



41115SE0032 KELLY-14-C1 KELLY

010

Donovan

AMENDMENT NO. 2 TO THE PROSPECTUS OF
KELLY-K MINES LIMITED

*Kelly
TWP*

DATED MARCH 31st, 1966
AND TO AMENDMENT NO. 1 DATED OCTOBER 18th, 1966

AMENDMENTS TO:

1. Paragraph 11 of the prospectus:

On the Company's claims in McQuat Township (Quebec) the Company has completed geological mapping, surface prospecting and a program of self-potential checkwork and geochemical soil sampling at a cost of \$2,800.00 and has drilled one hole to a depth of 508 feet (AXT core) at a cost of \$3,175.00. The Company's engineer has recommended that no further work is warranted at this time but that, prior to the claims lapsing, all pertinent data should be studied with respect to results of exploration work being done on other properties in the area;

2. Paragraph 11 of the prospectus:

On the Company's claims in Kelly Township (Ontario) the Company has carried out a program consisting of linecutting and a combined magnetic and self-potential survey at a cost of \$2,000.00. The Company completed a program consisting of test pitting, bulk sampling and 549 feet of EXT core packsack drilling at a cost of \$5,119.50, as recommended by the Company's engineer. The Company intends to proceed with the drilling of two holes for a total of 1,200 feet (AXT core).

For particulars of bulk sampling done and the results obtained, the diamond drilling done and the values obtained, the conclusions and recommendations of the Company's engineer and the estimate of the cost of same, reference is made to the report of G. L. Kirwan B.Sc., Consulting Geologist, dated November 7th, 1966, which accompanies and forms part of this Amendment.

3. Paragraph 11(d) of the prospectus (paragraph 6 of Amendment No. 1):

The Company has contracted for a program of line-cutting and a magnetic-electro-magnetic survey on its claims in Newman Township (Ontario) at a cost of \$4,000.00, all as recommended by the Company's engineer.

DATED December 15, 1966.

WE, the undersigned directors and promoters hereby certify that the foregoing, together with the prospectus dated the 31st day of March, 1966, and Amendment No. 1 to the prospectus dated the 18th day of October, 1966, constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required under Section 38 of The Securities Act (Ontario) and there is no further material information applicable other than under the financial statements or reports where required.

DIRECTORS:

JOHN THOMAS TOKARSKY

ROBERT BROWN

ELMER FRANKLIN FURNISS

GEORGE BRIMSON

SAMUEL LOUIS HELFENBAUM

PROMOTERS:

GAILGARY INVESTMENTS LIMITED

By **SHIRLEY FOSTER**
President

DAVID JAY FOSTER LIMITED

By **DAVID JAY FOSTER**

AND WE, the undersigned Underwriter-Optionee, hereby certify that, to the best of our knowledge, information and belief, the foregoing, together with the prospectus dated the 31st day of March, 1966, and Amendment No. 1 to the prospectus dated the 18th day of October, 1966, constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required under Section 38 of The Securities Act (Ontario) and there is no further material information applicable other than under the financial statement or reports where required. In respect of matters which are not within our knowledge, we have relied upon the accuracy and adequacy of the foregoing.

UNDERWRITER-OPTIONEE:

DURHAM SECURITIES

By: **DAVID J. FOSTER**

KELLY-K MINES LIMITED

BULK SAMPLING AND DIAMOND DRILL REPORT KELLY TOWNSHIP, ONTARIO

KELLY-K MINES LIMITED,
Suite 305 - 100 Adelaide St. West,
Toronto 1, Ontario.



411155E0032 KELLY-14-C1 KELLY

900

Gentlemen:

A program of test pitting, bulk sampling with assaying and a program of Packsack diamond drilling has just been completed on your Kelly Township holdings, Sudbury Area, Ontario.

PROPERTY, LOCATION, ACCESS:

The property consists of six, unleased, contiguous, mining claims numbered S. 134183-188 incl., and is situated in the southwest portion of Kelly Township, Sudbury Mining Division, 25 air miles north-east of Sudbury.

Access is by aircraft from Sudbury to Kukagami Lake on the property, or by secondary road from highway No. 17 from a point 18 miles east of Sudbury.

GEOLOGY:

Government reports with maps indicate that the property is underlain by conglomerate and quartzite of the Gowganda Formation which has been cut by gabbro intrusives. This gabbro occupies the southwestern quarter of the property, and a finger-like mass is located in the east central portion of the claim group, while another small mass is located in the extreme northwest corner.

Associated with the largest gabbro mass near the gabbro conglomerate contact in claim N. S 134184, is a substantial quartz-carbonate vein with amounts of lead, copper, gold, and silver.

HISTORY:

There are a number of old test pits located on the property from former operators. Mid-Nation Developments Ltd. conducted an electromagnetic survey over the area now covered by the Kelly-K claims and failed to extend mineralized zones.

Under the direction of Kelly-K Mines Ltd., a combined magnetic-self potential survey was done last summer with the detection of a 900 ft. long magnetic anomaly located in the western portion of the claim group. An old pit is noted at this location. A single station self potential anomaly, -290 millivolt reading, was registered in the area of No. 1 vein.

RESULTS OF BULK SAMPLING:

As set out in recommendations in my reports dated March 14th and October 5th last, certain areas on the property were subject to bulk sampling using plugger equipment.

At location 13 + 00E, 26 + 00S, claim S. 134184, a 6' x 5' x 10' long pit was placed on vein No. 1 and a 300-pound sample of quartz vein material removed and tested. The vein is 18 inches wide, in gabbro material, and is located along a four foot wide shear zone. This vein trends west northwest for 330 ft. The sample, representative of quartz vein material at the sampled location, returned the following values after being split into three equal parts:

<u>Sample No.</u>	<u>GOLD (oz./T)</u>	<u>SILVER (oz./T)</u>	<u>COPPER (%)</u>	<u>LEAD (%)</u>
1(A)	0.26	0.50	0.77	1.10
1(B)	nil	0.64	0.49	1.60
1(C)	nil	0.96	0.45	2.05
AVE:	0.087	0.70	0.57	1.58

At location 13 + 10E, 22 + 00S, pit No. 2, measuring 3' x 3' x 6' long was placed along a gossaned shear zone and a 200 pound sample removed. The shear zone measures about six feet across and trends in a direction west-northwest. The shear zone, with no quartz material present, is visible for 40 ft. on either side of the pit location along trend. The sample, split into three equal parts, is representative of the gossaned shear zone at the sampled location. Assay results are as follows:

Sample No.	GOLD (oz./T)	SILVER (oz./T)	COPPER (%)	LEAD (%)
2(A)	nil	nil	0.08	0.05
2(B)	nil	nil	0.08	0.06
2(C)	nil	nil	0.02	0.04

At location 12 + 50E, 27 + 00S, pit No. 3, measuring 3' x 2' x 7' long was placed on vein No. 3 and a 150 pound sample of quartz material only was used. This vein trends in a direction west northwest and is visible for a distance of 300 ft. The vein is 9 inches wide for the 300 ft. The material tested is representative only of the quartz rock in area of pit. Results are as follows:

Sample No.	GOLD (oz./T)	SILVER (oz./T)	COPPER (%)	LEAD (%)
3	0.02	5.30	0.45	20.50

No test pit was placed on vein No. 5, coordinates 0 + 00, 15 + 00S, as visual copper mineralization noted warranted drilling. This vein is about 8 inches wide, trends in a direction west northwest, and is exposed for a distance of 200 ft.

The country rock in the vicinity of all veins is diabase.

DIAMOND DRILLING:

A total of 549 ft. of core was examined from a total of seven diamond drill holes placed on the Kelly-K property in order to examine the downdip extensions of veins Nos. 1, 3, 4, 5.

Holes 1, 2, and 3, 92 ft. long, 82 ft. and 88 ft. long respectively, examined Vein No. 1. An 18" quartz-calcite section from hole No. 1, as well as a similar width from No. 2 hole, and a 12" section of quartz-calcite material from hole No. 3 returned the following values:

Hole No.	GOLD (oz./T)	SILVER (oz./T)	COPPER (%)	LEAD (%)
1	0.16	1.32	2.30	15.25
2	0.16	1.46	0.24	6.80
3	nil	1.12	0.27	4.30
AVE:	0.10	1.30	0.90	8.78

A 9" quartz-calcite section was assayed from hole No. 5 from vein No. 3 and returned the following values:

Hole No.	GOLD (oz./T)	SILVER (oz./T)	COPPER (%)	LEAD (%)
5	tr.	2.38	0.53	8.25

Slight values only were obtained from an 8" intersection of quartz-calcite material from hole 6 on No. 4 vein (12 + 00E, 28 + 00S) while hole 4 returned negligible values on a 12" calcite intersection from vein No. 5, and hole 7, on the same vein, did not intersect quartz-calcite material perhaps due to its steep angle of 60°.

CONCLUSIONS:

Metal values over the 18" wide No. 1 vein, and the 9" wide No. 3 vein, from assay results of test pitting and diamond drilling, are as follows:

Vein No.	GOLD (oz./T)	SILVER (oz./T)	COPPER (%)	LEAD (%)
1	0.09	1.0	0.73	5.18
3	0.01	3.84	0.49	14.37

Other samples returned negligible values from other veins and shear zones.

It is possible vein No. 5 may be the extension of the No. 1 vein, being mutually "on-strike".

Although combined metal values represent ore grade at today's prices, intersection widths are small and assay values most erratic. However, vein widths did not diminish with depth. Because of results to date, further work appears warranted.

RECOMMENDATIONS:

1. Using AXT core, two diamond drill holes would simultaneously investigate the downdip extensions of vein No. 1 and No. 3. A total of 1,200 feet will be drilled.

These holes would be collared in the following locations, and each would have a -60° dip with a bearing of 033° Az.: Hole No. 66-1 at 11 + 50E, 28 + 20S; hole No. 66-2 at 9 + 65E, 27 + 00S.

The estimated cost of this work, engineering included, but not assay costs, would be \$9,600.00
Further work, including additional diamond drilling, would be contingent upon the results of this program.

Respectfully submitted,

G. L. KIRWAN, B.Sc.,
Consulting Geologist.

Toronto, Ontario,
Nov. 7, 1966.

CERTIFICATE

I, Gerald L. Kirwan of the City of Toronto in the Province of Ontario, hereby certify as follows:

1. THAT I am a geologist with offices at 160 Bay St., Toronto, and 130 Kingslake Rd., Willowdale, Ontario.
2. THAT I am a graduate of Carleton University, B.Sc., 1957, and that I have practised my profession continuously since graduation.
3. THAT I am a Fellow of the Geological Association of Canada.
4. THAT I have not received, nor do I expect to receive, any interest, directly or indirectly, in the properties or securities of Kelly-K Mines Ltd.
5. THAT the accompanying report has been prepared by myself and is based upon supervision of work programs herein noted.

DATED at Toronto, Ontario, this 7th day of November, 1966.

G. L. KIRWAN.

Donovan

KELLY-K MINES LIMITED

Kelly twp.

1967

.....

PROSPECTUS

.....

Purpose of Issue

The purpose of the issue of the securities covered by this prospectus is to provide funds for the program of work recommended by Gerald L. Kirwan, Consulting Geologist. For particulars see paragraph 16 of the prospectus.

Lot 13, 14

Offering

This offering covers 200,000 treasury shares under option.
The offering price of the shares offered pursuant to this prospectus is unrelated to the potential or intrinsic worth of such shares.

Con I

Market

The shares offered hereunder are speculative securities and there is no market for same.

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

KELLY-K MINES LIMITED

PROSPECTUS

For filing with the Ontario Securities Commission pursuant to the Securities Act (Ontario)

1. Kelly-K Mines Limited (hereinafter called the "Company") was incorporated under the laws of the Province of Ontario by letters patent dated the 16th day of March, 1966. The head office of the Company is located at Suite 305, 100 Adelaide Street West, Toronto 1, Ontario.
2. The names, occupations and addresses of the officers and directors and promoters of the Company are as follows:

(a) Officers and Directors:

President and a Director	JOHN THOMAS TOKARSKY, Accountant, 90 Peckham Avenue, Willowdale, Ontario
Vice-President and a Director	ELMER FRANKLIN FURNISS, Corporate Secretary 39 Marydon Crescent, Agincourt, Ontario
Secretary-Treasurer and a Director	ROBERT BROWN, Corporate Secretary 6 Zaharias Court, Willowdale, Ontario
Director	GEORGE BRIMSON, Accountant, 11 Woolwick Drive, Scarborough, Ontario
Director	SAMUEL LOUIS HELFENBAUM, Office Manager, 2700 Bathurst Street, Apartment 1004, Toronto, Ontario

(b) Promoters:

The Promoter of the Company was formerly David Jay Foster, 32 Forest Ridge Drive, Toronto, Ontario, who caused the incorporation of the Company and sold the mining claims referred to in paragraph 10 hereof to the Company but as Gailgary Investments Limited, 32 Forest Ridge Drive, Toronto, Ontario and David Jay Foster Limited, 32 Forest Ridge Drive, Toronto, Ontario, have each acquired 337,500 escrowed shares from David Jay Foster. Gailgary Investments Limited and David Jay Foster Limited might now be considered the Promoters of the Company. Gailgary Investments Limited is a private company and the only persons owning a greater than 5% interest in same are as follows: Gail Elaine Foster, Gary Michael Foster, Mona Robin Foster, children of David Jay Foster and Shirley Foster, wife of David Jay Foster, all residing at 32 Forest Ridge Drive, Toronto, Ontario. The only person owning a greater than 5% interest in David Jay Foster Limited is David Jay Foster.

3. Fisher & Company, Chartered Accountants, Room 715, 62 Richmond Street West, Toronto, Ontario, are the auditors of the Company.
4. Guaranty Trust Company of Canada, 366 Bay Street, Toronto, Ontario, is the Transfer Agent and Registrar of the Company.
5. The authorized capital of the Company consists of 3,000,000 shares of the par value of \$1.00 each, all of one class, namely common, of which 1,550,005 shares, fully paid and non-assessable, have been allotted and issued to date.
6. The Company has issued no bonds or debentures nor does it presently propose to issue any.
7. Of a total of 750,000 shares of the Company issued for properties, as referred to in paragraph 10 hereof (hereinafter referred to as "vendor shares"), certificates representing 675,000 of such

shares are presently held in escrow with Guaranty Trust Company of Canada, 366 Bay Street, Toronto, Ontario, subject to pro rata release amongst the persons entitled thereto only upon the written consent of the Ontario Securities Commission and the Company. Any dealings with such shares within the escrow require the written consent of the Ontario Securities Commission.

8. As of the date of this prospectus, 800,005 shares of the Company have been sold for cash and no commissions were paid or are payable in connection with the sale of such shares.

No. of Shares	Amount per Share	Total
5	\$1.00	\$ 5.00
400,000	.10	40,000.00
200,000	.12½	25,000.00
200,000	.15	30,000.00
<u>800,005</u>		<u>\$95,005.00</u>

9. No securities of the Company other than those above set out have been sold or issued as of the date of this prospectus.
10. (a) By agreement dated the 24th day of March, 1966, made between David Jay Foster (Foster) of the first part and the Company of the second part, the Company acquired the following two groups of unpatented mining claims, the first group consisting of ten unpatented mining claims in McQuat Township, in the Province of Quebec, being:

Miner's Certificate	Numbers of Claims
230890	1 to 5 inclusive
230891	1 to 5 inclusive

and the second group consisting of six unpatented mining claims in Kelly Township, in the Province of Ontario, being Nos. S-134183 to S-134188 inclusive; (which claims are hereinafter referred to as the "Mining Claims") for and in consideration of \$37,500.00, which was fully satisfied by the allotment and issuance of 750,000 shares of the capital stock of the Company (being the vendor shares referred to in paragraph 7 hereof), of which 10% were free shares and the balance placed in escrow with the Transfer Agent and Registrar of the Company, subject to the terms of escrow set forth in paragraph 7 hereof.

By agreement dated the 30th day of May, 1966, David Jay Foster sold to David Jay Foster Limited, 32 Forest Ridge Drive, Toronto, Ontario, and to Gailgary Investments Limited, 32 Forest Ridge Drive, Toronto, Ontario, 337,500 escrowed shares each, subject to the terms of escrow. For particulars of the persons owning a greater than 5% interest in each of the above-named purchasers see paragraph 2(b) hereof.

On the Company's claims in McQuat Township, Province of Quebec the Company has completed line-cutting and an electromagnetic survey at a cost of \$3,300.00, geological mapping, surface prospecting and a program of self-potential checkwork and geochemical soil sampling at a cost of \$2,800.00 and has drilled one hole to a depth of 508 feet (AXT core) at a cost of \$3,175.00. The Company's engineer has recommended that no further work is warranted at this time but that, prior to the claims lapsing, all pertinent data should be studied with respect to results of exploration work being done on other properties in the area.

On the Company's claims in Kelly Township, Province of Ontario, the Company has carried out a program consisting of ~~line-cutting and~~ a combined magnetic and self-potential survey at a cost of \$2,000.00. The Company completed a program consisting of test pitting, bulk sampling and 549 feet of EXT core pack-sack drilling at a cost of \$5,119.50, as recommended by the Company's engineer. The Company intends to proceed with the drilling of two holes for a total of 1,200 feet (AXT core).

- (b) The Company has acquired by staking, ten claims in Newman Township, Larder Lake Mining Division, Province of Ontario, being Nos. LL98447 to LL98450 inclusive, LL98460 and LL98461 and LL98478 to LL98481 inclusive, at a total cost of \$700.00.

The Company has contracted for a program of line-cutting and magnetic-electro-magnetic survey on its claims in Newman Township, Province of Ontario, at a cost of \$4,000.00, all as recommended by the Company's engineer.

11. For particulars of the location, accessibility and work done on the claims in McQuat Township, Province of Quebec, referred to in paragraph 10(a) hereof, the geology and ore occurrences in the area, and the conclusions and recommendations of the Company's engineer, reference is made to the report of Gerald L. Kirwan dated the 10th day of February, 1967, which report accompanies and forms part of this prospectus.

For particulars of the location, accessibility and work done on the claims in Kelly Township, Province of Ontario, referred to in paragraph 10(a) hereof, the geology and ore occurrences in the area, and the conclusions and recommendations of the Company's engineer, reference is made to the report of Gerald L. Kirwan dated the 15th day of March, 1967, which report accompanies and forms part of this prospectus.

For particulars of the location, accessibility and work done on the claims referred to in paragraph 10(b) hereof, the geology and ore occurrences in the area and the conclusions and recommendations of the Company's engineer, reference is made to the report of Gerald L. Kirwan dated the 10th day of October, 1966, which report accompanies and forms part of this prospectus.

There is no plant or equipment of any kind on any of the three groups of mining claims.

12. So far as the signatories hereto are aware, no shares or cash consideration have been issued or paid or are proposed to be issued or paid to any promoter other than the vendor shares referred to in paragraphs 7 and 10 hereof.
13. By agreement dated the 24th day of March, 1966, made between the Company and Durham Securities, Suite 609, 100 Adelaide Street West, Toronto, Ontario (hereinafter referred to as the "Underwriter-Optionee"), the Underwriter-Optionee, acting on behalf of clients, agreed to firmly purchase 400,000 fully paid shares of the Company at 10 cents per share, payable within forty-eight hours from the date such shares are qualified for sale in the Province of Ontario (which date is hereinafter referred to as the "effective date") and, in consideration therefor, the Company granted to the Underwriter-Optionee, acting for clients, the sole and exclusive right or option to purchase all or any part of an additional 600,000 shares as follows:

No. of Shares	Price per Share	Time within which Option must be Exercised
200,000	12½ cents	3 months from effective date
200,000	15 cents	6 months from effective date
200,000	20 cents	9 months from effective date

The agreement provides that, if default occurs in making any of the option payments as therein due, the option does not lapse until the Company sends ten days' notice of default and said default is not cured within the said period. The parties to the said agreement understand that, in the event of default or waiver thereof or any extension of any option, an amendment to this prospectus must be filed with the Ontario Securities Commission within twenty days thereof if the shares of the Company are then in primary distribution. Durham Securities, in entering into the said agreement, was acting on behalf of David Jay Foster Limited, 32 Forest Ridge Drive, Toronto, Ontario, as to a 50% interest and Gailgary Investments Limited, 32 Forest Ridge Drive, Toronto, Ontario, as to a 50% interest. The only person owning a greater than 5% interest in David Jay Foster Limited is David Jay Foster, the vendor of the mining claims referred to in paragraph 10 hereof. The only persons owning a greater than 5% interest in Gailgary Investments Limited are Gail Elaine Foster, Gary Michael Foster, Mona Robin Foster, children of David Jay Foster and Shirley Foster, wife of David Jay Foster, all residing at 32 Forest Ridge Drive, Toronto, Ontario. The only persons owning a greater than 5% interest in Durham Securities are the said David Jay Foster, 32 Forest Ridge Drive, Toronto, Ontario and Alex Pancer, 110 Elise Terrace, Willowdale, Ontario.

The Underwriter-Optionee took down the 400,000 shares at 10 cents per share which it firmly underwrote and, in addition has exercised its option to purchase the 200,000 shares at 12½ cents per share and 200,000 shares at 15 cents per share. The effective date referred to in the Underwriting-Option agreement was established as May 2nd, 1966. By agreement dated as of the 1st day of February, 1967, the Company agreed to extend the time for making the option payment on 200,000 shares at 20 cents per share, due February 2nd, 1967, until May 2nd, 1967.

There are no sub-underwritings or sub-options outstanding or proposed to be given. In the event that, at any time, a sub-underwriting or sub-option is given, the parties hereto understand that an appropriate amendment to this prospectus must be filed by the Company within the required statutory period if the shares of the Company are then in the course of primary distribution.

The underwritten and optioned shares may be offered for sale to the public by the Underwriter-Optionee and by other presently registered security dealers appointed by the Underwriter-Optionee to act as agents.

14. The Company has been incorporated for more than one year.
15. The Company proposes to spend money on hand and such moneys as it received from the sale of its optioned shares as follows:
- (a) to pay the ordinary operating expenses of the Company;
 - (b) to carry out on its Kelly Township and Newman Township claims in the Province of Ontario, the work recommended by G. L. Kirwan, Consulting Geologist, in his reports dated respectively March 15th, 1967 and October 10th, 1966, which accompany this prospectus. The Company will now carry out the work recommended in the reports at an estimated cost of \$14,000.00. No further work is recommended for the Company's McQuat Township, Province of Quebec, property.
 - (c) as to any surplus funds which may from time to time be available, to investigate and examine other properties provided, however, that, if the Company decides to spend some or all of the moneys then available otherwise than as herein set out, an amendment to this prospectus will first be filed and accepted for filing.

Additionally, moneys will not be advanced to other companies except to the extent necessary to enable the Company to implement its exploration and development program, as set forth in this prospectus and any amendment thereto.

No part of the proceeds will be used to invest, underwrite or trade in securities other than those that qualify as investments in which trust funds may be invested under the laws of the jurisdiction in Canada in which the securities offered by this prospectus may be lawfully sold. Should the Company propose to use the proceeds to acquire non-trustee type securities after primary distribution of the securities offered by this prospectus has ceased, approval by the shareholders will be obtained and disclosure will be made to the regulatory bodies having jurisdiction over the sale of the securities offered by this prospectus.

16. No indebtedness is to be created or assumed by the Company save and except for legal fees, printing costs of the prospectus and ordinary operating expenses of the Company which are not shown in the balance sheet of the Company reported upon by Messrs. Fisher, Nisker & Company, Chartered Accountants, 62 Richmond Street West, Toronto, Ontario, as of the 31st day of January, 1967, which balance sheet accompanies and forms part of this prospectus.
17. The particulars as regards the business in which each director and officer has been engaged during the past three years are as follows:

JOHN THOMAS TOKARSKY President and Director; has pursued his vocation as an accountant in the employ of Robert Brown Corporate Services Limited for more than the past three years; also a director and/or officer of several mining companies, including Accra Explorations Limited, Pine River Mines Limited, Emerald Lake Mines Limited, Tri-Ex Mines Limited, Jubilant Creek Mines Limited, United Buffadison Mines Limited, Compton Explorations Limited, Fort George Mines Limited, Gomar Mines Limited, Georgia Lake Mines Limited, Multi-Metal Mines Limited, Norpoint Explorations Limited and Rocky Brook Mines Limited.

ELMER FRANKLIN FURNISS

Vice-President and Director; has been a corporate secretary, self-employed in the Municipality of Metropolitan Toronto; also a director and/or officer of several mining companies, including Maybrun Mines Limited, Donalds Mines Limited, D'Eldona Gold Mines Ltd., Emerald Lake Mines Limited, Eagle Head Mines Limited, Fort George Mines Limited and Rocky Brook Mines Limited.

ROBERT BROWN

Secretary-Treasurer and Director; has been a public accountant and corporation secretary for more than the past three years; also a director and/or officer of several mining companies, including Accra Explorations Limited, Donalds Mines Limited, United Buffadison Mines Limited, D'Eldona Gold Mines Limited, Multi-Metal Mines Limited, Palomino Explorations Limited and Pine River Mines Limited.

GEORGE BRIMSON

Director; has pursued his vocation as an accountant with the Department of Welfare and Housing of Metropolitan Toronto for more than the past three years; also a director and/or officer of several mining companies, including Georgia Lake Mines Limited, Multi-Metal Mines Limited, Palomino Explorations Limited and Tri-Ex Mines Limited.

SAMUEL LOUIS HELFENBAUM

Director; has pursued his vocation up to May, 1965, as an accountant with T. H. Bernholtz, C.A.; Office Manager for Coronet Securities Ltd. until November, 1965; from November, 1965, until February, 1966, employed as an accountant with T. H. Bernholtz and presently employed as Office Manager since February, 1966, with Durham Securities; also a director and/or officer of several mining companies, including Gomar Mines Limited, North Summit Explorations Limited and Accra Explorations Limited.

- 18. No director of the Company now has or ever had any interest directly or indirectly in the mining claims acquired by the Company.
- 19. No director or officer has been paid or is proposed to be paid a salary as such. Each director will receive a fee of \$25.00 for each meeting of the board of directors he attends. The Company has agreed to pay a fee of \$200.00 per month for routine secretarial, administrative and head office expenses to Robert Brown Corporate Services Limited, 100 Adelaide Street West, Toronto, Ontario, of which John Thomas Tokarsky, the President, and Robert Brown, the Secretary-Treasurer of the Company, are employees. For the current year ending January 31st, 1967, the Company has paid out \$375.00 in directors' fees. For the current year ending January 31st, 1967, the Company has paid out \$2,000.00 for secretarial, administrative and head office expenses.
- 20. No dividends have been paid to date.
- 21. Gailgary Investments Limited and David Jay Foster Limited, jointly, by reason of beneficial ownership of vendor shares of the Company, are in a position to elect or cause to be elected a majority of the directors of the Company.
- 22. There are no other material facts in relation to the securities of the Company which require disclosure other than those above set forth.
- 23. Save as disclosed in paragraph 2 (b) hereof, the signatories hereto are not aware of any present or proposed arrangement whereby vendor shares of the Company were sold or given or will be

sold or given to any person or persons as a bonus or otherwise. If any new arrangement affecting vendor shares is made and comes to the knowledge of the signatories hereto, an appropriate amendment to this prospectus will be filed within twenty days thereof if the securities of the Company are then in the course of primary distribution.

DATED this 23rd day of March, 1967.

WE, the undersigned directors and promoters, hereby certify that the foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required under Section 38 of The Securities Act (Ontario) and there is no further material information applicable other than under the financial statements or reports where required.

DIRECTORS

JOHN THOMAS TOKARSKY

ROBERT BROWN

ELMER FRANKLIN FURNISS

GEORGE BRIMSON
By his Agent, JOHN T. TOKARSKY

SAMUEL LOUIS HELFENBAUM

PROMOTERS

GAILGARY INVESTMENTS LIMITED

DAVID JAY FOSTER LIMITED

By: SHIRLEY FOSTER

By: DAVID J. FOSTER

AND WE, the undersigned Underwriter-Optionee, hereby certify that to the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required under Section 38 of The Securities Act (Ontario), and there is no further material information applicable other than under the financial statements or reports where required. In respect of matters which are not within our knowledge, we have relied upon the accuracy and adequacy of the foregoing.

UNDERWRITER-OPTIONEE

DURHAM SECURITIES

By: DAVID J. FOSTER

KELLY-K MINES LIMITED

(Incorporated under the laws of the Province of Ontario)

BALANCE SHEET AS AT JANUARY 31, 1967

ASSETS

Current assets		
Cash	\$ 1,479.78	
Deposit receipts with chartered bank	65,000.00	
Accrued interest	579.36	\$67,059.14
Mining claims		
10 unpatented claims in McQuat Township, Quebec, and 6 unpatented claims in Kelly Township, Ontario, at valuation attributed to 750,000 shares of capital stock issued for the claims	\$37,500.00	
Deduct—amount written off the cost of the McQuat Township claims (pro rata) to reduce to nominal value	23,436.00	
	\$14,064.00	
10 unpatented claims in Newman Township, Ontario, acquired for cash	700.00	11,764.00
Deferred expenditures		
Exploration and administrative expenditures, per statement	\$12,168.64	
Organization expenses	3,889.17	16,057.81
		<u>\$97,880.95</u>

LIABILITIES

Current liabilities		
Accounts payable		\$ 2,256.70
Capital and deficit		
Capital stock		
Authorized:		
3,000,000 shares, par value \$1.00 each		
Issued and fully paid:		
800,005 shares for cash	\$800,005.00	
Less—discount	705,000.00	\$ 95,005.00
750,000 shares for mining claims	\$750,000.00	
Less—discount	712,500.00	37,500.00
1,550,005 shares		\$132,505.00
Deficit, per statement	36,880.75	95,624.25
		<u>\$97,880.95</u>

NOTE — There is an outstanding option on all or any part of 200,000 shares of the company's capital stock at 20¢ per share exercisable on or before May 2, 1967.

Approved on behalf of the Board of Directors:

"J. T. TOKARSKY" (Director)
"R. BROWN" (Director)

AUDITORS' REPORT

To the Directors of
Kelly-K Mines Limited

We have examined the balance sheet of Kelly-K Mines Limited as at January 31, 1967, and the statements of deferred exploration and administrative expenditures and deficit for the period from inception (March 16, 1966) to January 31, 1967. 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 the accompanying balance sheet and statements of deferred exploration and administrative expenditures and deficit present fairly the financial position of the company as at January 31, 1967, and its activities for the period from inception (March 16, 1966) to January 31, 1967, in accordance with generally accepted accounting principles consistently applied throughout the period.

Toronto, Ontario,
February 13, 1967.

FISHER, NISKER & COMPANY,
Chartered Accountants.

KELLY-K MINES LIMITED

DEFERRED EXPLORATION AND ADMINISTRATIVE EXPENDITURES
FROM INCEPTION (MARCH 16, 1966) TO JANUARY 31, 1967

Exploration expenditures			
McQuat Township, Quebec			
Geophysical, geological and geochemical surveys	\$ 6,100.00		
Diamond drilling	3,175.00		
Engineering fees and expenses	1,339.75		
Government fees	30.00	\$10,644.75	
Kelly Township, Ontario			
Geophysical survey	\$ 2,000.00		
Diamond drilling	3,119.50		
Test pitting and bulk sampling	2,000.00		
Assays	305.00		
Engineering fees and expenses	257.88		
Government fees	136.00	7,818.38	
Newman Township, Ontario			
Geophysical survey—initial payment	\$ 1,300.00		
Engineering fees and expenses	328.20		
Government fees	55.00	1,683.20	\$20,146.33
Administrative expenditures			
Head office accommodation, accounting and secretarial services	\$ 2,000.00		
Legal and audit fees	1,635.00		
Printing prospectus and amendments	1,296.50		
Transfer agent's fees and expenses	1,057.86		
Directors' fees	375.00		
Government fees and taxes	360.00		
Miscellaneous expenses	143.46		
	\$ 6,867.82		
Less—interest income	1,400.76	5,467.06	
Total expenditures for the period			\$25,613.39
Deduct—expenditures applicable to McQuat Township claims—written off to deficit:			
Exploration	\$10,644.75		
Administrative (an apportionment)	2,800.00	13,444.75	
			<u>\$12,168.64</u>

KELLY-K MINES LIMITED

STATEMENT OF DEFICIT
FROM INCEPTION (MARCH 16, 1966) TO JANUARY 31, 1967

Amount written off McQuat Township claims to reduce to nominal value	\$23,436.00
Exploration and administrative expenditures deemed applicable to the McQuat Township claims	13,444.75
	<u>\$36,880.75</u>

KELLY-K MINES LIMITED

REPORT ON PROPERTY — McQUAT TOWNSHIP, QUEBEC

KELLY-K MINES LIMITED,
Suite 305 - 100 Adelaide St. West,
Toronto 1, Ontario.

Gentlemen:

This report covers exploratory work programs, and results thereof, completed over your McQuat Township holdings, Chibougamau Area, Quebec.

PROPERTY, LOCATION, ACCESS:

The property, consisting of ten contiguous claims being Nos. 1-5 under each of Miner's Certificates 230890-891 incl., is located in the extreme southeast corner of the northwest quadrant of McQuat Township, Mistassini Territory, Quebec, some 40 miles northeast of the settlement of Chibougamau.

Access is by the Chibougamau-Albanel highway which passes one mile east of the Kelly-K holdings.

GEOLOGY:

The entire claim group is underlain by Precambrian rocks of the Mistassini Trough, essentially dolomite, which unconformably overlies the Grenville and Temiskaming-Keewatin rocks, according to Quebec Report No. 427.

HISTORY:

Interest in the area was sparked by reported lead-zinc-silver sulphide occurrences by Muscocho Explorations in McQuat Township, and was followed by a major copper discovery by the ICON Syndicate some 15 miles southwest of the Kelly-K holdings, both types of deposits occurring in rock types appearing on the property.

Prior to acquisition by the Company, there is no record of exploratory work having been done on the property. Under present management and pursuant to recommendations set out in my report dated March 14th, 1966, an electromagnetic and geological with surface prospecting program was carried out in the Summer of 1966. This work showed a number of good conductors located essentially in the southern part of the holdings, and substantiated that the geology was favourable for the deposition of both lead-zinc-silver occurrences as well as copper deposits, although no surface mineralization was located.

Under recommendations by the writer in report dated August 28, 1966, certain areas on the property were subject to self potential and soil sampling check work in order to more fully evaluate electromagnetic responses. The former work proved positive; the latter work proved negative, and subsequently a diamond drill test, recommended in my report dated November 5, 1966, investigated a coincident electromagnetic-self potential anomalous zone. Results of this test indicated that graphite was source of anomalous conditions.

CONCLUSIONS:

Graphitic inclusions in the form of fairly extensive, flat-lying beds within the dolomite have given rise to electromagnetic and self potential anomalous zones, and graphite could easily mask out important concentrations of sulphide material if such existed on the property.

The geological environment is similar to that of the ICON Syndicate's some 15 miles southwest where major concentrations of copper sulphides have been located within the past year and a half.

RECOMMENDATIONS:

No further work is warranted at this time. Prior to lapse of the claim group, a study of results of exploratory programs in the area would be made, especially that of the ICON Syndicate's ground, inasmuch that other areas of interest may be pointed to on the Kelly-K holdings which deserve further work.

Respectfully submitted,
G. L. KIRWAN, B.Sc.
Consulting Geologist

Toronto, Ontario,
February 10, 1967

CERTIFICATE

- I, Gerald L. Kirwan of the City of Toronto in the Province of Ontario, hereby certify as follows:
1. THAT I am a geologist with offices at 160 Bay St., Toronto, and 130 Kingslake Rd., Willowdale, Ontario.
 2. THAT I am a graduate of Carleton University, B.Sc., 1957, and that I have practised my profession continuously since graduation.
 3. THAT I have no interest, present or expectant, in the properties or securities of Kelly-K Mines Ltd.
 4. THAT I am a Fellow of the Geological Association of Canada.
 5. THAT the accompanying report has been prepared by myself and is based upon supervision of all work done on the property under present management.

Dated at Toronto, Ontario, this 10th day of February, 1967.

G. L. KIRWAN