following an exploration program comprising linecutting, prospecting, stripping, trenching, sampling and geological mapping carried out at a cost of \$28,460 which amount includes the first option payment in the amount of \$5,000.00. The expense of conducting further exploration at that time and the low price of silver at that time and the burdensome option payments resulted in management dropping its option.

#### Potter County, Texas:

By Agreement dated May 1st, 1973, made between the Corporation and Brady Oil and Gas Limited, the Corporation acquired a 5% interest in Oil Leases covering 5,523.50 acres more or less, situated in Potter County, Texas. Contained within the leases was one producing oil well known as the "Masterson 5-1X". The Corporation's cost of acquisition was the sum of \$20,000.00, which sum is also to be applied and covers the Corporation's share of the cost of drilling three wells.

In addition, Mr. Lawrence R. Kingsland, the President of the Corporation, donated to the Vendors hereof 425,000 shares of his personal holdings, being 400,000 escrowed and 25,000 free.

Following a program which was carried out on the one producing well, it was found uneconomic and production has ceased. A further well, in which the Corporation has a 5% working interest, has now been drilled by Colorado Interstate Gas Co. Final tests on the well are now being made.

The only person having a greater than 5% interest in Brady Oil and Gas Limited is Ralph Brady.

Monroe Gas Field, Louisiana;  
Marion County, Texas, U.S.A.:

Vendors

By agreement dated as of April 1, 1974 between Bradoil, Inc., a Michigan Corporation, located at 9334 North River, Algrove, Michigan, 48001 and the Corporation, the Corporation acquired the right to participate in a 20 well drilling program being a 10 gas well program in the Monroe Gas Field area, Louisiana, U.S.A. and a 10 oil well program in Marion County, Texas, U.S.A.

In consideration of Bradoil, Inc. agreeing to transfer 10% in both projects, the Corporation has agreed to pay \$80,000.00, being its 10% share in the total program's approximate cost.

Monroe Gas Field

(i) Location

The proposed 10 well drilling program situated in the Monroe Gas Field is located in Sections 3, 4 and 9, T18S-R5E, Quachita Parish, Louisiana and are contained within Bec. 3 SW/4, NW/4, Bec. 4 SW/4, NE/4, SE/4, SW/4, NW/4, Bec. 9 SW/4, NW/4, SW/4, NW/4. Locations for two of the wells have been located to date. The Monroe Gas Field centres about 15 miles north of Monroe, Louisiana. It has a surface area of 450 square miles, more or less, across Township 18.22 North and ranges 2.6 East in Quachita, Rehouse and Union Parishes, Louisiana. An immediate pipe line connection into the Mid Louisiana Gas Company (3" line 7# pressure) is available. The point of delivery is located in the Southeast quarters of the Southwest quarter of Section 33, Township 19N, Range 5 East. This point of delivery is a maximum distance of 2 miles from the projected location of the ten wells.

(ii) History and Geology

The Monroe Gas Field was first discovered in 1916. Some 3,600 wells have been drilled to date in the field. Many of such wells have been abandoned but improvement in the economics of producing shallow gas due to price increases has recently rejuvenated the activity of producing the shallow, low pressure gas remaining in the Monroe Gas Rock.

The area of proposed development is located on the South flank of a large regional uplift known as the Monroe Uplift. Rocks of Palocene age unfortunately overlie the "Monroe Gas Rock" of Upper Cretaceous age, forming an impervious cap to the "Monroe Gas Rock". Basically, the trap is a stratigraphic one and structure is not a critical factor. The reservoir is a porous limestone under a gas expansion drive.

(iii) Proposed Program

In view of the location of the property and the increase in gas prices, management feels that the Corporation's participation is warranted at this time.

Management intends to implement the recommendation of its Engineer, Mr. Frank L. Fournier, P.Eng., and carry out its participation in a ten well drilling program by contributing its 10% interest in the amount of \$26,450.00., being 10% of the total program cost, estimated at \$264,500.00.

Assuming the price of gas at 41¢ per MCF and 60¢ effective July 1, 1975, with drilling costs of \$26,450.00, annual operating cost of \$909.00, the present value of the gas wells with a projected payout over 20 years and discounted at 15% is \$3,510.00.

Reference is made to the report of Mr. Frank L. Fournier, P. Eng., dated June 27, 1974, which is available for inspection during business hours at the offices of the Ontario Securities Commission, 555 Yonge Street, Toronto.

Marion County(i) Location

The proposed 10 well drilling program is to be situated in one or more of nine survey areas, numbered A 300, 334, 366, 177, 142, 508, 415, 189 and A149. Such area is located approximately 30 miles west of the City of Shreveport, Louisiana. The lease includes and is limited to all rights down to the base of the paluxy formation at an average depth of 2,800 feet, more or less. Two tanks of minimum capacity of 250 bbls. each are required for each lease except for isolated locations. All wells are expected to have a pipe line connection and it is anticipated that pipe line connections will be available; if so, trucking facilities will be eliminated.

(ii) Geology

The lands are located on the west flank of the Caddo-Pine Island uplift or "dome" - a large regional broad uplift. The Goodland Limestone of Fredricksburg (Lower Cretaceous Age) and the underlying Paluxy Foundation, dip westward at a rate of 26' to 33' per 1,000'. An unconformity truncates the Goodland and Paluxy section and it is overlain by upper Cretaceous Section, Austin Chalk and younger, also dipping westward at a lesser rate of dip.

(iii) Proposed Program

In view of the location of the property and the increase of prices for oil, management feels that the Corporation's participation is warranted at this time.

Management intends to implement the recommendation of its Engineer, Mr. Frank L. Fournier, P. Eng., and carry out its participation in a ten well drilling program by contributing its 10% interest in the amount of \$47,400.00, being 10% of the the total program estimated at \$474,000.00.

Assuming the price of oil at \$9.39 per barrel with drilling costs of \$47,400.00, annual operating costs of approximately \$2,550.00 and with a projected payout over ten years discounted at 15%, the oil wells have a present value of \$5,421.00.

Reference is made to the report of Mr. Frank L. Fournier, P. Eng., dated June 27, 1974, which is available for inspection during business hours at the offices of the Ontario Securities Commission, 555 Yonge Street, Toronto, Ontario.

FINDER'S FEE:

The Corporation is obligated to pay Louis Erlich, 212 Southgate, Beverly Hills, California, U.S.A., by way of a finder's fee \$130.00 for each gas well drilled in Monroe County and \$425.00 for each producing oil well drilled in Marion County, reduced to \$175.00 if it is a dry hole. Accordingly, the cost to the Corporation will be a minimum of \$3,050.00 or a maximum of \$5,550.00.

CAPITALIZATION:

The Corporation has but one class of stock authorized, namely 3,000,000 shares without nominal or par value. Of these shares there are at present issued 910,003 all fully paid. All shares carry full voting rights of one vote for each share and rank equally as to dividends and participation in assets. There are no conversion rights, special liquidation rights, preemptive rights or subscription rights. No dividend has been paid to date, nor is it expected that any dividends will be paid in the foreseeable future.

Security	Authorized	Outstanding as of March 31, 1974 and as of the date of this Prospectus	Outstanding if all shares under this offering are sold *
Common, without par value	3,000,000 (\$3,000,000)	910,003 (\$155,003)	1,310,003 (\$265,003)

\* This figure assumes the sale of 400,000 shares at 27.5¢ per share (See caption "PLAN OF DISTRIBUTION")

ES CROWED SHARES:

Certificates representing 535,000 shares of the capital stock of the Corporation are held by Guaranty Trust Company of Canada, in escrow, subject to release upon the written consents of the Ontario Securities Commission and the Board of Directors and any other securities regulatory body which may from time to time exercise jurisdiction; and provided further that said shares shall also be subject to the written consent of the Ontario Securities Commission and any other securities regulatory body which may from time to time exercise jurisdiction prior to transfer, hypothecation, assignment or other alienation.

Designation of Class	Number of Shares held in Escrow	Percentage of Class
Common	535,000	59.0%

PLAN OF DISTRIBUTION:

The Corporation will offer to the public in the Province of Ontario, through registered security dealers, 400,000 shares without par value in its capital stock at the best price the market will permit, but not less than 27.5¢ per share, which would net the Corporation 25¢ per share after deducting a commission of 2.5¢ per share and also provided that a minimum of \$110,000 including commissions is raised from subscriptions for shares. The offering will commence upon the date of acceptance for filing of this Prospectus by the Ontario Securities Commission which qualifies such shares for distribution. The Corporation may direct the appointment of Agents who may appoint sub-agents who may offer the shares at the same price and on the same terms.

Pursuant to the said Agreement, the Guaranty Trust Company of Canada, the Registrar and Transfer Agent of the Corporation, has agreed to act as Trustee for the Corporation and for subscribers.

All monies received from subscriptions for shares offered under the prospectus will be held in trust by the Trustee and paid over to the Corporation only if and when a total of \$110,000 has been received from subscriptions. If the said amount has not been subscribed within 90 days from commencement of the offering, all funds will be returned to subscribers without deduction of any kind and without interest. If \$110,000 has been subscribed within the afore-said 90 day period, the Trustee will pay the funds from subscriptions to the Corporation and to the registered security dealer or dealers who may be acting as agents to the extent that the said commissions have been earned and the offering will continue until a total of 400,000 shares have been sold to the public.

PURCHASER'S STATUTORY RIGHTS OF WITHDRAWAL AND  
RESCISSION

The Securities Act 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 for the complete text of the provisions under which the above-mentioned rights are conferred.

USE OF PROCEEDS:

The estimated minimum net proceeds to be received by the Corporation from the sale of its shares is approximately \$85,000.00 after deducting the cost of this Prospectus, including legal, engineering, printing and auditing costs estimated at \$15,000.00, and agents' fees estimated at \$10,000.00. This amount will be added to the existing working capital of \$9,292.00 and the Corporation intends to use the net proceeds to implement the recommendations of its Engineer, (see caption PROPERTIES) which are:

(a)	Marion County, Texas - Participation in 10 Well Program ..	\$47,400.00
(b)	Monroe Gas Field, Louisiana - Participation in 10 Well Program ..	26,450.00
(c)	Finder's Fee ..	<u>5,550.00</u>
	(Not less than \$3,050 or more than \$5,550. See caption <u>"FINDER'S FEE"</u> ).	<u>\$79,400.00</u>

Excess monies form part of the general working capital of the Corporation and will be used for general operating expenses. Its treasury, as available, may also be used to defray programs of acquiring, participating, exploring and developing other properties, either alone or in concert with others and to generally carry out exploration programs as opportunity and finances may permit. In the event of such further participation, an amendment will be filed to this Prospectus should the shares of the Corporation still be in distribution.

DIRECTORS AND OFFICERS:

During the past five years, the principal occupation of the Directors and Officers has been as indicated below:

<u>Name and Address</u>	<u>Position</u>	<u>Occupation</u>
Lawrence R. Kingsland, Suite 1608, 511 The West Mall, Etobicoke, Ontario.	President and Director	Management Consultant, self-employed. President of Pyramid Communications Ltd.
Derek Hunter Stodart, 49 Plymbridge Road, Willowdale, Ontario.	Secretary- Treasurer and Director	General Manager of Canadian Trans-Lux Corp. Ltd. Director of Ark Explorations Ltd.
William Bardeau, 18 Norfinch Drive, Downsview, Ontario.	Director	Executive President of Bardeau Limited. Director of Ark Explorations Ltd.
Robert George Lamb, 81 Marcos Boulevard, Scarborough, Ontario.	Director	Chief Inspector, Liquor Control Board of Ontario. Director of Ark Explorations Ltd.
Kenneth E. Crawford, R.R. #7, Chatham, Ontario.	Director.	For 22 years, prior to 1970, was production and drilling supervisor in Chatham for Imperial Oil Company. President of K.E. Crawford Ltd., Oil Field Management Services. Director of Cambrian Disposals Ltd.



REMUNERATION OF DIRECTORS AND SENIOR OFFICERS:

No remuneration will be paid to the directors and officers as such. However, the Corporation intends to pay directors a fee of \$50.00 for each meeting of directors attended by them together with proper travelling expenses.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS:

Bradoil Inc. was the Vendor of the Monroe and the Marion County Properties (see caption "VENDORS").

The only persons having a greater than 5% interest in Bradoil Inc. are Ralph Brady, the principal shareholder of the Corporation, Frank Fazio, 5648 Lanelake, Bloomfield Hill, Michigan, U.S.A., and Quinton Sickles, 31990 Bingham Road, Birmingham, Michigan, U.S.A.

PROMOTER:

Lawrence R. Kingsland is deemed to be the Promoter of the Corporation by virtue of the definition of "Promoter" contained in The Securities Act.

PRINCIPAL HOLDERS OF SECURITIES: As at June 30, 1974.

Name and Address	Designation of Class	Type of Ownership	Number of Shares Owned	Percentage of Class
Ralph E. Brady, P.O. Box 99, Port Lambton, Ontario.	Common	Beneficial and Direct	325,010	35.7%
Lawrence R. Kingsland, Suite 1608, 511 The West Mall, Etobicoke, Ontario.	Common	Beneficial and Direct	199,980	21.1%
William Bardeau, 158 Norfinch Drive, Downsview, Ontario	Common	Beneficial and Direct	110,010	12.0%

The percentage of shares of the issued beneficially owned shares owned directly and indirectly by all directors and senior officers of the Corporation as a group is shown below:

<u>Designation of Class</u>	<u>Percentage of Class</u>
Common	68.8%

AUDITORS:

The auditors of the Corporation are Riddell, Stead & Co., Chartered Accountants, 200 Queen's Avenue, London, Ontario.

REGISTRAR AND TRANSFER AGENT:

The Guaranty Trust Company of Canada, 88 University Avenue, Toronto, Ontario.

MATERIAL CONTRACTS:

- (1) Assignment Agreement dated May 1, 1973, between the Corporation and Brady Oil and Gas Ltd., covering oil leases in Potter County, Texas.
- (2) Assignment Agreement dated as of April 1, 1974 made between the Corporation and Bradoil, Inc. covering oil leases in Marion County, Texas and gas leases in the Monroe Gas Field, Louisiana.
- (3) Trust Agreement dated as of May 27, 1974 made between the Corporation and The Guaranty Trust Company of Canada.

OTHER MATERIAL FACTS:

There are no other material facts relating to the securities being offered which are not disclosed by the foregoing and accompanying reports.

HODDEN-GREY INC.

(Formerly Hodden Grey Mining & Explorations Limited)

FINANCIAL STATEMENTS

FOR THE PERIOD FROM DATE OF INCORPORATION, APRIL 25, 1969

TO MARCH 31, 1974

## AUDITORS' REPORT

To The Directors  
Hodden-Grey Inc.

We have examined the balance sheet of Hodden-Grey Inc. (formerly Hodden Grey Mining & Explorations Limited) as at March 31, 1974 and the statements of administrative expenses and deficit, deferred exploration and development expenditures and source and application of funds for the period from date of incorporation, April 25, 1969 to March 31, 1974. 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 company as at March 31, 1974 and the results of its operations and the source and application of its funds for the period from date of incorporation, April 25, 1969 to March 31, 1974 in accordance with generally accepted accounting principles applied on a consistent basis.

July 17, 1974

"RIDDELL STEAD & CO."

HODDEN-GREY INC.

(Formerly Hodden Grey Mining & Explorations Limited)

BALANCE SHEET AS AT MARCH 31, 1974

ASSETS

CURRENT ASSETS

Cash	\$ 10,865
Accounts receivable	356
	<u>11,221</u>

MINING PROPERTIES AND RELATED EXPENDITURES

6 mining claims in Falconbridge Township, Province of Ontario acquired for a consideration of 750,000 shares of the company valued at \$75,000 by the directors	75,000
Deferred exploration and development expenditures	8,299
	<u>83,299</u>

PETROLEUM AND NATURAL GAS LEASES, at cost	<u>20,000</u>
---	---------------

INCORPORATION EXPENSES, at cost	<u>2,984</u>
---------------------------------	--------------

\$ 117,504

LIABILITIES

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ <u>1,929</u>
--	-----------------

SHAREHOLDERS' EQUITY

CAPITAL STOCK

Authorized		
3,000,000 shares without par value		
Issued		
750,000 shares for mining property	\$ 75,000	
160,003 shares for cash	<u>80,003</u>	155,003
<u>910,003</u>		

CONTRIBUTED SURPLUS (Note 1)	20,000
------------------------------	--------

DEFICIT	( 59,428)
	<u>115,575</u>

\$ 117,504

Signed on behalf of the Board:

*L.R. MacGillivray*  
..... Director.

*D. L. ...*  
..... Director.

## HODDEN-GREY INC.

(Formerly Hodden Grey Mining &amp; Explorations Limited)

STATEMENT OF ADMINISTRATIVE EXPENSES AND DEFICIT  
 FOR THE PERIOD FROM DATE OF INCORPORATION, APRIL 25, 1969  
 TO MARCH 31, 1974

	From Incorporation to December 31, 1969	Year Ended December 31,				Three Months Ended March 31,	
		1970	1971	1972	1973	1973	1974
ADMINISTRATIVE EXPENSES							
Legal and audit	\$ 150	262	7,536	6,928	1,744	300	300
Management fees	-	-	-	1,750	2,500	750	-
Transfer agents' fees	-	-	-	1,048	378	-	102
General	-	79	362	1,769	303	-	1,317
	<u>150</u>	<u>341</u>	<u>7,898</u>	<u>11,495</u>	<u>4,925</u>	<u>1,050</u>	<u>1,719</u>
Less:							
Interest income	-	-	-	559	937	318	208
Oil and gas production - net	-	-	-	-	(121)	-	477
	<u>-</u>	<u>-</u>	<u>-</u>	<u>559</u>	<u>816</u>	<u>318</u>	<u>685</u>
	150	341	7,898	10,936	4,109	732	1,034
Mining properties abandoned including exploration and development expenditures thereon	-	-	-	34,960	-	-	-
	<u>150</u>	<u>341</u>	<u>7,898</u>	<u>45,896</u>	<u>4,109</u>	<u>732</u>	<u>1,034</u>
Deficit at beginning of period	-	150	491	8,389	54,285	54,285	58,394
DEFICIT AT END OF PERIOD	\$ 150	491	8,389	54,285	58,394	55,017	59,428

## HODDEN-GREY INC.

(Formerly Hodden Grey Mining &amp; Explorations Limited)

STATEMENT OF DEFERRED EXPLORATION AND DEVELOPMENT EXPENDITURES  
FOR THE PERIOD FROM DATE OF INCORPORATION, APRIL 25, 1969  
TO MARCH 31, 1974

	From Incorporation to December 31, 1969	Year Ended December 31,				Three Months Ended March 31,	
		1970	1971	1972	1973	1973	1974
Diamond drilling, net of grants	\$ 750	2,700	-	13,239	-	-	-
Engineering fees	200	-	301	9,092	-	-	-
Exploration equipment	-	1,000	-	-	-	-	-
Linecutting	1,182	( 327)	-	-	-	-	-
Surveys	878	750	-	-	-	-	-
Travel and general	-	675	10	309	-	-	-
	3,010	4,798	311	22,640	-	-	-
Balance at beginning of period	-	3,010	7,808	8,119	8,299	8,299	8,299
	3,010	7,808	8,119	30,759	8,299	8,299	8,299
Exploration and development expenditures on properties abandoned	-	-	-	22,460	-	-	-
BALANCE AT END OF PERIOD	\$ 3,010	7,808	8,119	8,299	8,299	8,299	8,299

HODDEN-GREY INC.

(Formerly Hodden Grey Mining & Explorations Limited)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE PERIOD FROM DATE OF INCORPORATION, APRIL 25, 1969

TO MARCH 31, 1974

SOURCE OF FUNDS	From Incorporation to December 31, 1969	Year Ended December 31,				Three Months Ended March 31,	
		1970	1971	1972	1973	1973	1974
Issue of capital stock For mining properties For cash	\$ 75,000 <u>3</u> 75,003	- <u>-</u> -	- <u>-</u> -	- <u>100,000</u> 100,000	- <u>-</u> -	- <u>-</u> -	- <u>-</u> -
APPLICATION OF FUNDS							
Administrative expenses	150	341	7,898	10,936	4,109	732	1,034
Acquisition of petroleum and natural gas leases	-	-	-	-	20,000	-	-
Deferred exploration and development expenditures	3,010	4,798	311	22,640	-	-	-
Acquisition of mining properties	75,000	-	-	12,500	-	-	-
Incorporation expenses	<u>2,984</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>81,144</u>	<u>5,139</u>	<u>8,209</u>	<u>46,076</u>	<u>24,109</u>	<u>732</u>	<u>1,034</u>
INCREASE (DECREASE) IN WORKING CAPITAL	( 6,141)	( 5,139)	( 8,209)	53,924	(24,109)	( 732)	( 1,034)
Working capital (deficiency) at beginning of period	<u>-</u>	<u>( 6,141)</u>	<u>(11,280)</u>	<u>( 19,489)</u>	<u>34,435</u>	<u>34,435</u>	<u>10,326</u>
WORKING CAPITAL (DEFICIENCY) AT END OF PERIOD	<u>\$( 6,141)</u>	<u>(11,280)</u>	<u>(19,489)</u>	<u>34,435</u>	<u>10,326</u>	<u>33,703</u>	<u>9,292</u>



## HODDEN-GREY INC.

(Formerly Hodden Grey Mining & Explorations Limited)

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM DATE OF INCORPORATION, APRIL 25, 1969

TO MARCH 31, 1974

1. CONTRIBUTED SURPLUS

In 1972 a shareholder donated back to the company 40,000 shares. These shares were then sold in 1972 and the proceeds credited to contributed surplus.

2. SUBSEQUENT EVENTS

By an agreement dated April 1, 1974 the company acquired the right to participate in well drilling programs in Louisiana and Texas in consideration for paying 10% of the total program costs, estimated at \$738,500.

CERTIFICATES

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by Part VII of The Securities Act, 1970 and the regulations thereunder.

"LAWRENCE R. KINGSLAND"  
President  
Chief Executive Officer

"DEREK H. STODART"  
Secretary Treasurer  
Chief Financial Officer

ON BEHALF OF THE BOARD

"WILLIAM BARDEAU"  
Director

"ROBERT G. LAMB"  
Director

PROMOTER

"LAWRENCE R. KINGSLAND"

DATED at Toronto this 17th day of July, 1974.