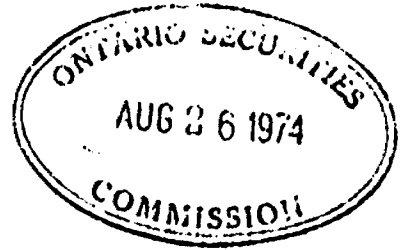


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GOLDEN SABRE MINES LIMITED

NAIRN TOWNSHIP

SUDBURY DISTRICT

ONTARIO

August 16, 1974

J. D. McOANNELL

GOLDEN SABRE MINES LIMITED
NAIRN TOWNSHIP
SUDBURY DISTRICT
ONTARIO

SUMMARY

This report describes a group of fifteen mining claims located in Nairn Township, District of Sudbury, Ontario. Nairn Township is twenty five miles west and slightly south from the City of Sudbury and about five miles from the southwest end of the Sudbury Basin geological structure. This general area has attracted mining interests for many years because of the numerous small sulphide showings, many of them copper and nickel bearing, which trail off the end of the major Sudbury copper-nickel structure. Two known such sulphide zones occur on the claims group discussed in this report, and a third is located on a patented claim adjoining the present group on the southwest corner.

Some previous work is reported on this claims group and the two showings are mentioned in Geological Report No. 35, Naira and Lorne Townships, published by the Ontario Department of Mines in 1965. In 1955, all but six of the fifteen claims formed a part of a larger block held by Mogul Mining Corporation. Mogul carried out an airborne magnetometer and ground EM surveys on their claims in early 1955, followed by a ground magnetometer survey in April of the same year. This geophysical work was followed by a program of diamond drilling but none of the holes appear to have been drilled on the claims discussed in this report. Later during the 1950's, some of the ground was acquired by the Pays-Bas Prospecting Syndicate but the writer was not able to obtain indications that they carried out any diamond drilling and their work appears to have been confined to surface geological examinations and some geophysics.

(2)

The files in the office of the Mining Recorder in Sudbury, contain the logs and a sketch showing the results and location of three short holes that were drilled in 1968 and located in what is now the northwest quarter of claim 397802. These three holes totalled 219 feet of diamond drilling and the logs show sulphide mineralization including pyrrhotite and chalcopyrite for core lengths of up to 5.7 feet. No assay values are shown on the logs, and there is no mention as to why the holes were drilled in this particular location.

The rock formations underlying the claims group consist of northeast striking Huronian sediments including quartzite, arkose, conglomerate, greywacke and sedimentary schist. These formations have been intruded by diabase and gabbro of possible Keweenawan age and closely related to the Nickel Irruptive of the Sudbury area. The sulphide mineralization in this general area usually occurs in these late basic intrusives or in the sediments close to the intrusive contact. All the sulphide mineralization reported on this property todate, occurs in metagabbro. Published geological maps of Nairn Township show four fault structures on the ground, three striking slightly north of east and one west of north.

The area of the claims group discussed in this report can not be said to have been thoroughly explored in past exploration programs carried out on the ground. A considerable amount of trenching was done on the two known sulphide occurrence but there is no record on file with the Ontario Department of Mines that the zones were drilled. A considerable amount of drilling was recommended on the basis of the geophysical work carried out by

Mogul Mining Corporation, but their diamond drilling was confined almost entirely to the area of the copper-nickel showing in the north part of Lot 9 Concession I. Their electromagnetic survey showed a considerable amount of conductivity near both contacts of a band of metagabbro striking in a north of east direction and located immediately south of Tenho Lake. The ground magnetometer survey showed a strong anomaly along most of the south contact.

It is recommended that a geophysical program be carried out on the ground using some of the more modern instruments. The entire claims group should be covered using a VLF instrument to locate any possible conducting zones. An IP survey is then recommended to further check areas showing conductivity. This will permit localizing the more expensive IP method to areas of possible interest on the claims group. The north six claims located in Lot 9, Concession II should be covered by a magnetometer survey and this will, along with the Mogul data, provide magnetometer information on the entire fifteen claims. Consideration to diamond drill should be based on the geophysical results but an allowance should be made in the financing for the exploration work, for a minimum of one thousand feet of diamond drilling. The estimated cost of the above mentioned exploration program if carried to completion, is as follows:

Phase I

Line cutting 20 miles @\$110.00 per mile	\$2,200.00	
EM survey 18 miles @\$100.00 per mile	1,800.00	
Magnetometer survey 8 miles @ \$ 85.00 per mile	680.00	
Geological reconnaissance	<u>1,500.00</u>	\$6,180.00

Phase II

IP survey 10 days @ \$350.00 per day		\$3,500.00
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Phase III

Diamond Drilling 1,000 feet @ \$12.00 per foot	<u>\$12,000.00</u>
Total for Phases I, II and III	\$21,680.00

PROPERTY, LOCATION AND ACCESS

The property covered by this report, includes fifteen mining claims located in the southwest corner of Nairn Township, District of Sudbury, Ontario. Nairn Township is twenty five miles west and slightly south from the City of Sudbury and the property is readily accessible as Highway 17 and the Sault Ste Marie line of the C.P.R. pass within a couple of hundred feet of the northwest corner of the group. The following claims are included in the property:

397794	NW 1/4 N 1/2 Lot 9 Conc. II
397795	NE 1/4 N 1/2 Lot 9 Conc. II
397796	SW 1/4 N 1/2 Lot 9 Conc. II
397797	SE 1/4 N 1/2 Lot 9 Conc. II
397801	NW 1/4 S 1/2 Lot 9 Conc. II
397800	NE 1/4 S 1/2 Lot 9 Conc. II
397806	SW 1/4 S 1/2 Lot 9 Conc. II
397805	SE 1/4 S 1/2 Lot 9 Conc. II
397798	SW 1/4 N 1/2 Lot 8 Conc. II
397799	NW 1/4 S 1/2 Lot 8 Conc. II
397802	NE 1/4 S 1/2 Lot 8 Conc. II
397804	SW 1/4 S 1/2 Lot 8 Conc. II
397803	SE 1/4 S 1/2 Lot 8 Conc. II
397807	NW 1/4 N 1/2 Lot 8 Conc. I
397808	NE 1/4 N 1/2 Lot 8 Conc. I

TOPOGRAPHY

The claims are located in an area of fairly rugged relief, with numerous outcrop hills and narrow intervening valleys. The north of east striking topographic lineaments conform with the strike of the underlying geological formations. Most of the area of the property is covered with a fairly heavy growth of small timber and there is considerable underbrush in the low areas between the outcrop ridges. Lake Tenho, a long narrow lake, extends across

about two and a half claims in the south part of the property.

GENERAL GEOLOGY

There is a considerable amount of geological information published on Nairn Township. The township was included on the Espanola Sheet published by the Geological Survey of Canada in 1938 on the scale of one inch to one mile. Preliminary Map P-48, published in black and white form on the scale of one inch to 1,320 feet by the Province of Ontario Department of Mines in 1958, includes both Nairn and Lorne Townships. This same sheet published in colour on the scale of one inch to one half mile, accompanies Geological Report No. 35, issued in 1965.

Nairn Township is largely underlain by Huronian sediments including quartzite, conglomerate, greywacke, arkose and various intergradations of these rock types. In places there is considerable alteration to schist. These sediments include a wide range of the Huronian Series and may even include some pre-Huronian sediments. This entire sedimentary series strikes slightly north of east and is intensely folded with the anticlinal and synclinal axis parallel to the strike of the formations. There is a great deal of regional faulting as well as localized faults, both conforming with and cutting across the formational strike.

Nairn Township is only about five miles west of the southwest end of the major structure generally referred to as the Sudbury Basin. Basic intrusives consisting largely of gabbro, metagabbro and diabase, and possibly closely related to the Sudbury Area Nickel Irruptive, form numerous dikes and sills throughout Nairn Township. Small occurrences of sulphide mineralization, often

carrying appreciable values in nickel, copper, cobalt, silver and gold are commonly associated with these basic intrusives.

The claims group discussed in this report is largely underlain by sediments of the Huronian Series. Two bands of metagabbro about one thousand feet in width, strike in a north of east direction across the property. Three regional faults conforming with the north of east strike of the sediments and one fault striking just west of north and normal to the sedimentary strike, occur on the claims group.

Preliminary Map P-48, and the coloured version, Map No. 2062, both show two occurrences of sulphide mineralization on the property. One is located in the south central part of Lot 8 Concession II and the other in the west central part of Lot 9 Concession II. A third sulphide zone is located immediately south of the claims group, in the northwest corner of Lot 9, Concession I. All three occurrences are described in Geological Report No. 35, which accompanies Map No. 2062, Nairn and Lorne Townships. The Lot 9 Concession II showing is described as a north-south sulphide vein, lacking quartz or carbonate gangue, three feet wide at the widest point and pinching out completely within twelve feet. A grab sample of the material reportedly assayed 0.94 percent nickel and 0.74 percent copper.

The Lot 8 Concession II showing is described in part in Geological Report No. 35 as follows: A long north-south slab of amphibolite, a metasediment, was faulted south into metagabbro by the Tenho Lake Fault. The adjoining "Nipissing" metagabbro is chilled against the amphibolite, indicating that the faulting occurred during gabbro intrusion. The amphibolite contains diss-

eminated pyrite, chalcopyrite and pyrrhotite. Traced by the author along a strike length of 400 feet, the amphibolite is almost 10 feet wide. It does not continue into the olivine gabbro sill to the south. (end of quote) Report No. 35 also lists the assays for five samples taken from the two trenches on this zone, by Hopkins Exploration Consultants. These assays show values as high as 1.25 percent combined nickel and copper across a width of 8.0 feet.

PREVIOUS WORK

A considerable amount of old trenching is in evidence on the two copper-nickel showings on the property, one in the south part of lot 8 and the other in the south part of lot 9, concession II. The most extensive work was done however, on the showing in lot 8. The first efforts at a detailed exploration program appears to have been conducted by Mogul Mining Corporation in 1955, when nine of the claims included in the present group, formed a part of a much larger block of ground. Mogul Mining Corporation carried out an airborne magnetometer survey over their property and followed this with a ground electromagnetic survey over a part of the claims group, which work covered the south two claims in lot 9 concession II and all the claims located in lot 8 discussed in this report.

Mogul Mining corporation drilled fifteen holes but all of these were drilled on the W. Peterson patented block which comprises the north half of lot 9 concession I. One of these holes may possibly have been on the very extreme southwest corner of claim 397807 of the present group depending on the actual location of the surveyed lot line. The plan of the ground electromagnetic

survey shows the location of several proposed holes to check a conductor extending in a north of east direction and apparently following the south contact of a band of olivine diabase or meta-gabbro. The only Mogul drilling that may have tested this zone, was their hole (A-4) located near the number 3 post of claim 397807. This is the one hole for which the writer was not able to locate the log.

In 1956, the Pays-Bas Prospecting Syndicate acquired the ground which includes the copper-nickel showing in the south part of lot 8, concession II. This group was headed by a Dr. J. Sypkens and a surface exploration program consisting of geological and geophysical work was carried out by Hopkins Exploration Consultants. Nothing of consequence appears in the assessment work files concerning the Pays-Bas work.

Three holes were drilled in the northwest corner of what is now claim 397803 and the work was filed for assessment credits in November 1968. The logs of these holes do not bear any company name or date but an accompanying sketch shows the location and strike. The three holes total 219 feet of drilling and were 51.0, 52.0 and 116.0 feet deep respectively. There are no assays on the logs but the descriptions mention some copper and nickel bearing sulphide mineralization.

In April, 1974, a staking party working under the direction of Paul Martin of Exchange Mining Holdings Limited reported some gossan near the gabbro-sedimentary contact in the northeast corner of claim 397800. Mr. Martin had a Geonics EM-16 instrument with his equipment and ran three reconnaissance lines over the zone and traced a fairly strong conductor for a length of 600 feet. This

conductor conforms very well with the intrusive-sedimentary contact.

CONCLUSIONS AND RECOMMENDATIONS

Sulphide mineralization is known to be associated with the basic intrusives that form dikes and sills in the Huronian sedimentary rocks in the area of the claims group discussed in this report. At least two copper-nickel bearing sulphide occurrences are known on this property.

Although both magnetometer and electromagnetic surveys were conducted over nine claims of the fifteen claim group, very little follow-up work was done in spite of the fact that anomalous conditions were indicated. Also six claims in the present group do not appear to have been checked by geophysical methods. Also the writer was not able to locate evidence in assessment work records or in the field, that the two known sulphide occurrences were checked by diamond drilling. If these blocks of ground were formerly patented however, there might not be a record of any very old work.

It is recommended that a program of geophysical work be carried out on the ground using modern equipment and techniques. The IP method is probably the most advanced geophysical approach to mining exploration but is also probably the most expensive. It is therefore suggested that the entire claims group be surveyed using the less expensive V.L.F. method in an effort to locate the most favourable parts of the property for more intensive investigation. The six claims not included in the Mogul Mining Corporation program, should also be covered by the magnetic method to provide magnetometer data over the entire fifteen claims. A program of prospecting and a reconnaissance geological examination should also be made of the ground.

(10)

Consideration to carry out a program of diamond drilling even in the areas of the known sulphide occurrences, should await the results of the geophysical and geological work. Allowance should be made in the original financing however, for a minimum of 1,000 feet of diamond drilling. The actual amount of IP survey work required can not be decided at this time but ten days is considered as a fair possibility. The estimated cost of the above mentioned exploration program if carried out to completion is as follows:

Phase I

Line cutting 20 miles @ \$110.00 per mile	\$2,200.00	
V.L.F. survey 18 miles @ \$100.00 per mile	1,800.00	
Magnetometer survey 8 miles @ \$85.00 per mile	680.00	
Prospecting and Geological reconnaissance	<u>1,500.00</u>	\$6,180.00

Phase II

IP survey 10 days @ \$350.00 per day		3,500.00
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Phase III

Diamond Drilling 1,000 feet @ \$12.00 per foot		<u>12,000.00</u>
Total Phases I, II and III		\$21,680.00

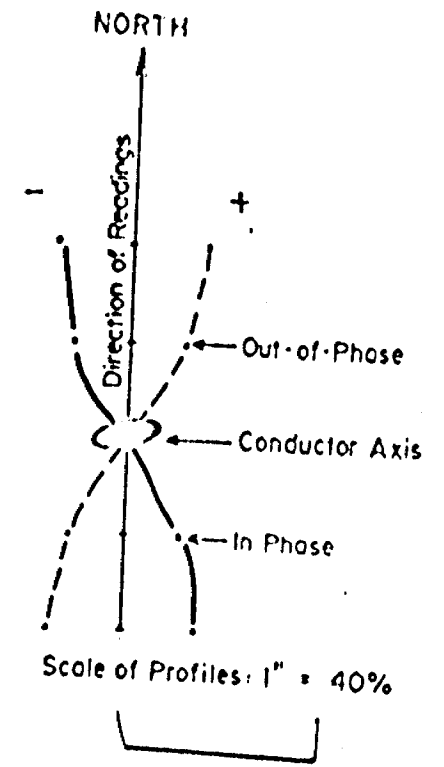
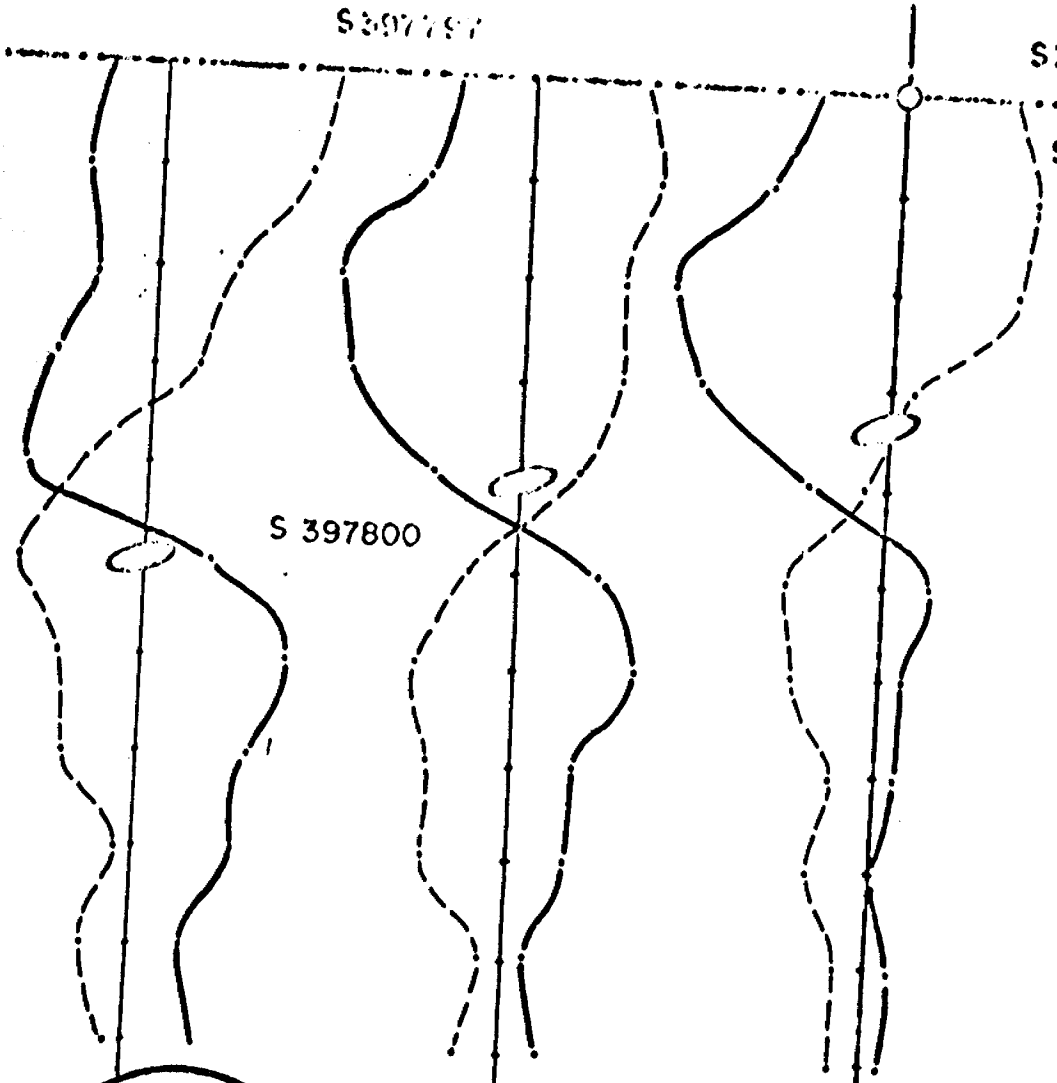
Respectfully submitted,

James D. McCannell
James D. McCannell



Toronto, Ontario
August 16, 1974.

J. D. McCANNELL



GOLDEN SABRE MINES LIMITED
 NAIRN TOWNSHIP - ONTARIO

**RECONNAISSANCE
 ELECTROMAGNETIC SURVEY (E.M.-16)**

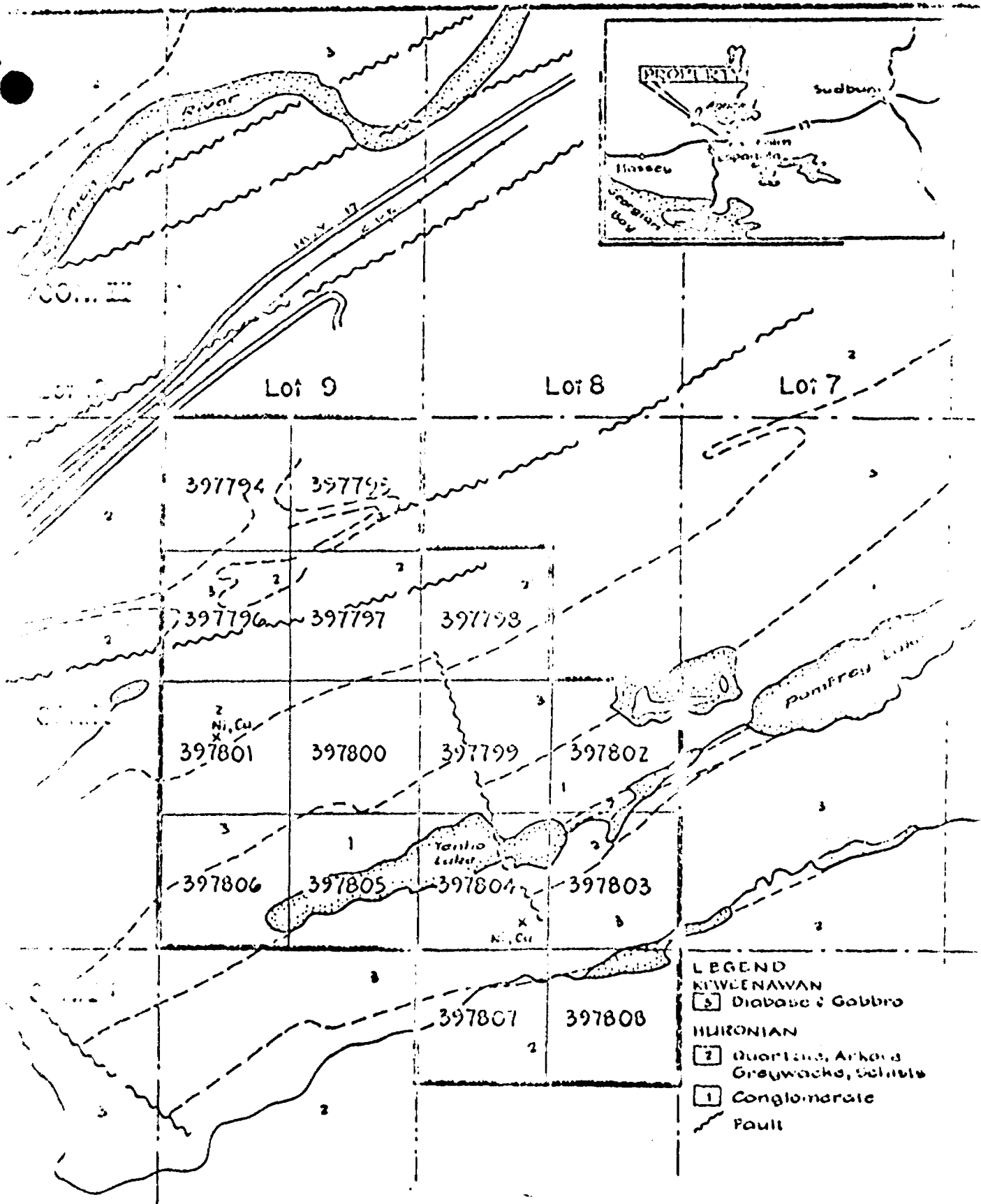


LOT 9

Scale: 1 inch to 200 ft.



J.D. McC
 April 1974



Location Map and Geology of

GOLDEN SABLE MINES LIMITED

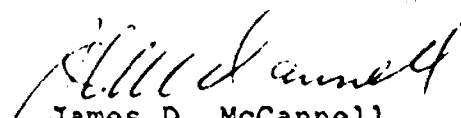
NAIRN TWP. - DISTRICT OF SUDBURY - ONTARIO

Scale: 1 inch to 1/2 mile (20 chains)

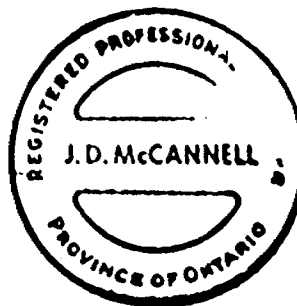
C E R T I F I C A T E

I, James D. McCannell of the City of Toronto, Ontario do hereby declare:

1. That I am a Consulting Geologist and reside at 565 Avenue Road, Toronto, Ontario.
2. That I am a graduate geologist, having graduated from the University of Western Ontario in 1943 and have been practicing my profession as a geologist since graduation.
3. That I have no interest either directly or indirectly nor do I expect to receive any interest either directly or indirectly in the properties discussed in this report.
4. That I have no interest either directly or indirectly nor do I expect to receive any interest either directly or indirectly in the securities of Golden Sabra Mines Limited or any affiliate thereof.
5. That the information contained in the foregoing report is based on published reports and maps as well as on a personal examination of the property made on May 14th, 1974.


James D. McCannell,
Consulting Geologist

Toronto, Ontario
August 16, 1974.



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

NEW ISSUE

GOLDEN SABRE MINES LIMITED

(Incorporated under the laws of the Province of Ontario)

Offering of 250,000 common shares
of which 150,000 are underwritten
and 100,000 shares are under option as follows:

Underwritten	Under Option (1)	Price per Share to the Corporation	Net Proceeds to the Corporation	Maximum Offering Price per Share to the Public
150,000		20¢	\$30,000	40¢
-----	100,000	30¢	\$30,000	60¢
150,000	100,000		\$60,000	

(1) There is no obligation upon the Underwriter-Optionee and there is no assurance that the optioned shares will be purchased.

The purpose of this issue is to provide the Corporation with sufficient funds to implement the recommended exploratory program as described under the heading "Use of Proceeds" on the Corporation's claims described under the heading "The Nairn Township Claims", to pay the costs of this prospectus and for current operating expenses.

SECONDARY OFFERING

75,000 shares, the proceeds of which will accrue to the selling shareholder, Gordon-Daly Grenadier Limited, and not to the treasury of the Corporation, which shares will be offered following the offering and sale of the underwritten and optioned shares.

THERE IS NO MARKET FOR THE SHARES OF THE CORPORATION

THESE SHARES ARE SPECULATIVE SECURITIES

The shares offered hereunder are subject to prior sale and subject to approval of all legal matters on behalf of the Corporation and Underwriter-Optionee by Messrs. Blackwell, Law, Treadgold & Armstrong, Toronto, Ontario.

Gordon-Daly Grenadier Limited
326 Adelaide Street West
Toronto, Ontario



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THE CORPORATION

GOLDEN SABRE MINES LIMITED (hereinafter called the "Corporation") was incorporated under the laws of the Province of Ontario by Articles of Incorporation dated the 5th day of July, 1974, with an authorized capital of 3,000,000 shares without nominal or par value, provided that the said shares may not be issued for a consideration exceeding the sum of \$1,500,000 in the aggregate without payment of the necessary additional fees required by the Treasurer of Ontario. The head office of the Corporation is located at 25 Adelaide Street East, Suite 520, Toronto, Ontario.

HISTORY AND BUSINESS

The Corporation was recently incorporated for the general purpose of mining exploration and has acquired as its first venture fifteen contiguous mining claims in Nairn Township, District of Sudbury, Ontario, more particularly described below. The Claims are without known bodies of commercial ore and the proposed work program described herein is only exploratory in nature. There is no surface or underground plant or equipment located on the property and present management has not carried out any surface or underground exploration to date. The carrying out of additional exploration work on the property will depend upon the results obtained from the first stages of exploration work and also upon the funds which may be available to the Corporation depending upon the success of the financing to be carried out under this prospectus.

THE NAIRN TOWNSHIP CLAIMS

The fifteen mining claims held by the Corporation (herein called the "Nairn Township Claims") covered about 600 acres, and are located in Nairn Township, District of Sudbury, Ontario, 25 miles west and slightly south of Sudbury, Ontario. The property is readily accessible by Highway No. 17 and the Canadian Pacific Railway, both of which pass within about 200 feet of the claims. The claims are officially designated as claim numbers 397794 to 397808 inclusive and are in good standing until April 25, 1975.

The Corporation's title to the claims is the usual title to unpatented mining claims in Ontario, namely the right to proceed under The Mining Act to explore and/or develop the claims and eventually to convert them into mining leases. This requires the performance of a total of 200 days' work per claim, and the carrying out of a survey. Subject to extension orders which may be obtained from time to time, twenty days' work per claim must be performed and recorded within the first year from the date of recording and forty days' work per claim must be performed and recorded yearly thereafter for the next three years and sixty days' work per claim must be performed and recorded in the fifth year. Thereafter and after land surveying, the claims are to be brought to a twenty-one year lease in the ensuing year with annual rentals of \$1.00 per acre for the first year and 25 cents per acre thereafter. If the lease is for mining rights only, rentals for the second and subsequent years are at the rate of 10 cents per acre. Mining leases are renewable generally for succeeding twenty-one year terms.

The following is a summary of the report of Mr. James D. McCannell, Consulting Geologist, dated August 16, 1974, on the Nairn Township Claims. The report is available for inspection at the offices of the Ontario Securities Commission, 555 Yonge Street, Toronto.

Mr. McCannell reports that the general area of the claims group attracted mining interests for many years because of the numerous small sulphide showings, many of them copper and nickel bearing, which

trail off the end of the major Sudbury copper-nickel structure. Two known sulphide zones occur on the claims group and a third is located on a patented claim adjoining the claims group on the southwest corner.

Mr. McCannell states that some previous work has been reported, and the two showings referred to above are mentioned in Geological Report No. 35, Nairn and Lorne Townships, published by the Ontario Department of Mines in 1965. In 1955, all but six of the fifteen claims formed a part of a larger block held by Mogul Mining Corporation. Mogul carried out an airborne magnetometer and ground EM surveys on their claims in early 1955, followed by a ground magnetometer survey in April of the same year. This geophysical work was followed by a program of diamond drilling but none of the holes appear to have been drilled on the fifteen claims held by the Corporation. Later during the 1950's some of the ground was acquired by the Pays-Bas Prospecting Syndicate, which apparently confined exploration work to surface geological examinations and some geophysics.

The files in the office of the Mining Recorder in Sudbury contain the logs and a sketch showing the results and location of three short holes that were drilled in 1968 and located in what is now the north-west quarter of claim 397802. These three holes totalled 219 feet of diamond drilling and the logs show sulphide mineralization including pyrrhotite and chalcopyrite for core lengths of up to 5.7 feet. No assay values are shown on the logs, and there is no mention as to why the holes were drilled in this particular location.

Mr. McCannell reports that the rock formations underlying the claims group consist of northeast striking Huronian sediments including quartzite, arkose, conglomerate, greywacke and sedimentary schist. These formations have been intruded by diabase and gabbro of possible Keweenawan age and closely related to the Nickel Irruptive of the Sudbury area. The sulphide mineralization in this general area usually occurs in these late basic intrusives or in the sediments close to the intrusive contact. All the sulphide mineralization reported on this property to date occurs in metagabbro. Published geological maps of Nairn Township show four fault structures on the ground, three striking slightly north of east and one west of north.

Mr. McCannell is of the opinion that the area of the claims group cannot be said to have been thoroughly explored in past exploration programs. He found that a considerable amount of trenching was done on the two known sulphide occurrences but there is no record on file with the Ontario Department of Mines that the zones were drilled. A considerable amount of drilling was recommended on the basis of the geophysical work carried out by Mogul Mining Corporation, but their diamond drilling was confined almost entirely to the area of the copper-nickel showing in the north part of Lot 9, Concession I which is outside the subject claims group. Their electromagnetic survey showed a considerable amount of conductivity near both contacts of a band of metagabbro striking in a north of east direction and located immediately south of Tenho Lake. The ground magnetometer survey showed a strong anomaly along most of the south contact.

In Mr. McCannell's opinion exploration work is warranted and he recommends that geophysical work be carried out on the ground using modern instruments. The entire claims group should be covered using a VLF instrument to locate any possible conducting zones. He also recommends an Induced Polarization survey to further check areas showing conductivity. Mr. McCannell feels this will permit localizing the more expensive IP method to areas of possible interest on the claims group. The north six claims located in Lot 9, Concession II should be covered by a magnetometer survey and this, along with the Mogul data, will provide magnetometer information on the entire fifteen claims. Mr. McCannell also recommends that consideration should be given to carrying out a minimum of one thousand feet of diamond drilling as the third phase of the exploration program, but a decision to proceed with diamond drilling should be contingent on the results obtained in the first two phases of the work program.

Mr. McCannell estimates the cost of the exploration program set out above and expressed in three phases as follows:

Phase I

Line cutting 20 miles @ \$110.00 per mile	\$2,200.00	
EM survey 18 miles @ \$100.00 per mile	1,800.00	
Magnetometer survey 8 miles @ \$85.00 per mile	680.00	
Geological reconnaissance	<u>1,500.00</u>	\$ 6,180.00

Phase II

IP survey 10 days @ \$350.00 per day		3,500.00
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Phase III

Diamond drilling 1,000 feet @ \$12.00 per foot		<u>12,000.00</u>
Total for Phases I, II and III		<u>\$21,680.00</u>

The claims were acquired by the Corporation from Harry Bregman, 175 Dunvegan Road, Toronto under an agreement dated the 15th day of August, 1974, in consideration of the allotment and issuance of 750,000 fully paid and non-assessable shares in the capital of the Corporation, of which 75,000 shares are free of escrow and were issued to Mr. Bregman, and of which the remaining 675,000 shares are escrowed and on the direction of the Vendor were issued to a private company wholly owned by the Vendor, Chairman Investments Limited. Reference is made to the heading "Escrowed Shares" herein for particulars of the escrow.

The Vendor's shares were allotted by the Directors at the price of \$11,000. This price does not necessarily bear any relation to the actual worth of the property or the costs to the Vendor.

The cost to the Vendor of prospecting and staking the claims was \$825 which includes magnetometer work carried out in connection with the prospecting. The agreement of August 15, 1974 referred to above, which sets out the terms of the escrow, also provides that if the Corporation has lost, alienated or has not obtained a good or marketable title to, or that the Corporation has abandoned or discontinued development of any or all of the aforesaid property, or that any or all of the said property which was or formed part of the consideration for which the aforesaid shares were issued has become of little or no value, the remaining escrowed shares will be donated back to the Corporation or to a trustee of the Corporation, in either event for the benefit of the Corporation.

Subsequently, Mr. Bregman sold the said 75,000 free shares to Gordon-Daly Grenadier Limited, the Underwriter-Optioneer referred to later in this prospectus, at the price of 25 cents per share, and the said shares form a part of the securities offered by this prospectus. Stanley Mourin, Apartment 1101, 131 Bloor Street West, Toronto, Ontario, and the said Harry Bregman are the only persons who own more than a 5% interest in Gordon-Daly Grenadier Limited.

CAPITALIZATION

The Corporation has one class of stock authorized, namely, 3,000,000 shares without par value, which shares are sometimes referred to as "common shares" in this prospectus. Of these, there are at present issued 750,010 shares, 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. The shares when purchased by the

Underwriter-Optionee are not subject to further calls or to assessment. There are no conversion rights, special liquidation rights, pre-emptive rights or subscription rights. No dividend has been paid to date, nor is it expected that any dividend will be paid in the foreseeable future.

<u>Designation of Security</u>	<u>Number and Amount Authorized</u>	<u>Number and Amounts Outstanding as of August 21, 1974 (date of balance sheet herein)</u>	<u>Number and Amount Outstanding if all securities being issued are sold</u>
Common Shares without par value	3,000,000 shares (not to exceed \$1,500,000)	750,010 (\$11,010)	900,010 (\$41,010)

* This figure reflects only the sale of 150,000 underwritten shares. If the 100,000 shares under option are all taken up and paid for, the number of shares outstanding would be 1,000,010 and would be issued for a consideration of \$71,010.

ESCROWED SHARES

Certificates representing 675,000 shares in the capital of the Corporation are held by The Metropolitan Trust Company in escrow, subject to release only on the prior written consents of the Board of Directors of the Corporation and of the Ontario Securities Commission, and subject to transfer, hypothecation or other alienation within the escrow only on the prior written consent of such Commission.

<u>Designation of Class</u>	<u>Number of Shares Held in Escrow</u>	<u>Percentage of Class</u>
Common	675,000	75% (1)

(1) Calculated on the basis of there being 900,010 shares issued and outstanding following the sale of 150,000 underwritten shares.

OFFERING

Treasury Shares

Pursuant to an agreement dated the 19th day of August, 1974, between the Corporation and Gordon-Daly Grenadier Limited, 326 Adelaide Street West, 5th Floor, Toronto, Ontario (sometimes referred to in this prospectus as the "Underwriter-Optionee"), the Corporation agreed to sell, and the Underwriter-Optionee agreed to purchase, 150,000 shares at twenty cents per share payable on the effective date as hereinafter set forth. In consideration of the firm underwriting, the Underwriter-Optionee was granted the right and option to purchase all or any part of an additional 100,000 shares at thirty cents per share within three months of the effective date.

The "effective date" is the third business day following the date of a final receipt for the Corporation's prospectus from the Ontario Securities Commission, by which these securities are qualified for sale in Ontario.

The Underwriter-Optionee (a security dealer) entered into the aforesaid agreement on its own behalf. The parties to the said agreement understand that, in the event of default or any extension of any option, an amendment to this prospectus must be filed with the Ontario Securities Commission as soon as practicable, and in any event within ten days thereof, if the shares of the Corporation are then in distribution to the public.

There are no sub-underwritings or sub-options outstanding or proposed to be given at this time; however, the Underwriter-Optionee has advised that during the course of distribution to the public of the Corporation's shares it may grant sub-underwritings or sub-options to registered security dealers who

may engage in distribution to the public at a price not exceeding one cent per share in excess of the price to be paid by the Underwriter-Optionee under the provisions of the underwriting and option agreement aforesaid.

The Underwriter-Optionee has also advised that it may from time to time retain one or more other registered security dealers on an agency basis to sell or offer for sale underwritten and/or optioned shares, paying such agents a commission not exceeding twenty-five per cent of the selling price of the shares to be sold, and in addition may pay costs and expenses of such dealers incidental to the distribution and sale of the said shares.

Other than the firm purchase of the initial 150,000 shares at twenty cents per share, there is no obligation on the Underwriter-Optionee to take up any further shares from the Corporation.

Secondary Offering

The 75,000 free vendor shares issued to Harry Bregman (see section headed "The Nairn Township Claims") and in turn sold by him to the Underwriter-Optionee at twenty-five cents per share are also being offered under this prospectus, and will be sold to the public under any of the selling plans set forth in this prospectus or through any registered security dealer who will be acting as agent, at the usual and customary commission rates authorized by The Toronto Stock Exchange for the sale of mining shares. Proceeds of the sale from the 75,000 shares will not go into the treasury of the Corporation. The said 75,000 shares will be offered only after the underwritten and optioned shares have been taken down, paid for and sold.

USE OF PROCEEDS

The Corporation is assured of receiving \$30,000 from the firm underwriting of 150,000 shares at twenty cents per share. The proceeds from this offering will be used:

1. To pay preliminary expenses, including legal and audit fees, incorporation costs and costs of filing this prospectus, estimated at \$5,000;
2. To pay administration fees for the 1974 fiscal year, estimated at \$6,000 assuming normal exploration and corporate activities;
3. To carry out the first two phases of an exploration program on the Nairn Township Claims, as recommended by J. D. McCannell, consisting of a first phase of line-cutting, electromagnetic and magnetic surveys and geological reconnaissance estimated to cost \$6,180 and a second phase consisting of an IP Survey estimated to cost \$3,500.

Depending upon the results of the first two phases of the recommended exploration program and depending upon the availability of funds, which would require that at least a part of the optioned shares must have been taken down and paid for, the Company also intends to carry out the diamond drilling program recommended by Mr. McCannell in his report described earlier. Mr. McCannell has estimated that 1,000 feet of diamond drilling could be completed at a cost of \$12,000.

Excess monies will form part of the general working capital of the Corporation to be used for general operating expenses. While the Corporation has no plans in this regard at the present time, monies in its treasury, as available, may also be used to defray programs of acquiring, staking, exploring and developing other properties either alone or in concert with others and to generally carry out explorational programs as opportunity and finances may permit. However, monies will not be expended to acquire or work on new properties, monies will not be advanced to other corporations except to the extent necessary to enable the Corporation to implement the foregoing proposed programs and monies will not be invested in securities other than those permitted by law for trustees without an Amendment to this Prospectus being filed if the securities of the Corporation are then in the course of distribution to the public.

DIRECTORS, OFFICERS AND MANAGEMENT

The principal occupations of each of the officers and directors during the past five years are as follows:

- President and Director ARTHUR JOHN FORTENS, 47 Thorncliffe Park Drive, Toronto, Ontario, Accountant. Presently employed by Sprucedale Holdings Limited. From August 1, 1970 to May 31, 1971, employed as Accountant by Fifth Floor Services; prior thereto employed by Louada Holdings Limited, Louis Cadesky Associates (Northern) Limited and related companies. Is presently an Officer and/or Director of several mining companies including North American Rare Metals Limited, Carlton Explorations Limited and Sloane Mining Company Limited.
- Secretary-Treasurer and Director DERMOT J. CORCORAN, F.R.I., Apt. 304, 701 Don Mills Road, Don Mills, Ontario. Since 1970 to date Senior Project Development Officer for Canada Department of Public Works. Prior thereto for three years Area Accommodation Superintendent for Canada Department of Public Works. Presently a Director of Pan-Ore Gold Mines Limited.
- Director TERRY SOKOLOFF, 223 Pannahill Road, Apt. 3, Downsview, Ontario, Accountant, self employed. From September 24, 1971 to September 6, 1974 was employed by Shlesinger Corporate Services Limited, Suite 520, 25 Adelaide Street East, Toronto. Prior thereto employed by Laventhol Krekstein Horwath & Horwath, Chartered Accountants, Toronto. Also an Officer and/or Director of several mining companies including Saxony Mines Limited, Minaki Gold Mines Limited and Staple Mining Company Limited.
- Director GERARD FRANCIS FLAHERTY, Ph.D., R.R. #1, Terra Cotta, Ontario. Consulting Geologist, Dr. Flaherty is also a Director of several mining companies including Claremont Mines Limited, Magi Gold Mines Limited and Bay Roc Mining Company Limited.
- Director LOUIS FREEDMAN, 4 Model Avenue, Downsview, Ontario. Assistant Plant Manager. Presently and for the last two years employed by Irving Milgrom Ltd. and previously employed by another manufacturer in the same capacity. Presently a Director of Carlton Explorations Limited, Sperry Mining Limited, and Grand Valley Mining Company Limited.

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

No fees have been paid to directors or officers since the incorporation of the Corporation. During the current financial year directors will be paid the sum of \$50.00 for each meeting attended.

No remuneration is intended to be paid to officers as such.

The Corporation proposes to engage Shlesinger Corporate Services Limited, Suite 520, 25 Adelaide Street East, Toronto, Ontario, professional corporate secretaries, to provide head office, administration, accounting and secretarial services for the Corporation at a rate not to exceed \$350.00 per month. The only person having a greater than five percent interest in Shlesinger Corporate Services Limited is Hanna Shlesinger, 48 Crimson Millway, Willowdale, Ontario.

PROMOTER

Harry Bregman, 175 Dunvegan Road, Toronto, Ontario is the Promoter of the Corporation and has received shares of the Corporation in consideration for the Nairn Township Claims. As disclosed earlier 675,000 of such shares, being the shares held in escrow, were issued in the name of a Company wholly-owned by Mr. Bregman, Chairman Investments Limited (a Company formerly known as 277056 Ontario Limited which changed its name to Chairman Investments Limited effective August 19, 1974).

INTEREST OF MANAGEMENT

As referred to under the heading "The Nairn Township Claims", the Corporation purchased its present property from its promoter, Harry Bregman, who is also one of the principal shareholders of Gordon-Daly Grenadier Limited which is the Underwriter-Optionee of the Corporation's shares as described under the heading "Offering". Other than aforesaid, no officer, director or insider of the Corporation has or has had any material interest in any transaction.

MATERIAL CONTRACTS

The material contracts entered into by the Corporation from inception to the date hereof are as follows:

1. Agreement dated August 15, 1974, for the purchase of the Nairn Township Claims from Harry Bregman, fully described under the heading "The Nairn Township Claims".
2. Agreement dated August 19, 1974, between the Corporation and Gordon-Daly Grenadier Limited providing for the underwriting and option of treasury shares, fully described herein under the heading "Offering".

During distribution to the public of the securities offered under this prospectus, copies of the said agreements may be inspected at the head office of the Corporation during normal business hours.

PRINCIPAL HOLDERS OF SECURITIES

<u>Name and Address</u>	<u>Designation of Class</u>	<u>Type of Ownership</u>	<u>No. of Shares Owned</u>	<u>Percentage of Class (1)</u>
Chairman Investments Limited 110 Yonge Street Suite 1501 Toronto, Ontario	Common	Beneficial and of Record	675,000	90%
Gordon-Daly Grenadier Limited 326 Adelaide Street W. Fifth Floor Toronto, Ontario	Common	Beneficial and of Record	75,000	10%

(1) Calculated on the basis of 750,000 shares issued and outstanding as of the date hereof.

All Directors and Senior Officers of the Corporation as a group beneficially own less than one per cent of the issued shares of the Corporation.

TRANSFER AGENT AND REGISTRAR

The Metropolitan Trust Company, 353 Bay Street, Toronto, Ontario, is the Transfer Agent and Registrar of the Corporation.

AUDITORS

Laventhol Krekstein Horwath & Horwath, Chartered Accountants, 700 Richmond-Adelaide Centre, 120 Adelaide Street West, Toronto, Ontario, are the auditors of the Corporation.

PURCHASER'S STATUTORY RIGHT OF WITHDRAWAL AND RESCISSION

The Securities Act (Ontario) provides, in effect, that where a security is offered 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 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 or 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.

AUDITORS' REPORT

To the Directors of
Golden Sabre Mines Limited

We have examined the balance sheet of Golden Sabre Mines Limited as at August 21, 1974 and in connection therewith reviewed such supporting evidence as we considered necessary in the circumstances.

In our opinion this balance sheet presents fairly the financial position of the company as at August 21, 1974 in accordance with generally accepted accounting principles.

August 27, 1974
Toronto, Ontario

LAVENTHOL KREKSTEIN HORWATH & HORWATH,
Chartered Accountants.

GOLDEN SABRE MINES LIMITED

(Incorporated under the laws of Ontario)

BALANCE SHEET — AUGUST 21, 1974

ASSETS

Cash	\$ 10
15 Unpatented mining claims in Nairn Township, District of Sudbury, Ontario, at valuation placed by the Board of Directors on 750,000 shares of capital stock to be issued therefor	11,000
Organization expenses, estimated	<u>5,000</u>
	<u>\$16,010</u>

LIABILITIES

Estimated liabilities for organization expenses	\$ 5,000
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SHAREHOLDERS' EQUITY

Capital stock:

Authorized:

3,000,000 Shares, no par value (not to exceed \$1,500,000)

Allotted — to be issued:

10 Shares for cash	\$ 10	
<u>750,000 Shares for mining claims</u>	<u>11,000</u>	<u>11,010</u>
<u>750,010 Shares</u>		<u>\$16,010</u>

See accompanying notes.

On behalf of the Board:

"ARTHUR JOHN FORTENS" (Director)

"DERMOT J. CORCORAN" (Director)

GOLDEN SABRE MINES LIMITED

NOTES TO BALANCE SHEET

AUGUST 21, 1974

1. By an agreement dated August 19, 1974 an underwriter has agreed to purchase 150,000 shares of the company's capital stock at 20¢ per share payable on the third business day next following the date a prospectus of the company is accepted for filing by the Ontario Securities Commission (the "effective date").

In consideration for the firm purchase, the company granted the underwriter an option to purchase all or any part of an additional 100,000 shares of capital stock at 30¢ per share exercisable within three months of the "effective date".

2. A statement of source and application of funds has not been prepared because the company is newly incorporated and expenses to date are estimated only.

There are no other material facts.

DATED this 8th day of October, 1974.

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, and the regulations thereunder.

"ARTHUR JOHN FORTENS"
Chief Executive Officer

"DERMOT J. CORCORAN"
Chief Financial Officer

"TERRY SOKOLOFF"
Director

"LOUIS FREEDMAN"
Director

Promoter

"HARRY P. BREGMAN"

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, and the regulations thereunder.

Underwriter-Optionee
GORDON-DALY GRENADIER LIMITED

Per: "HARRY P. BREGMAN"