

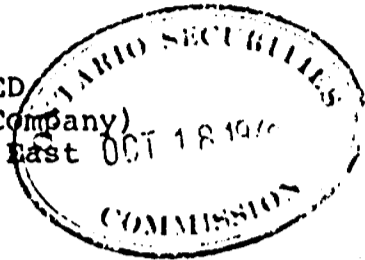
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NO SECURITIES COMMISSION OR OTHER SIMILAR AUTHORITY IN CANADA HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HEREUNDER AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

GULL LAKE IRON MINES LIMITED  
(An Exploration and Development Company)  
Suite 432, 12 Richmond Street East  
Toronto, Ontario



P R O S P E C T U S

COMMON SHARES  
(without par value)

NEW UNDERWRITTEN ISSUE: 375,000 underwritten shares as follows:

	<u>Firmly Underwritten</u>	<u>Price to Public</u>	<u>Underwriter's Discount</u>	<u>Proceeds to the Company</u>
Per Share	-	\$ 1	50¢	50¢
Total	375,000	\$375,000	\$187,500	\$187,500

PLAN OF DISTRIBUTION:

The Underwriter, acting as principal, will offer the underwritten shares over-the-counter in the Province of Ontario at the price set forth above. Sales of the underwritten shares may also be made through other registered dealers acting as principals or agents. Registered dealers acting as principals, may receive all or any part of the underwriter's discount of 50¢ per share and registered dealers acting as agents, may be paid commissions not exceeding 25¢ per share.

PURPOSE OF OFFERING:

The purpose of this offering is to secure funds for the administrative expenses and exploration programs of the Company and particularly to provide funds for the carrying out of the development work on the Company's property referred to under the caption "Use of Proceeds" in this prospectus.

NEW AND PREVIOUSLY ISSUED SECONDARY OFFERING:

106,250 shares consisting of 56,250 new shares to be offered for sale by the underwriter and 50,000 previously issued shares to be offered by the Selling Shareholder set forth herein under the caption "Secondary Offering". THE 50,000 SHARES WERE PURCHASED IN AUGUST, 1976 FOR THE SUM OF \$11,250. REFERENCE IS MADE TO THE CAPTION "OTHER MATERIAL FACTS" FOR FURTHER PARTICULARS. The proceeds from the sale of these shares will accrue to the underwriter and Selling Shareholder respectively and not to the treasury of the Company. None of the aforementioned shares will be offered for sale until all of the 375,000 underwritten shares have been taken down, paid for and sold by the underwriter.

THERE IS NO MARKET FOR SHARES OF THE COMPANY. PURCHASER'S MAY NOT BE ABLE TO SELL THE SHARES PURCHASED.

THESE ARE SPECULATIVE SECURITIES. Particular reference should be made to the caption "High Risk Factors".

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



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TABLE OF CONTENTS

	<u>Page No.</u>
HISTORY AND BUSINESS .....	1
Phyllis and Scholes Townships Mining Claims .....	1
Acquisition .....	1
Location and Access .....	3
History .....	3
Geologist's Report .....	4
Southeast Anomaly .....	5
Northwest Anomaly .....	5
USE OF PROCEEDS .....	6
OFFERING .....	7
Secondary Offering .....	8
General .....	8
DESCRIPTION OF CAPITAL STOCK .....	9
CAPITALIZATION .....	9
MANAGEMENT .....	9
REMUNERATION OF MANAGEMENT .....	10
DIVIDENDS .....	11
AUDITOR .....	11
REGISTRAR AND TRANSFER AGENT .....	11
ESCROWED SHARES .....	11
HIGH RISK FACTORS .....	12
PRINCIPALS AND SELLING SHAREHOLDERS .....	12
PROMOTER AND INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS .....	14
OTHER MATERIAL FACTS .....	15
PRIOR SALES OF SHARES .....	15
MATERIAL CONTRACTS .....	16
PURCHASER'S STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION .....	16
FINANCIAL STATEMENTS .....	17
SIGNATURE PAGE .....	22

GULL LAKE IRON MINES LIMITED

P R O S P E C T U S

HISTORY AND BUSINESS

Gull Lake Iron Mines Limited (the "Company") was incorporated under the Corporations Act, 1953 (Ontario), and Part IV thereof by Articles of Incorporation dated June 16th, 1959, to engage in the acquisition, exploration, development and operation of mines, minerals lands and deposits. Articles of Amendment effective September 3, 1975, have issued to the Company which have the principal effect of changing the Company's shares from shares with a par value of \$1 each to shares without par value and extending its objects. The head office of the Company is located at Suite 432, 12 Richmond Street East, Toronto, Ontario. None of the mining claims in which the Company has an interest, contains a known body of commercial ore and any exploration programs thereon are exploratory searches for ore.

Phyllis and Scholes Townships  
Mining Claims

Acquisition

By agreement dated June 19th, 1959 between the Company and Frank Cadesky, 767 Spadina Road, Toronto, Ontario, the Company acquired 20 unpatented mining claims located in Scholes Township, Temiskaming Mining Division, Ontario, and being claim numbers T46582 to and including T46599, T47020 and T47021 for the price or consideration of 900,000 fully paid and non-assessable shares of the capital stock of the Company. By agreement dated March 16th, 1960 between the Company and Walter Andrew Carter, P.O. Box 417, Colborne, Ontario, the Company acquired mining claim T48130 for the price or consideration of \$2,500 and by further agreement dated April 8th, 1960 between the Company and Mr. Carter, the Company acquired 8 mining claims bearing numbers T46713 to and including T46720 for the price or consideration of \$4,400.

Due to a recording error on the part of the Mining Recorder of the Temiskaming Mining Division, it was discovered that mining claim T48130 was a restaking of mining claim T37809 which was inadvertently shown as open for staking. In the result, mining claim T48130 was cancelled and the Company acquired mining claim T37809 from Abex Mines Limited, Suite 4900, Toronto-Dominion Centre, Toronto, Ontario, for \$500, which was reimbursed to the Company

by the Department of Mines of Ontario. At the time of their acquisition by the Company, all 29 of the mining claims were unpatented and formed a contiguous group.

So far as the Company is aware, no person or company received or was entitled to receive a greater than 5% interest in the consideration paid to Frank Cadesky or in the consideration paid to Mr. Carter for mining claim T48130. So far as the Company is aware, the only person or company who received or is entitled to receive a greater than 5% interest in the consideration paid to Mr. Carter for the 8 mining claims acquired under the April 8th, 1960 agreement was Orval Montroy of Temagami, Ontario.

At the time of their acquisition, title to the 29 mining claims was the usual title to unpatented mining claims enjoyed in the Province of Ontario. The Company subsequently performed and recorded sufficient work to qualify the claims for the issuance of Ontario mining leases and after surveying, the claims were brought to lease. The Company is presently the recorded holder, free of encumbrance, of the 29 mining claims held under mining leases issued by the Ministry of Natural Resources for the Province of Ontario pursuant to the provisions of the Mining Act which may be more particularly described as follows:

- (a) Mining Lease Number 102570 relates to 11 mining claims covering an area of approximately 510.47 acres. The lease runs for a period of 21 years from July 1, 1971 with annual rentals of \$51.05 per year;
- (b) Mining Lease Number 101272 relates to mining claim T37809 covering an area of approximately 39.83 acres. The lease runs for a period of 21 years from December 1, 1966 with annual rentals of \$5 per year;
- (c) Mining Lease Number 102569 relates to 17 mining claims covering an area of approximately 729.05 acres. The lease runs for a period of 21 years from July 1, 1971 with annual rentals of \$72.90 per year.

All of the above leases are recorded in the Land Titles Office at North Bay, Ontario, as parcels 3335, 2910 and 3336 respectively in the register for Lake Nipissing. Title thereto is the usual title to mining claims held under mining lease issued by the Ministry of Natural Resources. All the leases grant to the Company, mining rights composed of mines, ores, minerals and mining rights

under the land and lakes covered thereby and in addition thereto, the Company has the surface rights to 2.98 acres of Lease 101272.

#### Location and Access

The mining claims are located at Gull Lake which is approximately 20 air miles southwest of Temagami, Ontario and 50 air miles northeast of Sudbury, Ontario. Access to the area by road is provided by Highway 805 north from River Valley to Emerald Lake from which a private lumber road open to the public extends to Gull Lake. River Valley is located on the Canadian National Railway line approximately 25 miles south of the mining claims and is connected by Highways 64 and 539 to Highway 17.

A hydroelectric power transmission line is located about 10 miles south of the mining claims and a natural gas pipe line passes within a few miles of the mining claims. The area is characteristic of the rugged Temagami region. Remnants of an eroded diabase sill contribute to the steep cliffs and high hills surrounding an area of gently rolling topography. Scattered lakes and swamps occur between the hills. Timber consisting chiefly of pine and spruce has been harvested by local timber firms.

#### History

During 1952, Dominion Gulf Company Ltd. conducted geological and magnetometer surveys of part of the mining claims and part of the property of Eagle Rock Iron Mines Limited, situate 0.75 miles to the northwest. The northwest magnetic anomaly of the Company was defined at this time, however, no records of further work were located.

During 1956-57 Mining Geophysics Co. Ltd. conducted a resistivity survey and subsequently, 3 diamond drill holes totalling 1,338 feet were sunk. No sulphide deposits were located. Iron formation was located on each of the two magnetic anomalies in the drilling. The Company, following its acquisition of the mining claims, conducted its own magnetometer surveys and sunk 8 diamond drill holes totalling 4,888.5 feet during the period 1959-60 at a cost of approximately \$24,800. The Company also conducted a magnetometer survey of part of Gull Lake during April, 1975, at a cost of approximately \$2,500. The ground magnetic surveys have defined 2 northeasterly trending anomalies on the mining claims which are parallel about 2,000 feet apart and

appear to dip towards each other. The northwest anomaly is 4,400 feet long and the southeast anomaly is 3,600 feet long.

During the period 1950-60 4 holes totalling 1,802 feet were drilled into the northwest anomaly and established the presence of magnetite iron formation under a capping of sediments 50 to 125 feet thick. The iron occurs in 2 separate bands both dipping south and separated by a narrow feldspar porphyry dike. The southerly band is an average of 100 feet wide, 1,000 feet long and contains 26.6% acid soluble iron. A hole drilled 2,000 feet northeast and on strike, intersected 2 narrow bands of iron formation considered to be uneconomic. The iron formation appears to be pinching out in this direction.

Also during the period 1959-60, 4 holes totalling 3,086.5 feet were drilled into the southeast anomaly and established the existence of magnetite iron formation under a capping of sediments about 350 feet thick. 1 hole was abandoned; 2 vertical holes entered a pre-sedimentary dike and the 4th hole intersected a true width of 450 feet of magnetite iron formation. A continuous length of 122.9 feet assayed over 25% acid soluble iron.

During June and July of 1976, 3 holes totalling 3,778 feet were drilled on the southeast anomaly to systematically explore it. Iron formations were intersected in all of the holes and it is calculated that a deposit of iron minerals containing 24.55% acid soluble iron which is 1,500 feet long with a true width of 110 feet exists below a thickness of 280 feet to 420 feet of overlying sediments. This section of mineral would contain 16,500 tons per vertical foot and the magnetic results indicate that the iron formations extend an additional 1,000 feet to the northeast and 1,100 feet to the southwest.

#### Geologist's Report

The following is management's summary of the conclusions and recommendations of Mr. Jack G. Willars, B.A. Sc., P.Eng., Consulting Mining Geologist, contained in his report dated August 6th, 1976, whose full report is available for inspection in the public files of the Ontario Securities Commission, 555 Yonge Street, Toronto, Ontario.

Previous ground magnetometer surveys outlined 2 parallel anomalies trending northeast across the Company's property, about 2,000 feet apart. The northwest anomaly is

4,400 feet long and the southeast anomaly is 3,600 feet long. Both have been proven by diamond drilling to have resulted from banded magnetite iron formation.

Recent additional diamond drilling of the southeast anomaly, has outlined an average 24.55% acid soluble iron over a length of 1,500 feet with an average true width of 110 feet. The magnetics indicate that this deposit extends 1,000 feet northeast and 1,100 feet southwest with a capping of overlying sediments of between 280 feet and 420 feet in thickness.

Widespread drill holes on the northwest anomaly have indicated an iron formation band 100 feet wide and 1,000 feet long containing 26.6% acid soluble iron which was calculated from 2 holes spaced 1,000 feet apart. Overlying sediments are 50 feet to 125 feet thick and the iron mineral bands appear to narrow 2,000 feet to the northeast.

Mr. Willars concludes that further investigation by diamond drilling is warranted on both the southeast and the northwest anomalies and recommends the following additional diamond drilling program on both anomalies.

Southeast Anomaly

Four holes at 400 ft. interval spacing to test extension of iron formation 5,000 feet @ \$12 per foot -	\$ 60,000
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Northwest Anomaly

Relocation of Magnetics	\$ 3,200
Four holes @ 400 ft. interval spacing to fill in and test extension of iron formation 2,000 ft. @ \$12 per foot -	\$ 24,000
Supervision and expenses -	\$ 8,000
Assaying and contingency allowance	\$ 4,500

TOTAL:	\$ 99,700
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There is neither surface nor underground plant or equipment located on the mining claims. There has been no underground exploration or development of the mining claims and the only surface exploration or development work of which the Company is aware having been carried out on the mining

claims either by the Company or others is described herein under the caption "History".

#### USE OF PROCEEDS

The proceeds to be received by the Company from the sale of the underwritten shares will be \$187,500 prior to deducting the expenses of this issue, estimated not to exceed \$7,500. In the event the secondary offering referred to under the caption "Secondary Offering" proceeds, the Underwriter and Selling Shareholder will pay to the Company their pro-rata share of the said costs of issue. The net proceeds will be added to the Company's working capital which amounted to approximately \$50,000 at July 31, 1976. Administrative expenses of the Company for the first year are estimated to be \$6,000. The sum of \$99,700 will be used to implement the recommendations of Mr. Jack G. Willars, Consulting Mining Geologist, referred to under the caption "Geologist's Report" on the Company's mining claims. Depending upon the results achieved and the availability of funds, the Company may also carry out further exploration work on the said claims.

While the Company has no plans in this regard at the present time, monies in its treasury as available, may also be used to defray the cost of programs of acquiring, staking, developing and exploring other properties either alone or in concert with others and generally to carry out exploration programs as opportunities and finances permit, but no such properties will be acquired and monies will not be expended thereon without an amendment to this prospectus being filed if the securities of the Company are then in the course of distribution to the public.

Monies not immediately required for the Company's purposes as set out in this prospectus, will be deposited in interest bearing accounts with Canadian chartered banks and/or trust companies.

No part of the proceeds is to be deposited outside Canada or is to be advanced or dispersed in any way to other companies or persons except to the extent necessary to enable the Company to implement and complete the exploration and development programs as set forth in this prospectus and amendments thereto. No part of the proceeds is to be used to invest in securities other than securities in which a company registered under Part III of the Canadian and British Insurance Companies Act may invest its funds without availing itself for that purpose of the provisions of Sub-section 63 (4) of the said Act. If the Company wishes to use the proceeds for purposes other than those set out in this prospectus, it must obtain the prior consent of the shareholders and must



provide 21 days notice to the Ontario Securities Commission.

OFFERING

The Company entered into an agreement (the "Underwriting Agreement") dated August 31, 1976 with M. Rash & Co. Limited (the "Underwriter"), Suite 930, 159 Bay Street, Toronto, Ontario, whereunder the Underwriter acting solely on its own behalf, agreed to purchase the following shares of the Company, namely:

<u>Number of Shares Underwritten</u>	<u>Price Per Share</u>	<u>Net Proceeds to be received by the Company</u>	<u>Offering Price of These Shares to the Public</u>
375,000	50¢	\$187,500	\$ 1

The Underwriter may terminate the agreement prior to the date of acceptance for filing of this prospectus by the Ontario Securities Commission (the "Acceptance Date") for any reason in its sole discretion or after the Acceptance Date if any regulatory authority having jurisdiction shall require trading in the Company's shares to cease or be interrupted for any reason which is not caused or contributed to by any act or omission on the part of the Underwriter. Subject to the foregoing, the Underwriter is obligated to take up and pay for all of the underwritten shares within the following times, calculated on the Acceptance Date, namely:

<u>Net Proceeds to be Received by the Company</u>	<u>Time Within Which Payable from Acceptance Date</u>
\$ 75,000	30 days
62,500	60 days
<u>50,000</u>	90 days
\$187,500	

The Company is not aware of any assignments, sub-options or sub-underwritings with respect to the aforementioned underwritten shares.

The Underwriter, acting as principal, will offer the underwritten shares over-the-counter in the Province of Ontario at the price set forth above. Sales of the underwritten shares may also be made through other registered dealers acting as principals or agents. Registered dealers acting as principals, may receive all or any part of the Underwriter's discount of 50¢ per share and registered dealers acting as agents, may be paid commissions not exceeding 25¢ per share.

#### Secondary Offering

In consideration of the underwriting by the Underwriter of 375,000 common shares of the Company to net the Company \$187,500, the Company has agreed to allot and issue to the Underwriter without further payment, an additional 56,250 shares. Such shares, together with 50,000 previously issued shares owned by Frank Cadesky (the "Selling Shareholder") will be offered for sale over-the-counter in the Province of Ontario. Reference is made to the caption "Other Material Facts" for further particulars concerning the purchase of the said 50,000 shares. Sales by the Selling Shareholder will be made through registered dealers acting as his agent, who may be paid commissions and selling expenses not exceeding 40% of the selling price of the shares sold. The Underwriter is itself, a registered dealer. Sales of shares by the Underwriter may be made by it to the public or through other registered dealers acting as agents who may be paid commissions not exceeding 25% of the selling price of the shares so offered. None of the aforementioned 106,250 shares will be offered for sale until all of the 375,000 underwritten shares have been taken down, paid for and sold to the public.

With respect to all of the shares offered by this prospectus, the Underwriter and Selling Shareholder, may be said to realize a profit before expenses in an amount equal to the amount by which the price paid for such shares is less than the price at which said shares are sold to the public. Reference is made to the caption "Principal and Selling Shareholders" for further particulars of the ownership of shares of the Company by the Underwriter and the Selling Shareholder.

#### General

As the result of purchases and sales of the Company's shares the Underwriter was the beneficial owner on August 31, 1976 of 70,150 shares. Such shares which might be offered for sale by the Underwriter, would not be in the course of distribution to the public and the proceeds of such sales will not accrue to the Company. The said 70,150 shares if offered for sale, will not be offered until all of the 375,000 underwritten shares and 106,250 secondary shares have been sold. Reference is made to the caption "Principal and Selling Shareholders" for further particulars.

DESCRIPTION OF CAPITAL STOCK

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

CAPITALIZATION

<u>Designation of Security</u>	<u>Amount Authorized</u>	<u>Amount Outstanding at June 30, 1976</u>	<u>Amount Outstanding at Aug. 31, 1976</u>	<u>Amount Outstanding if all securities are sold (1)</u>
Common Shares without par value	5,000,000 (\$5,000,000)	2,153,005 (\$312,955)	2,153,005 (\$312,955)	2,584,255 (\$500,455)

(1) Gives effect to the issuance of the 375,000 new under-written shares and 56,250 new secondary shares.

MANAGEMENT

The names and home addresses of the directors and officers of the Company and the positions presently held by them are as follows:

<u>Name</u>	<u>Address</u>	<u>Position</u>
Frank Cadesky	767 Spadina Road Toronto, Ontario	President and Director
Fred Munger	52 Albertus Avenue Toronto, Ontario	Secretary- Treasurer
Arthur John Fortens	47 Thorncliffe Pk.Dr. Toronto, Ontario	Director
Walter Andrew Carter	P.O. Box 417 Colborne, Ontario	Director

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

Mr. Cadesky is a broker-dealer and is a director, officer and the majority shareholder of Universe Securities Ltd., Broker-Dealers, Toronto, Ontario.

Fred Munger is an accountant employed since March 1974 by Sprucedale Holdings Limited and from February, 1972 to March, 1974, by Newtor Holdings Limited. Prior thereto he was an accountant employed by Sprucedale Holdings Limited and Louada Holdings Limited. He is also an officer of several junior mining companies including Consolidated Summit Mines Limited and New Territorial Uranium Mines Limited.

Mr. Fortens is an accountant and has been employed by Sprucedale Holdings Limited since June 1, 1971. He is also a director or officer of several junior mining companies including North American Rare Metals Limited and Consolidated Louanna Gold Mines Limited.

Mr. Carter is and has been a self-employed consulting engineer. He is also a director or officer of several junior mining companies including North American Rare Metals Limited and Silver Monarch Mines Limited.

#### REMUNERATION OF MANAGEMENT

The aggregate direct remuneration paid or payable by the Company to the directors and senior officers of the Company for the year ended June 30th, 1976 and the two months ended August 31st, 1976, has amounted to the sum of \$600 and nil respectively. The aforesaid sums do not include monies paid or payable to the Company's consulting engineer, Mr. W.A. Carter who has received the sum of \$3,450 and \$1,000 for the year ended June 30th, 1976 and the two months ended August 31, 1976 respectively for providing the Company with services as a consulting engineer. Mr. W.A. Carter will be paid for professional services rendered to the Company at the usual rates for such services as prescribed by the Association of Professional Engineers of Ontario. A monthly fee of up to \$300 will be paid to Sprucedale Holdings Limited, Suite 432, 12 Richmond Street East, Toronto, Ontario, for providing the Company with head office accomodation, accounting, administration and secretarial services. Fred Munger, the secretary-treasurer of the Company, is the sole director and shareholder of Sprucedale Holdings Limited.

DIVIDENDS

No dividends have been paid to date by the Company.

AUDITOR

The auditor of the Company is Mr. John E. Goodwin, F.C.A., Chartered Accountant, Suite 1001, 347 Bay Street, Toronto, Ontario.

REGISTRAR AND TRANSFER AGENT

Crown Trust Company, 302 Bay Street, Toronto, Ontario, acts as the Company's registrar and transfer agent.

ESCROWED SHARES

Certificates representing 716,944 shares of the Company are held in escrow by Crown Trust Company, 302 Bay Street, Toronto, Ontario. The terms of escrow provide that the escrowed shares are subject to release only on the written consent of the Ontario Securities Commission and the Company and are subject further to transfer, assignment or other alienation only with the written consent of the Ontario Securities Commission.

The escrowed shares are subject to surrender for the benefit of the Company if inter alia, the mining claims referred to under the caption "Phyllis and Scholes Townships Mining Claims" for which they were issued are abandoned or development thereof discontinued or they have become of little or no value.

<u>Capital Stock</u>	<u>Number of Shares Held in Escrow</u>	<u>Percentage of Class</u>
Common Shares	716,944	33.3 (1)
without par value		27.7 (2)

- (1) Calculated on the basis of there being 2,153,005 shares issued and outstanding before the offering.
- (2) Calculated on the basis of there being 2,584,255 shares issued and outstanding following the offering.

### HIGH RISK FACTORS

Following the initial exploration of the Company's property during 1959 and 1960 referred to herein under the caption "History", the Company became inactive. This inactivity was due to the Company's lack of funds and the fact that a sufficient number of proven iron ore deposits which could be mined by open pit methods existed in Canada, thereby making the financing of exploration for underground deposits unattractive.

If the exploration program proposed for the Company's property is successful additional funds will be required beyond that to be provided by the current financing to develop adequate tonnages so that the property would be of sufficient interest to one of the major companies who use iron ore. If ore grade mineralization is encountered throughout the area covered by the magnetic anomalies existing on the Company's property the estimated tonnage to be developed would not by itself justify the cost of constructing a mining plant to process the ore to make pellets. It will be essential that the Company's property be developed in conjunction with the development of other iron ore bodies which exist in the immediate area. The early development of the Company's property is also dependent upon the management of an iron pelletizing plant currently operating in the area expressing their interest in the Company's property and the other properties in its immediate area.

The exploration program on the Company's property is a search for ore and no ore has been proven to date. Many of the major steel companies which are the purchasers of iron ore have depended on junior exploration companies to find their ore and this method has been very successful in the past. It is not possible to make any estimates of the likelihood that the Company's property might be exploited in the foreseeable future, however, historical marketing data indicates that the demand for iron ore has increased over the past years.

### PRINCIPALS AND SELLING SHAREHOLDERS

Set forth below are particulars as at August 31, 1976, of the present principal holders of common shares of the Company.

<u>Name and Address</u>	<u>Type of Ownership</u>	<u>Number of Shares</u>	<u>Percentage of Class</u>
Frank Cadesky 767 Spadina Road Toronto, Ontario	Direct, Beneficial	710,000 (1)	33.0 (4) 27.5 (5)

W.D. Latimer 199 Bay Street Toronto, Ontario	Of Record, Not Beneficial	569,600	26.5(4) 22.0(5)
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- (1) Of which 660,000 shares are of record and 584,177 shares are subject to escrow. In addition, certificates representing 20,500 shares are registered in Mr. Cadesky's name but not beneficially owned by him.

Reference is made to the caption "Secondary Offering" for particulars of the offering of 106,250 shares of the Company by the undernoted persons. The said shares, if offered, will be offered as follows:

<u>Name and Address</u>	<u>No. of Shares owned at Aug.31/76</u>	<u>No. of Shares to be sold</u>	<u>No. of Shares to be owned after this financing</u>	<u>Percentage to be owned after this financing</u>	
Frank Cadesky 767 Spadina Rd. Toronto, Ont.	710,000	50,000	660,000	30.6	(4)
				25.5	(5)
M. Rash & Co. Limited Suite 930 159 Bay St. Toronto, Ont.	126,400 (2)	56,250	70,150(3)	3.3	(4)
				2.7	(5)

- (2) This figure assumes that all of the underwritten shares have been purchased and the Company has thereupon issued 56,250 shares to M. Rash & Co. Limited as underwriter in consideration thereof. Reference is made to the caption "Offering".
- (3) Represents the net total at August 31, 1976 of all trading in shares of the Company, including the purchase of 200,000 shares in August, 1976 and the resale of 50,000 of such shares to Frank Cadesky as described under the caption "Other Material Facts". Such shares, if offered for sale, would not be in the course of distribution to the public. During the distribution of the shares offered by this prospectus, M. Rash & Co. Limited will make purchases and sales of shares of the Company, over-the-counter and accordingly, the number of shares to be owned by it after this financing is unknown.
- (4) Calculated on the basis of there being 2,153,005 shares issued and outstanding before the offering.
- (5) Calculated on the basis of there being 2,584,255 shares issued and outstanding following the offering.

Set forth below are particulars of the number of shares of the Company beneficially owned directly or indirectly by all

of the directors and senior officers of the Company as at August 31st, 1976.

<u>Designation of Class</u>	<u>Percentage of Class</u>
Common Shares without par value	32.9 (1) 27.5 (2)

- (1) Calculated on the basis of there being 2,153,005 shares issued and outstanding before the offering.
- (2) Calculated on the basis of there being 2,584,255 shares issued and outstanding following the offering.

PROMOTER AND INTEREST OF MANAGEMENT  
AND OTHERS IN MATERIAL TRANSACTIONS

Frank Cadesky, 767 Spadina Road, Toronto, Ontario is the Company's promoter. Reference is made to the caption "Phyllis and Scholes Townships Mining Claims" for particulars concerning the purchase by the Company from Frank Cadesky of 20 unpatented mining claims in consideration of the allotment and issuance of 900,000 shares of the Company's capital stock of which 810,000 shares were subject to escrow. The aforesaid mining claims were acquired by Mr. Cadesky at a nominal cost. The consideration paid by the Company was determined by the then directors of the Company and since all of the mining claims were completely unproven it was not possible to assign any particular value thereto and accordingly the said shares were allotted and issued at the arbitrary sum of \$90,000. Reference is made to the caption "Prior Sale of Shares" for particulars of the sale by Frank Cadesky of 50,000 shares of the Company during the 12 months ended August 31, 1976 and to the caption "Secondary Offering" for particulars concerning the offering of a further 50,000 shares by way of a secondary offering. Reference is also made to the caption "Phyllis and Scholes Townships Mining Claims" for particulars concerning the purchase by the Company from Mr. W.A. Carter of 9 unpatented mining claims for the sum of \$6,900. Mr. Carter was first elected a director of the Company on August 5th, 1975.

Frank Cadesky has acted as promoter for 7 mining and exploration companies which have made public offerings of their securities during the past 5 years. Mr. Cadesky is also the President, a director and owner of 51% of the common shares of Universe Securities Ltd. (formerly Glandfield & Co. Limited). During the past 5 years, Universe Securities Ltd. has underwritten the treasury shares of 14 different mining and exploration companies and has been the promoter for 7 of the aforementioned companies. None of the aforementioned companies underwritten or promoted by Frank Cadesky or Universe Securities Ltd. are producing mines nor do any have cease trading orders outstanding against them.



OTHER MATERIAL FACTS

During the period of the Company's inactivity from 1960 to March, 1975, necessary expenses were incurred to maintain the Company and its mining claims in good standing, resulting in a working capital deficiency which at March 31, 1975 amounted to approximately \$4,900. Frank Cadesky, the Company's President and major shareholder, took the initiative in seeking new financing for the Company and in reorganizing its business and affairs. Negotiations with another shareholder were instituted with the result that in July, 1975, Mr. Cadesky was able to purchase 50,000 shares of the Company for \$1,875 and M. Rash & Co. Limited purchased 150,000 shares for \$5,625. These shares were subsequently sold to the public. Reference is made to the caption "Prior Sales of Shares".

In August, 1976, M. Rash & Co. Limited purchased a further 200,000 previously distributed shares for the consideration of \$45,000, 50,000 of such shares were resold to Frank Cadesky in August, 1976 for the sum of \$11,250 and will be offered for sale by him over-the-counter in the Province of Ontario upon the terms more particularly set forth herein under the caption "Secondary Offering".

PRIOR SALES OF SHARES

In order to provide the Company with sufficient monies to enable it to carry out the magnetometer survey in April, 1975 more particularly referred to under the caption "History", the President of the Company advanced to the Company, the sum of \$2,500. To settle this indebtedness, the Company issued 10,000 shares to him which were then sold to M. Rash & Co. Limited for the said sum of \$2,500 and subsequently resold to the public.

The Company has sold the following shares of its capital stock during the 12 months ended August 31, 1976.

<u>Number of Shares</u>	<u>Month</u>	<u>Price Per Share</u>
240,000	October, 1975	25¢
100,000	January, 1976	30¢
100,000	April, 1976	35¢

The said shares were purchased by M. Rash & Co. Limited (the "Underwriter") pursuant to an underwriting agreement dated August 7, 1975 and during the 12 months ended August 31, 1976 were resold to the public over-the-counter in Ontario under a prospectus dated September 30, 1975. All of these shares were sold within the maximum offering prices permitted in the said prospectus, that is, 50¢, 60¢ and 65¢

for the shares purchased at 25¢, 30¢ and 35¢ respectively. The said prospectus also authorized the Underwriter to sell for its own account, 10,000 previously undistributed shares all of which were sold at 65¢ per share.

In addition to the foregoing, the Underwriter acting as principal during the course of and subsequent to the distribution of the underwritten shares, purchased and sold various shares of the Company. Sales of such shares were shares which had been purchased from the public and shares previously owned by it.

During the 12 months ended August 31, 1976, the Selling Shareholder referred to under "Secondary Offering" has purchased and sold shares of the Company. Particulars concerning all sales of such shares are as follows:

<u>Number of Shares Sold</u>	<u>Month of Sale</u>	<u>Price Per Share</u>
3,900	April, 1976	65¢
46,100	May, 1976	65¢

#### MATERIAL CONTRACTS

The Company has entered into the following material contract during the past two years .

1. Underwriting agreement dated August 31st, 1976 between the Company and M. Rash & Co. Limited, referred to under the caption "Offering".
2. Underwriting agreement dated August 7th, 1975 between the Company and M. Rash & Co. Limited referred to under the caption "Prior Sales of Shares".

Copies of the foregoing agreements may be inspected during ordinary business hours at the head office of the Company during the distribution of the securities offered by this prospectus.

#### PURCHASER'S STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

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

- (a) a purchaser will not be bound by any 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 Section 64 and 65 of the Securities Act (Ontario) R.S.O. 1970, Chapter 426, for the complete text of the provisions under which the above-mentioned rights are conferred.

AUDITOR'S REPORT

To the Shareholders,  
Gull Lake Iron Mines Limited.

I have examined the balance sheet of Gull Lake Iron Mines Limited as at June 30, 1976 and the statements of deferred expenditure and changes in financial position for the five years then ended. My examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Company as at June 30, 1976 and the results of its operations and the changes in its financial position for the five years then ended, in accordance with generally accepted accounting principles applied on a consistent basis throughout the period.

August 31st, 1976

Toronto, Canada

JOHN E. GOODWIN, F.C.A.

Chartered Accountant.

GULL LAKE IRON MINES LIMITED

BALANCE SHEET

JUNE 30, 1976

ASSETS

Current assets		
Cash	\$ 17,479	
Bank term deposits	75,000	
Accrued interest	<u>1,142</u>	\$ 93,621
Mining properties, at cost		
29 mining claims held under lease, located in Scholes Township, Temiskaming Mining Division, Ontario, acquired for \$6,900 cash and 900,000 shares of capital stock valued by the directors at 10 cents per share		96,900
Deferred expenditure		
Exploration	\$ 70,093	
Administration	<u>62,556</u>	<u>132,649</u>
		\$ <u>323,170</u>

LIABILITIES

Current liabilities		
Accounts payable		\$ 21,925

SHAREHOLDERS' EQUITY

Share capital (note 2)		
Authorized		
5,000,000 shares of no par value		
Issued		
2,153,005 shares	\$ 312,955	
Deficit (note 3)	<u>11,710</u>	<u>301,245</u>
		\$ <u>323,170</u>

Approved by the Board:

ARTHUR J. FORTENS   Director  
FRANK CADESKY      Director

GULL LAKE IRON MINES LIMITED

STATEMENT OF DEFERRED EXPENDITURE

FOR THE FIVE YEARS ENDED JUNE 30, 1976

	1976	1975	1974	1973	1972
Exploration					
Diamond drilling	\$ 27,769	\$	\$	\$	\$
Magnetometer survey		1,900			
Engineering fees	3,450	1,300			
Supervision and labour	1,325				
Travel	224				
Assays	149				
Licenses and fees	129	129	129	129	129
Sundry	57	27			
	<u>33,103</u>	<u>3,356</u>	<u>129</u>	<u>129</u>	<u>129</u>
Balance, beginning of year	36,990	33,634	33,505	33,376	33,247
Balance, end of year	\$ <u>70,093</u>	\$ <u>36,990</u>	\$ <u>33,634</u>	\$ <u>33,505</u>	\$ <u>33,376</u>
Administration					
Head office rent	\$ 900	\$	\$	\$	\$ 19
Corporate, accounting and secretarial services	1,800				
Legal and audit fees	2,900	375	240	250	425
Transfer agency	1,817	130	248		113
Shareholders information	117				
Taxes and fees	774	410	83	50	52
Directors and officers remuneration	600				
Prospectus and financing expense	8,892				
Sundry	447	120	58	12	12
	<u>18,247</u>	<u>1,035</u>	<u>629</u>	<u>312</u>	<u>602</u>
Less: Interest earned	3,925				
	<u>14,322</u>	<u>1,035</u>	<u>629</u>	<u>312</u>	<u>602</u>
Balance, beginning of year	48,234	47,199	46,570	46,258	45,656
Balance, end of year	\$ <u>62,556</u>	\$ <u>48,234</u>	\$ <u>47,199</u>	\$ <u>46,570</u>	\$ <u>46,258</u>

GULL LAKE IRON MINES LIMITED  
 STATEMENT OF CHANGES IN FINANCIAL POSITION  
 FOR THE FIVE YEARS ENDED JUNE 30, 1976

	1976	1975	1974	1973	1972
Source of funds					
Issue of shares	\$ 127,500	\$	\$	\$	\$
Interest	<u>3,925</u>				
	<u>131,425</u>				
Application of funds					
Exploration	33,103	3,356	129	129	129
Administration	<u>18,247</u>	<u>1,035</u>	<u>629</u>	<u>312</u>	<u>602</u>
	<u>51,350</u>	<u>4,391</u>	<u>758</u>	<u>441</u>	<u>731</u>
Increase (decrease) in working capital	80,075	(4,391)	( 758)	( 441)	( 731)
Working capital (deficiency), beginning of year	<u>(8,379)</u>	<u>(3,988)</u>	<u>(3,230)</u>	<u>(2,789)</u>	<u>(2,058)</u>
Working capital (deficiency), end of year	<u>\$ 71,696</u>	<u>\$ (8,379)</u>	<u>\$ (3,988)</u>	<u>\$ (3,230)</u>	<u>\$ (2,789)</u>

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1976

## 1. Accounting policies

Since the Company is in the exploration stage, a statement of income is not presented. Interests in mining properties held are carried at cost. Exploration and administration expenditure related to mining properties held is carried as a deferred charge.

## 2. Share capital

(a) By Articles of Amendment effective September 3, 1975, the Company's capital was changed by:

- (1) changing the 1,703,005 issued and the 3,296,995 unissued shares of \$1.00 each into 1,703,005 issued and 3,296,995 unissued shares of no par value.
- (2) after giving effect to the foregoing, decreasing the issued capital from \$1,703,005 to \$185,455 by cancelling \$1,517,550 attributable to the aggregate discount at which the issued shares were issued.
- (3) declaring that the authorized capital, after giving effect to the foregoing, shall comprise a total of 5,000,000 shares of no par value.

(b) During the year ended June 30, 1976, the Company issued 440,000 shares of its capital for \$125,000 pursuant to an underwriting agreement. A further 10,000 shares were issued in settlement of an advance of \$2,500 from a shareholder.

(c) The following is a summary of the issued share capital.

<u>Issued for</u>	<u>Shares</u>	<u>Amount</u>
Cash	1,253,005	\$ 222,955
Mining claims	<u>900,000</u>	<u>90,000</u>
	<u>2,153,005</u>	\$ <u>312,955</u>

## 3. Deficit \$11,710

There was no change in the deficit account during the five years ended June 30, 1976.

## 4. Underwriting

By agreement dated August 31, 1976, an underwriter has firmly agreed to purchase 375,000 shares of the Company's capital at 50 cents per share (\$187,500) payable as to \$75,000, \$62,500 and \$50,000 within 30 days, 60 days and 90 days respectively of the date of acceptance for filing of the Company's prospectus by the Ontario Securities Commission. The underwriter may terminate the agreement if any regulatory authority having jurisdiction required trading in the Company's shares to cease or to be interrupted for any reason which was not caused by or contributed to by any act or omission on the part of the underwriter.

In consideration of the aforesaid underwriting, the Company has agreed to issue a further 56,250 shares of its capital to the underwriter without further payment.

## 5. Remuneration of directors and senior officers

The aggregate direct remuneration paid to directors and senior officers of the Company during the year ended June 30, 1976 was \$600. In addition, a director was paid \$3,450 for engineering services.

There are no other material facts.

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

DATED this 31st day of August, 1976.

FRANK CADESKY  
Chief Executive Officer

FRED MUNGER  
Chief Financial Officer

WALTER ANDREW CARTER  
Director

ARTHUR JOHN FORTENS  
Director

PROMOTER

FRANK CADESKY

UNDERWRITER-OPTIONEE

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act (Ontario) and the regulations thereunder.

DATED this 31st day of August, 1976.

M. RASH & CO. LIMITED

Per: M. RASH





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NO SECURITIES COMMISSION OR OTHER SIMILAR AUTHORITY IN CANADA HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HEREUNDER AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

## GULL LAKE ENERGY RESOURCES LTD.

(An Exploration and Development Company)  
Suite 432, 12 Richmond Street East  
Toronto, Ontario

### PROSPECTUS

#### COMMON SHARES (without par value)

**NEW UNDERWRITTEN ISSUE:** 225,000 underwritten shares as follows:

	<u>Firmly Underwritten</u>	<u>Price to Public</u>	<u>Underwriter's Discount</u>	<u>Proceeds to Company</u>
Per Share	—	\$ 1.50	75¢	75¢
Total	225,000	\$337,500	\$168,750	\$168,750

#### PLAN OF DISTRIBUTION:

The Underwriter, acting as principal, will offer the underwritten shares over-the-counter in the Province of Ontario at the price set forth above. Sales of the underwritten shares may also be made through other registered dealers acting as principals or agents. Registered dealers acting as principals, may receive all or any part of the underwriter's discount of 75¢ per share and registered dealers acting as agents, may be paid commissions not exceeding 37-1/3¢ per share.

#### PURPOSE OF OFFERING:

The purpose of this offering is to secure funds for the administrative expenses and exploration programs of the Company and particularly to provide funds for the carrying out of the exploration work on the Company's properties referred to under the caption "Use of Proceeds" in this prospectus.

#### NEW AND PREVIOUSLY ISSUED SECONDARY OFFERING:

111,823 shares consisting of 61,823 shares to be offered for sale by the Underwriter and 50,000 shares to be offered by the Selling Shareholder set forth herein under the caption "Secondary Offering". The proceeds from the sale of these shares will accrue to the Underwriter and Selling Shareholder respectively and not to the treasury of the Company. None of the aforementioned shares will be offered for sale until all of the 225,000 underwritten shares have been taken down, paid for and sold by the Underwriter.

**THERE IS NO MARKET FOR SHARES OF THE COMPANY. PURCHASERS MAY NOT BE ABLE TO SELL THE SHARES PURCHASED.**

**THESE ARE SPECULATIVE SECURITIES.** Particular reference should be made to the caption "High Risk Factors".

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



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### TABLE OF CONTENTS

	Page
History and Business .....	1
Phyllis and Scholes Townships Mining Claims .....	1
Acquisition .....	1
Location and Access .....	2
History .....	2
Geologist's Report .....	3
Liberty Township, Ohio — Gas Properties .....	4
Acquisition .....	4
Description of Leases .....	4
Location and Access .....	6
History .....	7
Geologist's Report .....	7
Use of Proceeds .....	8
Offering .....	9
Secondary Offering .....	10
Further Offering .....	10
Description of Capital Stock .....	10
Capitalization .....	11
Management .....	11
Remuneration of Management .....	11
Dividends .....	12
Auditor .....	12
Registrar and Transfer Agent .....	12
Escrowed Shares .....	12
Principal and Selling Shareholders .....	12
Prior Sales of Shares .....	14
High Risk Factors .....	14
Promoter and Interest of Management and Others in Material Transactions .....	15
Other Material Facts .....	15
Material Contracts .....	16
Purchaser's Statutory Rights of Withdrawal and Rescission .....	16
Financial Statements .....	16-21
Signature Page .....	22

# GULL LAKE ENERGY RESOURCES LTD.

## PROSPECTUS

### HISTORY AND BUSINESS

Gull Lake Energy Resources Ltd (the "Company") was incorporated under the Corporations Act, 1953 (Ontario), and Part IV thereof by Articles of Incorporation dated June 16, 1959, as Gull Lake Iron Mines Limited, to engage in the acquisition, exploration, development and operation of mines, mineral lands and deposits. Articles of Amendment effective September 3, 1975, have issued to the Company which have the principal effect of changing the Company's shares from shares with a par value of \$1 each to shares without par value and extending its objects. Further Articles of Amendment effective August 11, 1977, changed the name of the Company to its present name. The head office of the Company is located at Suite 432, 12 Richmond Street East, Toronto, Ontario. None of the mining claims in which the Company has an interest, contains a known body of commercial ore or proven reserves of crude oil, natural gas or other petroleum products and any exploration programs thereon are exploratory searches therefor.

### Phyllis and Scholes Townships Mining Claims

#### Acquisition

By agreement dated June 19th, 1959 between the Company and Frank Cadesky, 767 Spadina Road, Toronto, Ontario, the Company acquired 20 unpatented mining claims located in Scholes Township, Temiskaming Mining Division, Ontario, and being claim numbers T46582 to and including T46599, T47020 and T47021 for the price or consideration of 900,000 fully paid and non-assessable shares of the capital stock of the Company. By agreement dated March 16th, 1960 between the Company and Walter Andrew Carter, P.O. Box 417, Colborne, Ontario, the Company acquired mining claim T48130 for the price or consideration of \$2,500 and by further agreement dated April 8th, 1960 between the Company and Mr. Carter, the Company acquired 8 mining claims bearing numbers T46713 to and including T46720 for the price or consideration of \$4,400.

Due to a recording error on the part of the Mining Recorder of the Temiskaming Mining Division, it was discovered that mining claim T48130 was a restaking of mining claim T37809 which was inadvertently shown as open for staking. In the result, mining claim T48130 was cancelled and the Company acquired mining claim T37809 from Abex Mines Limited, Suite 4900, Toronto-Dominion Centre, Toronto, Ontario, for \$500, which was reimbursed to the Company by the Department of Mines of Ontario. At the time of their acquisition by the Company, all 29 of the mining claims were unpatented and formed a contiguous group.

So far as the Company is aware, no person or company received or was entitled to receive a greater than 5% interest in the consideration paid to Frank Cadesky or in the consideration paid to Mr. Carter for mining claim T48130. So far as the Company is aware, the only person or company who received or is entitled to receive a greater than 5% interest in the consideration paid to Mr. Carter for the 8 mining claims acquired under the April 8th, 1960 agreement was Orval Montroy of Temagami, Ontario.

At the time of their acquisition, title to the 29 mining claims was the usual title to unpatented mining claims enjoyed in the Province of Ontario. The Company subsequently performed and recorded sufficient work to qualify the claims for the issuance of Ontario mining leases and after surveying, the claims were brought to lease. The Company is presently the recorded holder, free of encumbrance, of

the 29 mining claims held under mining leases issued by the Ministry of Natural Resources for the Province of Ontario pursuant to the provisions of the Mining Act which may be more particularly described as follows:

- (a) Mining Lease Number 102570 relates to 11 mining claims covering an area of approximately 510.47 acres. The lease runs for a period of 21 years from July 1, 1971 with annual rentals of \$51.05 per year;
- (b) Mining Lease Number 101272 relates to mining claim T37809 covering an area of approximately 39.83 acres. The lease runs for a period of 21 years from December 1, 1966 with annual rentals of \$5 per year;
- (c) Mining Lease Number 102569 relates to 17 mining claims covering an area of approximately 729.05 acres. The lease runs for a period of 21 years from July 1, 1971 with annual rentals of \$72.90 per year.

All of the above leases are recorded in the Land Titles Office at North Bay, Ontario, as parcels 3335, 2910 and 3336 respectively in the register for Lake Nipissing. Title thereto is the usual title to mining claims held under mining lease issued by the Ministry of Natural Resources. All the leases grant to the Company, mining rights composed of mines, ores, minerals and mining rights under the land and lakes covered thereby and in addition thereto, the Company has the surface rights to 2.98 acres of Lease 101272.

#### Location and Access

The mining claims are located at Gull Lake which is approximately 20 air miles southwest of Temagami, Ontario and 50 air miles northeast of Sudbury, Ontario. Access to the area by road is provided by Highway 805 north from River Valley to Emerald Lake from which a private lumber road open to the public extends to Gull Lake. River Valley is located on the Canadian National Railway line approximately 25 miles south of the mining claims and is connected by Highways 64 and 539 to Highway 17.

A hydroelectric power transmission line is located about 10 miles south of the mining claims and a natural gas pipe line passes within a few miles of the mining claims. The area is characteristic of the rugged Temagami region. Remnants of an eroded diabase sill contribute to the steep cliffs and high hills surrounding an area of gently rolling topography. Scattered lakes and swamps occur between the hills. Timber consisting chiefly of pine and spruce has been harvested by local timber firms.

#### History

During 1952, Dominion Gulf Company Ltd. conducted geological and magnetometer surveys of part of the mining claims and part of the property of Eagle Rock Iron Mines Limited, situate 0.75 miles to the northwest. The northwest magnetic anomaly of the Company was defined at this time, however, no records of further work were located.

During 1956-57, Mining Geophysics Co. Ltd. conducted a resistivity survey and subsequently, 3 diamond drill holes totalling 1,338 feet were sunk. No sulphide deposits were located. Iron formation was located on each of the two magnetic anomalies in the drilling. The Company, following its acquisition of the mining claims, conducted its own magnetometer surveys and sunk 8 diamond drill holes totalling 4,888.5 feet during the period 1959-60 at a cost of approximately \$24,800. The Company also con-

ducted a magnetometer survey of part of Gull Lake during April, 1975, at a cost of approximately \$2,500. The ground magnetic surveys have defined 2 northeasterly trending anomalies on the mining claims which are parallel about 2,000 feet apart and appear to dip towards each other. The northwest anomaly is 4,400 feet long and the southeast anomaly is 3,600 feet long.

During the period 1959-60 4 holes totalling 1,802 feet were drilled into the northwest anomaly and established the presence of magnetite iron formation under a capping of sediments 50 to 125 feet thick. The iron occurs in 2 separate bands both dipping south and separated by a narrow feldspar porphyry dike. The southerly band is an average of 100 feet wide 1,000 feet long and contains 26.6% acid soluble iron. A hole drilled 2,000 feet northeast on strike, intersected 2 narrow bands of iron formation considered to be uneconomic. The iron formation appears to be pinching out in this direction.

Also during the period 1959-60, 4 holes totalling 3,086.5 feet were drilled into the southeast anomaly and established the existence of magnetite iron formation under a capping of sediments about 350 feet thick. 1 hole was abandoned; 2 vertical holes entered a pre-sedimentary dike and the 4th hole intersected a true width of 450 feet of magnetite iron formation. A continuous length of 122.9 feet assayed over 25% acid soluble iron.

During June and July of 1976, 3 holes totalling 3,778 feet were drilled on the southeast anomaly to systematically explore it. Iron formations were intersected in all of the holes and it is calculated that a deposit of iron minerals containing 24.55% acid soluble iron which is 1,500 feet long with a true width of 110 feet exists below a thickness of 280 feet to 420 feet of overlying sediments. This section of mineral would contain 16,500 tons per vertical foot and the magnetic results indicate that the iron formations extend an additional 1,000 feet to the northeast and 1,100 feet to the southwest.

#### Geologist's Report

The following is management's summary of the conclusions and recommendations of Mr. Jack G. Willars, B.A. Sc., P. Eng. Consulting Mining Geologist, contained in his report dated August 6th, 1976, whose full report is available for inspection in the public files of the Ontario Securities Commission, 555 Yonge Street, Toronto, Ontario.

Previous ground magnetometer surveys outlined 2 parallel anomalies trending northeast across the Company's property, about 2,000 feet apart. The northwest anomaly is 4,400 feet long and the southeast anomaly is 3,600 feet long. Both have been proven by diamond drilling to have resulted from banded magnetite iron formation.

Recent additional diamond drilling of the southeast anomaly, has outlined an average 24.55% acid soluble iron over a length of 1,500 feet with an average true width of 110 feet. The magnetics indicate that this deposit extends 1,000 feet northeast and 1,100 feet southwest with a capping of overlying sediments of between 280 feet and 420 feet in thickness.

Widespread drill holes on the northwest anomaly have indicated an iron formation band 100 feet wide and 1,000 feet long containing 26.6% acid soluble iron which was calculated from 2 holes spaced 1,000 feet apart. Overlying sediments are 50 feet to 125 feet thick and the iron mineral bands appear to narrow to 2,000 feet to the northeast.

Mr. Willars concludes that further investigation by diamond drilling is warranted on both the southeast and the northwest anomalies and recommends the following additional diamond drilling program on both anomalies.

#### Southeast Anomaly

Four holes at 400 ft. interval spacing  
to test extension of iron formation ..... \$60,000  
5,000 feet @ \$12 per foot .....

#### Northwest Anomaly

Relocation of Magnetics ..... \$ 3,200  
Four holes @ 400 ft. interval spacing  
to fill in and test extension of iron  
formation 2,000 ft. @ \$12 per foot ..... \$24,000  
Supervision and expenses ..... \$ 8,000  
Assaying and contingency allowance ..... \$ 4,500

**TOTAL: \$99,700**

In December, 1976, the Company carried out a magnetometer survey to relocate the magnetics according to Mr. Willars' recommendations at a cost of \$2,150. It was intended to start the drilling program in the southeast anomaly early in March, 1977, however, poor ice conditions and subsequent bush fires delayed commencement until mid June, 1977. Five holes on the southeast anomaly aggregating some 6,091 feet were completed before the drill was moved to the northwest anomaly in August, 1977 where work is currently underway. The drilling program which cost approximately \$70,260 established that the total length of the south anomaly is approximately 3,200 feet with an average grade of 24.29% acid soluble iron over an average core width of 167 feet.

There is neither surface nor underground plant or equipment located on the mining claims. There has been no underground exploration or development of the mining claims and the only surface exploration or development work of which the Company is aware having been carried out on the mining claims either by the Company or others, is described herein under the caption "History".

#### Liberty Township, Ohio — Gas properties

##### Acquisition

By agreement made the 11th day of May, 1977, as amended June 30, 1977, between Energex Corporation ("Energex") and Northeastern Operating Company Inc. ("Northeastern"), both of 9975 State Route 87, Newbury, Ohio, 40065, the Company agreed to purchase from Energex subject to the reservation to Energex of the royalty hereinafter referred, its entire right, title and interest in certain oil and gas leases situate in Liberty Township, Ohio, comprising approximately 1,032 acres at the price of \$10,320, being at the rate of \$10 U.S. per acre. \$1,000 was paid upon execution of the agreement and the balance of \$9,320 was paid on August 4, 1977. In consideration of the sale and purchase, Energex granted to Gull Lake the option to purchase, subject to the reservation to Energex of the royalty hereinafter referred to, its entire right, title and interest in certain additional oil and gas leases also situate in Liberty Township, Ohio, comprising approximately 800 acres, upon payment by the Company to Energex of the sum of \$2,400 being at the rate of \$3 per acre. These monies were also paid on August 4, 1977. The option is exercisable by the Company in whole or in part at any time until February, 4, 1978 at a price of a further \$7 in regard to each acre in respect of which the option is exercised. Energex and Northeastern were acting as middlemen in acquiring the leases from the farmer land owners and for their efforts in acquiring the leases thereby earned the cash and royalties reserved and paid to them.

The agreement provides for the Company to maintain the leases in good standing by paying all delay rentals which might fall due thereon until such time as ownership thereof is acquired by the Company. Reference is made to the caption "Description of Leases" for further particulars concerning the payment of delay rentals.

Energex has also agreed with the Company that if the Company designates any property situate in the south half of Liberty Township, it will use its best efforts to acquire leases in respect of such designated property which shall be transferred to the Company at the price of \$10 per acre. In addition thereto, any leases acquired by Energex in the south half of Liberty Township not so designated by the Company, cannot be sold by Energex without first offering the Company the right to purchase such leases at the price of \$10 per acre. Energex is at liberty to deal with any leases it may acquire if such leases are not purchased by the Company within 30 days after receiving notice from Energex of its intention to deal with such leases, however, the right of the Company to purchase the leases is re-established in the event Energex has not dealt with them within 150 days from the time of giving of notice to the Company.

#### Description of Leases

The leases covering the purchased and optioned property may be described as follows:

##### Purchased Leases

<u>Lessor</u>	<u>Expiry (†)</u>	<u>Location</u>	<u>Delay Rental (2)</u>	<u>Acreage</u>
Merle A. Hunker and Catherine E. Hunker	Oct. 21/86	Sections 28 & 33	\$78.75 Oct. 21/77	315*
Merle A. Hunker and Catherine E. Hunker	Oct. 21/86	Section 27	\$80.00 Oct. 21/77	320*
Anthony Scherger	Oct. 30/86	Section 27	\$39.75 Oct. 30/77	159
John W. King and Mary Lou King	Oct. 30 '86	Section 34	\$39.50 Oct. 30/77	158*
Daniel R. Sholidon	Nov. 5/86	Section 28	\$20.00 Nov. 5/77	80
				<u>1,032</u>

\*Leases representing proposed well locations.

##### Optioned Leases

<u>Lessor</u>	<u>Expiry (1)</u>	<u>Location</u>	<u>Delay Rental</u>	<u>Acreage</u>
Frederick S. Lynch and Agnes M. Lynch	Oct. 30/86	Section 22	\$62.75 Oct. 30/77	159
Charles L. Feasel and Dorothy A. Feasel	Nov. 5/81	Section 32	\$33.25 Nov. 5/77	133
Amos N. Brubaker and Bessie B. Brubaker	Oct. 27/86	Section 32	\$22.50 Oct. 27/77	90
George H. Harris and Pauline M. Harris	Nov. 2/86	Section 29	\$40.00 Nov. 2/77	160
Merle A. Hunker and Catherine E. Hunker	Oct. 2/86	Section 34 Section 35	\$25.00 Oct. 21/77 \$39.50 Oct. 21/77	100 158
				<u>800</u>

(1) The leases continue beyond the expiry date for so long thereafter as operations for oil or gas are being conducted thereon, or oil or gas is found in paying quantities thereon, or any formation underlying the land is used for storage of gas.

(2) The lessee is required to commence operations for a well on the premises on or before the dates indicated unless the lessee pays the delay rental shown for each three months that operations are delayed from such time. In the case of the lease from Charles L. Feasel and Dorothy A. Feasel, delay rentals are payable every two months.

The leases grant the lessee, all of the oil and gas and their constituents in and under the land described therein together with the exclusive right to drill for, produce and market oil and gas and their constituents and of storing gas of any kind in any formation underlying the land and also the right to enter thereon at all times for the purpose of drilling and operating for oil and gas and erecting necessary pipelines, machinery, etc. relative thereto. They are all subject to a royalty requiring the lessee to deliver to the credit of the lessor, free of cost, the equal 1/8th part of all oil produced from the leased premises and to pay to the lessor, 1/8th (12½%) for all gas and casing head gas produced and sold from the premises payable monthly. If a gas well has been shut in through lack of market, the lessee is required to pay to the lessor a royalty at the rate of \$50 per year on each such well.

In the event of default on the part of the lessee to make payment of any monies falling due under the leases, no default may be declared against the lessee by the lessor for such failure or for failure to perform any conditions provided for in the leases unless the lessee refuses or neglects to pay or perform the same for 30 days after having received written notice by registered mail from the lessor of his intention to declare such default. The leases also reserve to the lessor, 400,000 cubic feet of gas per annum for domestic use free of cost to be taken through the lessor's own appliances.

Provision is made in the leases for unitization by the lessee. Unitization refers to the procedure adopted when a pool capable of producing oil or gas is discovered and the location of the potentially productive area encompasses more than a single lease. All of the various persons having interests in the potentially productive pool enter into an agreement which sets out the proportion of the potentially productive area and the lessor agrees to accept in lieu of the royalty provided in the lease, such proportion of the royalty as the acreage covered by the lease bears to the total acreage comprising the potentially productive pool. With respect to the leases held by the Company, a specific unitizing agreement will be prepared if production is assured and the geological conditions requiring same are established.

There is neither surface nor underground plant or equipment associated with the leases nor are there presently any production wells. No work has been carried out to date by the Company on the leases. The leases are covering farm properties and for the Company's purposes, the owners thereof have a good and sufficient title thereto in fee simple. Oil and gas production in the State of Ohio is subject to the rules and regulations contained in the Ohio Revised Code, Chapter 1509 which deals with such matters as well spacing, drilling, abandonment, unitization and other miscellaneous matters.

The leases are also subject under the May 11th, 1977 agreement between the Company, Energex and Northeastern to a royalty reserved and payable to Energex and a royalty reserved and payable to Northeastern equal to 1/32nd (3.125%) each, computed and payable on the same basis as the 1/8th royalty reserved and payable to the lessor described above.

So far as the Company is aware, no person or company has received or is entitled to receive any part of the consideration paid or payable to Energex or Northeastern in connection with the leases. The only persons or companies having a greater than 5% interest in Energex are: James E. Haas and Evelyn F. Haas and in Northeastern are: James E. Haas, Joseph W. Haas, Thomas J. Haas and Eric V. Noble.

On July 5, 1977, Gull Lake Energy Resources Inc. was incorporated under the laws of the state of Ohio. It is now a wholly owned subsidiary of the Company. All of the Company's interest in the Liberty Township leases and the rights under the agreements with Energex and Northeastern have been assigned to Gull Lake Energy Resources Inc. pursuant to an agreement dated August 11, 1977. Funds to carry out the recommended work programs thereon will be provided through loans to the subsidiary by the Company at commercial interest rates. The Company could only anticipate repayment of such loans if the drilling programs are successful and the subsidiary is in receipt of production proceeds.

#### **Location and Access**

The location of the lands under lease are situate within the southcentral part of Liberty Township, Seneca County, Ohio, approximately 4 miles south of the Town of Bettsville. The area is principally agricultural with live stock and field crops being the main source of income. An iron foundry and a



large quarrying operation and refractory complex is situated 2 miles to the southeast of Bettsville. Most of the leased properties are bounded by roads and the Township is criss-crossed by railways. A regional oil pipeline crosses the centre of Liberty Township in an east-west direction and a natural distribution point reaches Bettsville from the north township line branching the main gas pipeline between Toledo and Mansfield. There are no recorded natural gas storage reservoirs in Liberty Township and other gas distribution and gathering facilities are not known. The distribution line into Bettsville is owned and operated by the Swickard Gas Company and the main line to which it joins is part of the regional facilities of Columbia Gas of Ohio Inc.

### History

Oil was first discovered in Ohio in 1814 by 2 explorers who drilled a well to obtain salt brine. Oil interest spread rapidly and in 1860 the Mecca Pool was discovered in eastern Ohio's Turnbull County. Oil discovery in western Ohio did not come until later when drilling in the vicinity of Findlay came up with a new discovery in 1865 which sparked a major new rush. Since those early days nearly 112,000 wells have been drilled in Ohio in search of oil and natural gas and at present, approximately 27,000 Ohio wells are producing oil and/or gas. Approximately 814 million barrels of oil and 4 trillion cubic feet of natural gas have been produced in Ohio from 1860 to the present time. Of the total state land area of 26,222,080 acres, some 2,431,390 acres have proven to be oil and/or gas productive.

Initial oil discoveries in western Ohio were made in 1885 and production began shortly thereafter. Intermittent exploration of surrounding areas including other parts of Seneca County led to the discovery of the Kansas Gas Field in Liberty Township in 1895; the Tiffin Oil Pool in Eden; Clinton and Pleasant Townships in 1896; the Liberty-Seneca Oil Pool in Liberty Township in 1918; and the Cromers Oil Pool in Pleasant Township in 1928.

Because of the time frame of the early production in Seneca County, it has not been possible to gain any production data other than brief notes on individual well logs. Based on the well card data and Township well location maps, it can be stated that some 104 wells have been drilled in Liberty Township and that 42 of these wells were oil bearing testing "natural initial production" rates of 2 to 1,000 barrels of oil per day. Additionally, 8 wells are reported to have tested 0.5 thousand cubic feet per day to 2.7 million cubic feet per day. Data on the production of these wells are not available and it is not known at what time and for what reason the wells were eventually abandoned.

Well log data also indicates that drilling in Liberty Township continued intermittently until at least 1953, although most drilling took place before the depression period of the 1930's. Wells drilled in the 1937-1938 period were mainly recorded as gas wells although, some reported oil and gas and the most recent well on record is a 1953 oil well rated at 5 barrels per day "natural".

### Geologist's Report

The following is management's summary of the conclusions and recommendations of Mr. E. D. Black, M.Sc., P. Eng., contained in his report dated May 11th, 1977, whose full report is available for inspection in the public files of the Ontario Securities Commission, 555 Yonge Street, Toronto, Ontario.

The Company's leases are situated in an area within Liberty Township, known to contain natural gas accumulations in the Silurian-Clinton sandstones and oil and gas in Ordovician-Trenton dolomites. Moreover a potential for Cambrian-Knox oil and gas production also could exist. Clinton gas wells tend to be shallow (400 feet more or less below surface), may tend to be somewhat sour and residing at low hydrostatic pressures. Although widespread, Clinton gas production would undoubtedly require an extensive gathering system, scrubbing equipment, a compression installation and a 4 to 5 mile pipeline to become deliverable into regional gas transmission facilities. Local markets may be available for household and industrial use.

The Trenton oil potential in Liberty Township is promising and several well site locations are available within the lease holdings both within the old Liberty-Seneca Pool and in its peripheral area. The Trenton's modest target depth of 1400 to 1500 feet, its historically good success ratio and satisfactory initial production rates renders it a good prospect for oil production with some possibility of gas recovery as well.

Oil and gas possibilities in the Cambrian-Knox system also appear to be good within erosion traps at the top of the Knox and possibly in the Kerbel sands. Locally, the Knox topographical structural features should occur at depths of approximately 2,000 feet. They also have a tendency to be reflected upward as complimentary heights in the Trenton, therefore Trenton oil pools with notable structure could be a clue to topographic traps in the underlying Knox.

Insufficient information is available to make oil and gas reserve estimates and therefore the project initially at least, is considered of a "wild cat" nature.

Current oil well head prices are in the neighbourhood of \$10.50 to \$11.00 U.S. per barrel for all Ohio crudes and natural gas prices are currently \$1.00 to \$1.40 U.S. for 1,000 cubic feet at the well delivery point. The demand for oil is such that any and all oil produced is saleable at current market prices picked up at the well head. Natural gas is equally in high demand, however, the deliverability of gas to interstate and intrastate pipelines controls the price and marketability. Many local industrial complexes are in vital need of natural gas and have demonstrated willingness to enter into contracts with local gas producers including the financing of development wells and gathering systems. Interstate gas sold to local consumers commands a premium price.

In view of the current demand for oil and gas in the eastern United States and the corresponding higher oil and gas prices, relatively low well drilling and completion costs and the good potential for commercial oil and gas in Liberty Township a staged program involving 3 wells is recommended by Mr. Black.

It is estimated that well drilling and associated dry holes costs in the Liberty area will amount to \$20.53 Can. per foot to the average 1500 foot depth of the Trenton and approximately the same costs per foot for the average 2300 foot depth of the Knox. Dry hole costs are therefore estimated to be approximately \$30,800 Can. for a Trenton test and \$47,200 Can. for a Knox test. Completion costs for a producing Trenton oil well are estimated to be approximately \$42,750 Can. with gas pipeline costs being extra. A completed Knox well would be proportionately higher. Gas pipeline costs should approximate \$1.50 per lineal foot installed and scrubbing and compression facilities, if required, would also be extra and would be dependent on production and delivery aspects not known at this time.

Assuming 2 Trenton wells and 1 Knox well are drilled of which 1 Trenton oil well is successfully completed, the estimated cost of the program is approximately \$168,800 Can.

#### USE OF PROCEEDS

The proceeds to be received by the Company from the sale of the underwritten shares will be \$168,750 prior to deducting the expenses of this issue estimated not to exceed \$18,000. In the event the secondary offering referred to under the caption "Secondary Offering" proceeds, the Underwriter and Selling Shareholder will pay to the Company their pro-rata share of the said costs of issue. The net proceeds will be added to the Company's working capital which amounted to approximately \$199,403 at June 30th, 1977 (approximately \$7,470 of the estimated costs of issue were paid prior to June 30, 1977). Administrative expenses of the Company for the next year are estimated to be \$10,000.

The sum of approximately \$100,000 will be used to implement the recommendations of Mr. Jack G. Willers, Consulting Mining Geologist, on the Company's Phyllis and Scholes Townships mining claims and in addition thereto, the sum of approximately \$168,800 will be advanced to the Company's

This subsidiary corporation to implement the recommendations of Mr. E. D. Black, M.Sc., P.Eng. on the petroleum leases situate in Liberty Township, Seneca County, Ohio, U.S.A. Depending upon the results achieved and the availability of funds, the Company may carry out further exploration work on the Phyllis and Scholes Townships mining claims and/or provide monies to drill additional wells on the Liberty Township petroleum leases.

While the Company has no plans in this regard at the present time, monies in its treasury as available, may also be used to defray the cost of programs of acquiring, staking, developing and exploring other properties either alone or in concert with others and generally to carry out exploration programs as opportunities and finances permit, but no such properties will be acquired and monies will not be expended thereon without an amendment to this prospectus being filed if the securities of the Company are then in the course of distribution to the public.

Monies not immediately required for the Company's purposes as set out in this prospectus, will be deposited in interest bearing accounts with Canadian chartered banks and/or trust companies.

No part of the proceeds is to be deposited outside Canada or is to be advanced or dispersed in any way to other companies or persons except to the extent necessary to enable the Company to implement and complete the exploration and development programs as set forth in this prospectus and amendments thereto. No part of the proceeds is to be used to invest in securities other than securities in which a company registered under Part III of the Canadian and British Insurance Companies Act may invest its funds without availing itself for the purpose of the provisions of Sub-section 63 (4) of the said Act. If the Company wishes to use the proceeds for purposes other than those set out in this prospectus, it must obtain the prior consent of the shareholders and must provide 21 days notice to the Ontario Securities Commission.

### OFFERING

The Company entered into an agreement (the "Underwriting Agreement") dated July 7, 1977, with M. Rash & Co. Limited, (the "Underwriter"), Suite 930, 159 Bay Street, Toronto, Ontario, whereunder the Underwriter acting solely on its own behalf agreed to purchase the following shares of the Company, namely:

<u>Number of Shares Underwritten</u>	<u>Price Per Share</u>	<u>Net Proceeds to be received by the Company</u>	<u>Offering Price of These Shares to the Public</u>
225,000	75¢	\$168,750	\$1.50

The Underwriter may terminate the agreement prior to the date of acceptance for filing of this prospectus by the Ontario Securities Commission (the "Acceptance Date") for any reason in its sole discretion. Subject to the foregoing, the Underwriter is obligated to take up and pay for all of the underwritten shares within the following times, calculated on the Acceptance Date, namely:

<u>Net Proceeds to be Received by Company</u>	<u>Time Within Which Payable from Acceptance Date</u>
\$ 67,500	30 days
56,250	60 days
45,000	90 days
<u>\$168,750</u>	

The Company is not aware of any assignments, sub-options or sub-underwritings with respect to the aforementioned underwritten shares.

## CAPITALIZATION

<u>Designation of Security</u>	<u>Amount Authorized</u>	<u>Amount Outstanding at June 30/77</u>	<u>Amount Outstanding at Aug. 30/77</u>	<u>Amount Outstanding if all securities being offered are sold (1)</u>
Common Shares	5,000,000	2,584,255	2,584,255	2,845,255
without par value	(\$5,000,000)	(\$500,455)	(\$500,455)	(\$669,205)

(1) Gives effect to the issuance of the 225,000 new underwritten shares and 36,000 new secondary shares.

## MANAGEMENT

The names and home address of the directors and officers of the Company and the positions presently held by them are as follows:

<u>Name</u>	<u>Address</u>	<u>Position</u>
Frank Cadesky	767 Spadina Road Toronto, Ontario	President & Director
Fred Munger	52 Albertus Avenue Toronto, Ontario	Secretary- Treasurer
Arthur John Fortens	47 Thorncliffe Park Dr. Toronto, Ontario	Director
Walter Andrew Carter	P.O. Box 417 Colborne, Ontario	Director

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

Mr. Cadesky has been a business executive since April 29, 1977. Prior thereto he was a broker-dealer and a director, officer and majority shareholder of Universe Securities Ltd., Broker-Dealers, Toronto, Ontario.

Fred Munger is an accountant employed since March, 1974 by Sprucedale Holdings Limited and prior thereto by Newtor Holdings Limited. He is also an officer of several junior mining companies including Consolidated Summit Mines Limited and New Territorial Uranium Mines Limited.

Mr. Fortens is an accountant employed by Sprucedale Holdings Limited. He is also a director or officer of several junior mining companies including North American Rare Metals Limited and Consolidated Louanna Gold Mines Limited.

Mr. Carter is and has been a self-employed consulting engineer. He is also a director or officer of several junior mining companies including North American Rare Metals Limited and Silver Monarch Mines Limited.

## REMUNERATION OF MANAGEMENT

The aggregate direct remuneration paid or payable by the Company to the directors and senior officers of the Company for the year ended June 30th, 1976 and the year ended June 30, 1977, has amounted to the sum of \$600 and \$700 respectively. The aforesaid sums do not include monies paid or payable to the Company's consulting engineer, Mr. W. A. Carter who has received the sum of \$3,450

and \$4,450 for the years ended June 30th, 1976 and June 30th, 1977 respectively for consulting engineering services. Mr. W. A. Carter will be paid for professional services rendered to the Company at the usual rates for such services as prescribed by the Association of Professional Engineers of Ontario. A monthly fee of up to \$300 will be paid to Sprucedale Holdings Limited, Suite 432, 12 Richmond Street East, Toronto, Ontario, for providing the Company with head office accomodation, accounting, administration and secretarial services. Fred Munger, the Secretary-Treasurer of the Company, is the sole director and shareholder of Sprucedale Holdings Limited.

#### DIVIDENDS

No dividends have been paid to date by the Company.

#### AUDITOR

The auditor of the Company is Mr. John E. Goodwin, F.C.A., Chartered Accountant, Suite 1001, 347 Bay Street, Toronto, Ontario.

#### REGISTRAR AND TRANSFER AGENT

Crown Trust Company, 302 Bay Street, Toronto, Ontario, acts as the Company's registrar and transfer agent.

#### ESCROWED SHARES

Certificates representing 716,944 shares of the Company are held in escrow by Crown Trust Company, 302 Bay Street, Toronto, Ontario. The terms of escrow provide that the escrowed shares are subject to release only on the written consent of the Ontario Securities Commission and the Company and are subject further to transfer, assignment or other alienation only with the written consent of the Ontario Securities Commission.

The escrowed shares are subject to surrender for the benefit of the Company if inter alia, the mining claims referred to under the caption "Phyllis and Scholes Townships Mining Claims" for which they were issued are abandoned or development thereof discontinued or they have become of little or no value.

<u>Capital Stock</u>	<u>Number of Shares Held in Escrow</u>	<u>Percentage of Class</u>
Common shares without par value	716,944	27.7 (1) 25.2 (2)

(1) Calculated on the basis of there being 2,584,255 shares issued and outstanding before the offering.

(2) Calculated on the basis of there being 2,845,255 shares issued and outstanding following the offering.

#### PRINCIPAL AND SELLING SHAREHOLDERS

In August, 1977, Cadre Corporation, Suite 312, 4 Richmond Street East, Toronto, Ontario, a private company wholly owned by Frank Cadesky, 767 Spadina Road, Toronto, Ontario, acquired 660,000 shares from Mr. Cadesky representing shares which formed part of the original vendors' consideration issued by the Company for the Phyllis and Scholes Townships mining claims.

Set forth below are particulars as at August 31, 1977 of the present principal holders of common shares of the Company.

<u>Name and Address</u>	<u>Type of Ownership</u>	<u>Number of Shares</u>	<u>Percentage of Class</u>
Cadre Corporation Suite 312 4 Richmond St. E. Toronto, Ont.	Direct, Beneficial	634,177 (1)	24.5 (4)
	not of record		22.3 (5)
W. D. Latimer 199 Bay Street Toronto, Ont.	Of Record, not Beneficial	368,100	14.2 (4)
			12.9 (5)
Frank Cadesky 767 Spadina Rd. Toronto, Ont.	Of Record, not Beneficial	680,500	26.3 (4)
			23.9 (5)

(1) Of which 584,177 shares are subject to escrow.

Reference is made to the caption "Secondary Offering" for particulars of the offering of 111,823 shares of the Company by the undernoted persons. The said shares, if offered, will be offered as follows:

<u>Name and Address</u>	<u>No. of Shares Owned at August 31/77</u>	<u>No. of Shares to be Sold</u>	<u>No. of Shares to be Owned After this financing</u>	<u>Percentage to be Owned After this financing</u>
Cadre Corporation 312-4 Richmond St. E. Toronto, Ontario	634,177	50,000	584,177	22.6 (4)
				20.5 (5)
M. Rash & Co. Limited Suite 930 159 Bay St. Toronto, Ontario	145,162 (2)	61,823	83,339 (3)	3.2 (4)
				2.9 (5)

(2) This figure assumes that all of the underwritten shares have been purchased and the Company has thereupon issued 36,000 shares to M. Rash & Co. Limited as underwriter in consideration thereof. Reference is made to the caption "Offering".

(3) Represents the net total at August 31, 1977 of all trading in shares of the Company. Such shares, if offered for sale, would not be in the course of distribution to the public. Reference is made to the caption "Further Offering" for particulars concerning the sale of such shares.

(4) Calculated on the basis of there being 2,584,255 shares issued and outstanding before the offering.

(5) Calculated on the basis of there being 2,845,255 shares issued and outstanding following the offering.

Set forth below are particulars of the number shares of the Company beneficially owned directly or indirectly by all of the directors and senior officers of the Company as at July 7th, 1977.

<u>Designation of Class</u>	<u>Percentage of Class</u>
Common Shares without par value	24.5 (1)
	22.3 (2)

(1) Calculated on the basis of there being 2,584,255 shares issued and outstanding before the offering.

(2) Calculated on the basis of there being 2,845,255 shares issued and outstanding following the offering.

### PRIOR SALES OF SHARES

The Company has sold the following shares of its capital stock during the 12 months ended July 7th, 1977.

<u>Number of Shares</u>	<u>Month</u>	<u>Price Per Share</u>
30,000	October, 1976	50¢
225,000	November, 1976	50¢
<u>120,000</u>	December, 1976	50¢
375,000		

The said shares were purchased by M. Rash & Co. Limited (the "Underwriter") pursuant to an underwriting agreement dated August 31, 1976 and were resold to the public over-the-counter in Ontario under a prospectus dated August 31, 1976 at the price of \$1 per share. The said prospectus also authorized the Underwriter to sell for its own account, 56,250 shares received from the Company without cost for underwriting the 375,000 treasury shares aforementioned. The said shares were sold during December, 1976 at the price of \$1.25 per share.

In addition to the foregoing, the Underwriter acting as principal during the course of and subsequent to the distribution of the underwritten shares, purchased and sold various shares of the Company. Sales of such shares were shares which had been purchased from the public and shares previously owned by it.

During the 12 months ended July 7th, 1977, Frank Cadesky, the sole shareholder of Cadre Corporation sold certain shares of the Company. Particulars concerning all sales of such shares are as follows:

<u>Number of Shares Sold</u>	<u>Month of Sale</u>	<u>Price Per Share</u>
3,350	December, 1976	\$1.00
21,650	December, 1976	1.25
<u>25,000</u>	January, 1977	1.25
50,000		

### HIGH RISK FACTORS

Following the initial exploration of the Company's Phyllis and Scholes Townships property (the "iron property") during 1959 and 1960 referred to herein under the caption "History", the Company became inactive. This inactivity was due to the Company's lack of funds and the fact that a sufficient number of proven iron ore deposits which could be mined by open pit methods existed in Canada, thereby making the financing of exploration for underground deposits unattractive.

If the exploration program proposed for the iron property is successful, additional funds will be required beyond that to be provided by the current financing to develop adequate tonnages so that the iron property would be of sufficient interest to one of the major companies to lease iron ore. If ore grade mineralization is encountered throughout the area covered by the magnetic anomalies existing on the Company's iron property, the estimated tonnage to be developed would not by itself justify the cost of constructing a mining plant to process the ore to make pellets. It will be essential that the Company's iron property be developed in conjunction with the development of other iron ore bodies which exist in the immediate area. The early development of the Company's iron property is also dependent upon the management of an iron pelletizing plant currently operating in the area expressing their interest in the Company's iron property and the other properties in its immediate area.

The exploration program on the Company's iron property is a search for ore and no ore has been proven to date. Many of the major steel companies which are the purchasers of iron ore have depended on junior exploration companies to find their ore and this method has been very successful in the past. It is not possible to make any estimates of the likelihood that the Company's iron property might be exploited in the foreseeable future, however, historical marketing data indicates that the demand for iron ore has increased over the past years.

The exploration program on the Company's properties situate in Liberty Township, Ohio, is highly speculative since there are no wells in the Township which are currently producing and there is no assurance that the wells to be drilled by the Company will encounter any formations productive of hydrocarbon or petroleum substances capable of commercial production. The prospect must be described to be of a "wildcat" nature.

#### PROMOTER AND INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Frank Cadesky, 767 Spadina Road, Toronto, Ontario, is the Company's promoter. Reference is made to the caption "Phyllis and Scholes Townships Mining Claims" for particulars concerning the purchase by the Company from Frank Cadesky of 20 unpatented mining claims in consideration of the allotment and issuance of 900,000 shares of the Company's capital stock of which 810,000 shares were subject to escrow. The aforesaid mining claims were acquired by Mr. Cadesky at a nominal cost. The consideration paid by the Company was determined by the then directors of the Company and since all of the mining claims were completely unproven it was not possible to assign any particular value thereto and accordingly the said shares were allotted and issued at the arbitrary sum of \$90,000. Reference is made to the caption "Prior Sale of Shares" for particulars of the sale by Frank Cadesky of 50,000 shares of the Company during the 12 months ended June 15, 1977 and to the caption "Secondary Offering" for particulars concerning the offering of a further 50,000 shares by way of a secondary offering. Reference is also made to the caption "Phyllis and Scholes Townships Mining Claims" for particulars concerning the purchase by the Company from W. A. Carter of 9 unpatented mining claims for the sum of \$6,900. Mr. Carter was first elected a director of the Company on August 5th, 1975.

Frank Cadesky has acted as promoter for 9 mining and exploration companies which have made public offerings of their securities during the past five years. Mr. Cadesky, until April, 1977, was the President, a director and owner of 51% of the common shares of Universe Securities Ltd. (formerly Glandfield & Co. Limited). During the past five years, Universe Securities Ltd. has underwritten the treasury shares of 13 different mining and exploration companies and has been the promoter for 7 of the aforementioned companies. None of the aforementioned companies underwritten or promoted by Frank Cadesky or Universe Securities Ltd. are producing mines nor do any have cease trading orders outstanding against them. Cadre Corporation has acted as promoter for 1 mining and exploration company during the past five years.

#### OTHER MATERIAL FACTS

During the period of the Company's inactivity from 1960 to March, 1975, necessary expenses were incurred to maintain the Company and its iron claims in good standing, resulting in a working capital deficiency which at March 31, 1975 amounted to approximately \$4,900. Frank Cadesky, the Company's President and major shareholder, took the initiative in seeking new financing for the Company and in reorganizing its business and affairs. Negotiations with another shareholder were instituted with the result that in July, 1975, Mr. Cadesky was able to purchase 50,000 shares of the Company for \$1,875 and M. Rash & Co. Limited purchased 150,000 shares for \$5,625 being at the rate of 3.75¢ per share. All these shares were subsequently sold to the public at various prices ranging between 65¢ and 88¢ per share.

In August, 1976, M. Rash & Co. Limited purchased a further 200,000 previously distributed shares for the consideration of \$45,000, being at the rate of 22.5¢ per share. 50,000 of such shares were resold to Frank Cadesky in August, 1976 for the sum of \$11,200, also at the rate of 22.5¢ per share. All these shares were subsequently sold to the public at prices ranging between \$1.00 and \$1.40 per share.



Reference is made to the caption "Prior Sales of Shares". In May, 1977, Mr. Rash & Co. Limited purchased a further 114,489 shares from members of the public for the sum of \$41,808, being at the rate of 37.5¢ per share.

#### MATERIAL CONTRACTS

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

1. Underwriting agreement dated July 7th, 1977 between the Company and M. Rash & Co. Limited referred to under the caption "Offering".
2. Sale and option agreement dated May 11th, 1977 as amended June 30th, 1977 between the Company, Energex Corporation and Northeastern Operating Company Inc. referred to under the caption "Liberty Township, Ohio — Gas Properties."
3. Assignment agreement dated August 11th, 1977 wherein the Company assigned its interest in the Liberty Township leases to Gull Lake Energy Resources Inc. more particularly referred to under the caption "Description of Leases".

Copies of the foregoing agreements may be inspected during ordinary business hours at the head office of the Company during the distribution of the securities offered by this prospectus.

#### PURCHASER'S STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

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

- (a) a purchaser will not be bound by any 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 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 Section 64 and 65 of The Securities Act (Ontario) R.S.O. 1970, Chapter 426, for the complete text of the provisions under which the above-mentioned rights are conferred.

#### AUDITOR'S REPORT

To the Shareholders,  
Gull Lake Iron Mines Limited.

I have examined the balance sheet of Gull Lake Iron Mines Limited as at June 30, 1977 and the statements of deferred expenditure, deficit and charges in financial position for the five years then ended. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Company as at June 30, 1977 and the results of its operations and the changes in its financial position for the five years then ended in accordance with generally accepted accounting principles applied on a consistent basis throughout the period.

Toronto, Canada.  
August 5, 1977.

JOHN E. GOODWIN  
Chartered Accountant.

# GULL LAKE IRON MINES LIMITED

BALANCE SHEET — JUNE 30, 1977

## ASSETS

**Current assets**

Cash .....	\$ 4,664	
Bank term deposits .....	205,000	
Accrued interest .....	1,840	\$211,504

Deferred charges (note 2) .....		8,527
---------------------------------	--	-------

**Mining properties**

29 mining claims held under lease, located in Scholes Township, Temiskaming Mining Division, Ontario, acquired for \$6,900 cash and 900,000 shares of capital stock valued by the directors at 10 cents per share .....		96,900
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	--------

**Deferred expenditure**

Exploration .....	113,532	
Administration .....	54,303	167,835
		\$484,766

## LIABILITIES

**Current liabilities**

Accounts payable .....		\$ 12,101
------------------------	--	-----------

## SHAREHOLDERS' EQUITY

**Share capital (note 3)**

Authorized  
5,000,000 shares of no par value

Issued  
2,584,255 shares .....

Deficit .....	27,790	472,665
		\$484,766

Approved by the Board:

Frank Cadesky, Director

A. J. Fortens, Director

# GULL LAKE IRON MINES LIMITED

## STATEMENT OF DEFERRED EXPENDITURE FOR THE FIVE YEARS ENDED JUNE 30, 1977

	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>
<b>Exploration</b>					
Daimond drilling .....	\$	\$	\$	\$27,769	\$ 31,266
Geophysical survey .....			1,900		2,150
Engineering fees .....			1,300	3,450	4,450
Supervision and labour .....				1,325	3,503
Travel .....				224	1,131
Assays .....				149	572
Licenses and fees .....	129	129	129	129	129
Sundry .....			27	57	238
	129	129	3,356	33,103	43,439
Balance, beginning of the year .....	<u>33,376</u>	<u>33,505</u>	<u>33,634</u>	<u>36,990</u>	<u>70,093</u>
Balance, end of the year .....	<u>\$33,505</u>	<u>\$33,634</u>	<u>\$36,990</u>	<u>\$70,093</u>	<u>\$113,532</u>
<b>Administration</b>					
Head office rent .....	\$	\$	\$	\$ 900	\$ 1,200
Corporate, accounting and secretarial services ..				1,800	2,400
Legal and audit fees .....	250	240	375	2,900	3,750
Transfer agency .....		248	130	1,817	1,873
Shareholders information .....				117	1,769
Taxes and fees .....	50	83	410	774	460
Directors and officers remuneration .....				600	700
Sundry .....	12	58	120	447	766
	312	629	1,035	9,355	12,918
Less: interest earned .....				3,925	12,279
	312	629	1,035	5,430	639
Balance, beginning of the year .....	<u>46,258</u>	<u>46,570</u>	<u>47,199</u>	<u>48,234</u>	<u>53,664</u>
Balance, end of the year .....	<u>\$46,570</u>	<u>\$47,199</u>	<u>\$48,234</u>	<u>\$53,664</u>	<u>\$ 54,303</u>

# GULL LAKE IRON MINES LIMITED

## STATEMENT OF DEFICIT FOR THE FIVE YEARS ENDED JUNE 30, 1977

	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>
Balance, beginning of the year .....	\$11,710	\$11,710	\$11,710	\$11,710	\$20,602
Prospectus and financing expense .....				8,892	7,188
Balance, end of the year .....	<u>\$11,710</u>	<u>\$11,710</u>	<u>\$11,710</u>	<u>\$20,602</u>	<u>\$27,790</u>

## STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE FIVE YEARS ENDED JUNE 30, 1977

	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>
Source of funds					
Issue of shares .....	\$	\$	\$	\$127,500	\$187,500
Interest .....				3,925	12,279
				<u>131,425</u>	<u>199,779</u>
Application of funds					
Exploration .....	129	129	3,356	33,103	43,439
Administration .....	312	629	1,035	9,355	12,918
Prospectus and financing .....				8,892	7,188
Deferred charges .....					8,527
	<u>441</u>	<u>758</u>	<u>4,391</u>	<u>51,350</u>	<u>72,072</u>
Increase (decrease) in working capital .....	(441)	(758)	(4,391)	80,075	127,707
Working capital (deficiency), beginning of the year .....	(2,789)	(3,230)	(3,988)	(8,379)	71,696
Working capital (deficiency), end of the year .....	<u>\$(3,230)</u>	<u>\$(3,988)</u>	<u>\$(8,379)</u>	<u>\$ 71,696</u>	<u>\$199,403</u>

# GULL LAKE IRON MINES LIMITED

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 1977

1. Accounting policies

Since the Company is in the exploration stage, a statement of income is not presented. Interests in mining properties held are stated at the valuation assigned on acquisition and no adjustment is made unless a property is abandoned. Exploration and administration expenditure related to mining properties held is carried as a deferred charge.

With retroactive effect to the year ended June 30, 1976 prospectus and financing expense (previously included as an administration expenditure) has been written off to deficit and the financial statements have been restated accordingly.

2. Deferred charges

Expenditures related to proposed financing .....	\$7,470
Deposit under property acquisition agreement (note 5) (U.S. \$1,000) .....	<u>1,057</u>
	<u>\$8,527</u>

3. Share capital

(a) During the year ended June 30, 1977 the Company issued 431,250 shares of its capital for \$187,500 pursuant to an underwriting agreement.

(b) The following is a summary of the issued share capital.

Issued for:	Shares	Amount
Cash .....	1,684,255	\$410,455
Mining claims .....	<u>900,000</u>	<u>90,000</u>
	<u>2,584,255</u>	<u>\$500,455</u>

4. Underwriting

By agreement dated July 7, 1977, an underwriter has firmly agreed to purchase 225,000 shares of the Company's capital at 75 cents per share (\$168,750) payable as to \$67,500, \$56,250 and \$45,000 within 30 days, 60 days and 90 days of the date of acceptance for filing of the Company's prospectus by the Ontario Securities Commission (the effective date). The underwriter may terminate the agreement prior to the effective date for any reason.

In consideration of the aforesaid underwriting, the Company has agreed to issue a further 36,000 shares of its capital to the underwriter without further payment.

5. Subsequent transaction

Pursuant to an agreement dated May 11, 1977, as amended, the Company has completed the purchase of certain oil and gas leases comprising 1,032 acres located in Liberty Township, Ohio, U.S.A. at a price of U.S. \$10,320 of which U.S. \$1,000 had been paid as a deposit (note 2).

The Company also paid U.S. \$2,400 to acquire an option for a period of six months from August 4, 1977, on a further group of oil and gas leases comprising 800 acres in Liberty Township, Ohio. This option is exercisable in whole or in part by payment of a further U.S. \$7.00 per acre.

These leases are subject to production royalties.

6. Statutory Information

The aggregate direct remuneration paid to directors and senior officers of the Company during the year ended June 30, 1977 was \$700. In addition, a director was paid \$4,450 for engineering services.

There are no other material facts.

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

DATED this 31st day of August, 1977.

**FRANK CADESKY**  
Chief Financial Officer

**FRED MUNGER**  
Chief Financial Officer

**WALTER ANDREW CARTER**  
Director

**ARTHUR JOHN FORTENS**  
Director

**PROMOTER**

**FRANK CADESKY**

**UNDERWRITER**

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of The Securities Act (Ontario) and the regulations thereunder.

DATED this 31st day of August, 1977.

**M. RASH & CO. LIMITED**

Per: M. Rash

The Underwriter, acting as principal, will offer the underwritten shares over-the-counter in the Province of Ontario at the price set forth above. Sales of the underwritten shares may also be made through other registered dealers acting as agents or principals. Registered dealers acting as principals, may receive all or any part of the Underwriter's discount of 75¢ per share and registered dealers acting as agents, may be paid commissions not exceeding 37½¢ per share.

#### Secondary Offering

111,823 shares consisting of 61,823 shares owned by the Underwriter and 50,000 shares owned by Cedre Corporation, (the "Selling Shareholder") will be offered for sale over-the-counter in the Province of Ontario. In October, 1976, 75,823 shares of the Company were released from escrow to Frank Cadesky insofar as exploration expenditures carried out by the Company to such date had served to enhance the value of the Company's iron claims situate in Phyllis and Scholes Townships, Ontario. The 50,000 shares to be offered by the Selling Shareholder form a portion of the shares released from escrow and the remaining 25,823 shares were sold to the Underwriter for the consideration of 5¢ per share (\$1,291.15 in total) for acting and continuing to act as the Company's financial sponsor. In consideration of the underwriting by the Underwriter of 225,000 shares of the Company to net the Company \$168,750, the Company has agreed to allot and issue to the Underwriter, without further payment, an additional 36,000 bonus shares. These shares, together with the 25,823 shares acquired from the Selling Shareholder, constitute the secondary offering by the Underwriter.

Sales by the Selling Shareholder will be made through registered dealers acting as his agent, who may be paid commissions and selling expenses not exceeding 40% of the selling price of the shares sold. The Underwriter is itself, a registered dealer. Sales of shares by the Underwriter may be made by it to the public or through other registered dealers acting as agents who may be paid commissions not exceeding 25% of the selling price of the shares so offered. None of the aforementioned 111,823 shares will be offered for sale until all of the 225,000 underwritten shares have been taken down, paid for and sold to the public.

With respect to all of the shares offered by this prospectus, the Underwriter and Selling Shareholder may be said to realize a profit before expenses in an amount equal to the amount by which the price paid for such shares is less than the price at which said shares are sold to the public. Reference is made to the caption "Principal and Selling Shareholder" for further particulars of the ownership of shares of the Company by the Underwriter and the Selling Shareholder.

#### Further Offering

As the result of purchases and sales of the Company's shares, the Underwriter was the beneficial owner on August 31st, 1977, of 83,339 shares. Such shares if offered for sale by the Underwriter, would not be in the course of distribution to the public and the proceeds of such sales will not accrue to the Company. The said 83,339 shares will not be offered until all of the 225,000 underwritten shares and 111,823 secondary shares have been sold. Reference is made to the caption "Principal and Selling Shareholder" for further particulars.

#### DESCRIPTION OF CAPITAL STOCK

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





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REPORT OF

GULL LAKE IRON MINES LIMITED

SCHOLLS TWP., ONTARIO

By

Jack G. Willars B.A.Sc., P. Eng.

Consulting Mining Geologist

New Liskeard, Ontario

August 6, 1976.



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TABLE OF CONTENTS

	<u>Page No.</u>
Summary	- 1-2
Introduction	- 3
Accessibility and Topography	- 3-4
History	- 4
General Geology	- 5
Local Geology	- 5
Mineral Deposits	- 5-6-7
Conclusions	- 7-8
Recommendations	- 9
Certificate	- 10
References	- 11

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GULL LAKE IRON MINES LIMITED

SCHOLES TWP., ONTARIO

REPORT BY

JACK G. WILLIAMS B.A. Sc., P. Eng.  
CONSULTING MINING GEOLOGIST

SUMMARY

Gull Lake Iron Mines Limited owns twenty-nine contiguous, surveyed mining claims comprising 1,222.12 acres in the northeast part of Scholes Twp., Sudbury Mining Division, Ontario. These claims are numbered 37809, 46582 to 46599 inclusive, 46712 to 46720 inclusive, 47020 and 47021. The property is mineralized with banded magnetite iron formation and is considered a prospective iron deposit.

In the immediate area three quarters of a mile to the northwest, Eagle Rock Iron Mines has sunk a shaft 1,177 feet deep and performed 63,582 feet of diamond drilling. A deposit of 327,867,000 tons of 26.93% acid soluble iron underlying a capping of diabase and sedimentary rocks 950 feet thick has been outlined. Sherman Iron Mines is producing iron pellets sixteen miles to the northeast.

Two parallel magnetic anomalies about 2,000 feet apart and parallel to Eagle Rock's deposit are located on Gull Lake Iron Mines property. The northwest anomaly is 4,400 feet long and the southeast anomaly is 3,600 feet long. Both have been proven to be caused by banded magnetite iron formation.

Drilling of the northwest anomaly has indicated two parallel iron formation bands separated by a narrow porphyry dike. The south band was assayed and an average width of 100 feet for a length of 1,000 feet contained 26.6% acid soluble iron. This formation appears to be pinching 2,000 feet on strike to the northeast. It is overlain by 50 to 125 feet of sedimentary rocks.

Recent drilling of the southeast anomaly has indicated a deposit of 24.55% acid soluble iron 1500 feet long and 110 feet true width underlying sedimentary rocks 280 feet to 420 feet thick.

It is concluded that further investigation by diamond drilling is warranted on both anomalies and in my opinion the work recommended is justified.

Four diamond drill holes totalling 5,000 feet and spaced at 400 foot intervals are recommended to test the northeast and southwest extensions of the iron formation of the southeast anomaly. Relocation of the northwest anomaly to guide exploration and four diamond drill holes totalling 2,000 feet and spaced at 400 foot intervals are recommended to further test this deposit. The total cost of this program is estimated to be \$99,700.00.

GULL LAKE IRON MINES LIMITED

REPORT ON

SCHOLES TWP. IRON PROPERTY  
SUDBURY MINING DIVISION  
ONTARIO

INTRODUCTION

Gull Lake Iron Mines Limited owns twenty-nine contiguous, surveyed mining claims located in the northeast part of Scholes Township, Sudbury Mining Division, Ontario. The claims are numbered 37809, 46582 to 46599 inclusive, 46713 to 46720 inclusive, 47020 and 47021, and they comprise 1,222.12 acres.

Subsequent to a report dated May 8, 1975, which was submitted to the Ontario Securities Commission, the author supervised a diamond drilling program totalling 3,778 feet on the property. This present report was prepared to update the records and for submission to the Ontario Securities Commission to accompany a prospectus of Gull Lake Iron Mines Limited.

ACCESSIBILITY AND TOPOGRAPHY

The property is located at Gull Lake which is approximately 20 air miles southwest of Temagami, Ontario, and 50 air miles northeast of Sudbury, Ontario. Access to the area by road is provided by Highway 805 north from River Valley to Emerald Lake from which a private lumber road open to the public extends to Gull Lake. River Valley is located on the Canadian National Railway line approximately twenty-five miles south of the property and is connected by Highways 64 and 599 to Highway 17.

A hydroelectric power transmission line is located about ten miles south of the property and a natural gas pipe line passes within a few miles of the property.

The area is characteristic of the rugged Temagami region. Remnants of an eroded diabase sill contribute to the steep cliffs and high hills surrounding an area of gently rolling topography. Scattered lakes and swamps occur between the hills. Timber consisting chiefly of pine and spruce has been harvested by local timber firms.

#### HISTORY

During 1952 Dominion Gulf Company conducted geological and magnetometer surveys of part of this property and part of the Eagle Rock Iron Mines property three quarters of a mile to the northwest. The northwest magnetic anomaly of Gull Lake Iron Mines was defined at this time. No records of further work were located.

During 1956 and 1957 Mining Geophysics Co. Ltd. conducted a resistivity survey and subsequently three diamond drill holes totalling 1,338 feet were sunk. No sulphide deposits were located. Iron formation was located on each of the two magnetic anomalies in the drilling.

Subsequently Gull Lake Iron Mines Limited acquired the property and conducted their own magnetometer surveys and sunk eight diamond drill holes totalling 4,888.5 feet during the period 1959 and 1960. The author conducted a magnetometer survey of part of Gull Lake during April, 1970.

During June and July of 1976, a program of diamond drilling consisting of 3,778 feet was carried out on the southeast magnetic anomaly.

#### GENERAL GEOLOGY

The rocks of the area are all of Precambrian age, the oldest of which are steeply dipping east-west trending Keewatin volcanics and sediments including banded iron formation. These rocks are overlain by flat lying Cobalt sediments of Huronian age which in turn have been intruded by a flat sheet of Nipissing diabase rocks. Erosion of the diabase has created a window and exposed the Cobalt sediments on Gull Lake Iron Mines property.

#### LOCAL GEOLOGY

Approximately half of the Gull Lake Iron Mines property consists of water. The surface rocks of the land portion consist of relatively flat lying Cobalt sediments except in the south where high hills of Nipissing diabase rocks occur. The contact between these two rocks is believed to be horizontal and located about lake level at Gull Lake.

Faulting on the property is indicated in N. 15° E, N. 25° W, and east-west directions.

#### MINERAL DEPOSITS

Prospecting for minerals has been carried out in the area for the past 150 years. During the period 1937 to 1941 gold was produced from the New Golden Rose Mine six miles west of Gull Lake Iron Mines property. Six miles to the east,

Temagami Mining Co. recently ceased production of copper. Sixteen miles northeast of Gull Lake Sherman Iron Mines is producing iron pellets from banded magnetite iron formation. Ten miles northeast of Gull Lake is a deposit of banded iron formation east of Kokoto Lake. Northwest of Gull Lake and three quarters of a mile away is the property of Eagle Rock Iron Mines Ltd. which has an estimated 327,867,000 tons of 26.93% acid soluble iron underlying a capping of diabase and sedimentary rocks about 950 feet thick. A shaft 1,177 feet has been sunk and a total of 69,382 feet of diamond drilling was done.

Ground magnetic surveys have defined two northeasterly trending anomalies in Gull Lake Iron Mines property. They are parallel and about 2,000 feet apart and appear to dip towards each other. The northwest anomaly is 4,400 feet long and the southeast anomaly is 3,600 feet long.

Four holes totalling 1,802 feet were drilled into the northwest anomaly and established the presence of magnetite iron formation under a capping of sediments 50 to 125 feet thick. The iron occurs in two separate bands both dipping south and separated by a narrow feldspar porphyry dike. The southerly band is an average of 100 feet wide, 1,000 feet long and contains 26.6% acid soluble iron. A hole drilled 2,000 feet northeast and on strike intersected two narrow bands of iron formation considered to be uneconomic. The iron formation appears to be pinching out in this direction.



Previously four holes totalling 3,086.5 feet were drilled into the southeast anomaly and established the existence of magnetite iron formation under a capping of sediments about 350 feet thick. One hole was abandoned; two vertical holes entered a pre-sedimentary dike and the fourth hole intersected a true width of 450 feet of magnetite iron formation. A continuous length of 122.9 feet assayed over 25% acid soluble iron.

During June and July of 1976, three holes totalling 3,778 feet were drilled on the southeast anomaly to systematically explore it. Iron formations were intersected in all of the holes. It is calculated that a deposit of iron minerals containing 24.55% acid soluble iron which is 1,500 feet long and a true width of 110 feet exists below a thickness of 280 feet to 420 feet of overlying sediments. This section of mineral would contain 16,500 tons per vertical foot. The magnetic results indicate that the iron formations extend 1,000 feet to the northeast and 1,100 feet to the southwest.

#### CONCLUSIONS

Previously ground magnetic surveys outlined two parallel anomalies trending northeast across Gull Lake Iron Mines property about 2,000 feet apart. The northwest anomaly is 4,400 feet long and the southeast anomaly is 3,600 feet long. Both have been proven by diamond drilling to have resulted from banded magnetite iron formation.

Cont. C'd.

-8-

Recent and additional diamond drilling of the southeast anomaly has outlined an average of 24.55% acid soluble iron over a length of 1,500 feet with an average true width of 110 feet. The magnetics indicate that this deposit extends 1,000 feet northeast and 1,100 feet southwest. A capping of overlying sediments is 280 feet to 420 feet thick.

To date widespread drill holes on the northwest anomaly have indicated an iron formation band 100 feet wide and 1,000 feet long containing 25.6% acid soluble iron. This was calculated from two holes spaced 1,000 feet apart. Overlying sediments are 50 feet to 125 feet thick and the iron mineral bands appear to narrow 2,000 feet to the northeast.

It is concluded that further investigation by diamond drilling is warranted on both the southeast and the northwest anomalies.

RECOMMENDATIONS

Whereas additional investigation by diamond drilling is warranted on both anomalies an exploration program as outlined below is recommended.

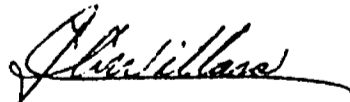
Southeast Anomaly

Four holes at 400 Ft. interval spacing to test extension of iron formation 5,000 Ft. @ \$12.00 per foot	- \$60,000.00
---------------------------------------------------------------------------------------------------------------	---------------

Northwest Anomaly

Relocation of Magnetics	- \$ 3,200.00
Four holes @ 400 Ft. interval spacing to fill in and test extension of iron formation 2,000 Ft. @ \$12.00 per foot	- \$ 24,000.00
Supervision and expenses	- \$ 8,000.00
Assaying and contingency allowance	- <u>\$ 4,500.00</u>
TOTAL	- <u>\$ 99,700.00</u>

Respectfully submitted,



J.G. Willars B.A. Sc., P.Eng.  
Consulting Mining Geologist

New Liskeard, Ontario.


August 6, 1976

CERTIFICATE

This is to certify that:

1. I am a graduate in Mining Geology from the University of Toronto in 1951, and I hold the degree of Bachelor of Applied Science and I have been practising my profession for the past twenty-five years.
2. I am a member in good standing of the Association of Professional Engineers of Ontario, and am certified as a Consultant, and I reside and hold office at 127 Lakeshore Road, New Liskeard, Ontario.
3. I have no direct, indirect or anticipated interest in the properties mentioned in this report nor in the securities of the Company to which they belong.
4. My report is based on research of all available material recorded in the Reference, supervision of a drilling program during June and July, 1976, familiarity with the geological area, and my experience as an Exploration Geologist.

New Liskeard, Ontario  
August 6, 1976.

  
Jack G. Willars B.A.Sc., P.Eng.  
Consulting Mining Geologist.

REFERENCES

- O.D.M. Preliminary Geology Map 929 - Scholes Twp. 1974  
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- C.S.C. Aeromagnetic Map 15020 1 inch to 1 mile.
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- Gull Lake Iron Mines Ltd.  
E.P. Wagner, B.A.Sc., Feb. 19, 1960, Magnetometer Survey  
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Prospectus Report-Aug. 19, 1960 - W.A. Carter  
Prospectus Report-April 28, 1950 - A.C.A. Howe  
Magnetometer Survey - Sept. 21, 1959 - H.J. Bergmann  
Prospectus Report June 22, 1959.  
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Map 1" - 300' of E.P. Wagner, Wagner-Hills  
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Report of Diamond Drilling of South Zone by  
W.A. Carter, June 27, 1960.  
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Beneficiation of Magnetite Ore from Gull Lake Iron Mines  
-Technical Service Laboratories, Nov. 27, 1959.

# DIAMOND DRILL RECORD

Hole No. 76-1

Sheet No. 1

Property.. GULL LAKE IRON MINES LTD.  
 Location.. Scholes Twp - Claim 46584

Latitude.. 500' N of Post 3  
 Departure 950' S of Post 3  
 Bearing.. N 50°

	Dip
.....	minus 45°
..... 200'	-47°
..... 400'	-42°
..... 600'	-42°
..... 800'	-35°
..... 1000'	-30°
Total Footage 1157'	-27.5°

Elev. Collar..... Surface  
 Datum.....  
 Date Started..... June 12, 1976  
 Date Completed June 21, 1976  
 Drilled by... Morissette D.  
 Logged by.....  
 Core size : AOWL

Footage		Formation	Sample Number	Sample Footage	Sample Width	Gold Sample	Gold Sludge	Remarks
From	To							
0	58.0	Casing						
58.0	150.0	COBALT GREYWACKE : Hard, very fine grained well banded at 45° to the core axis, medium grey coloured rock with alternate hard light coloured siliceous sections. Contains minor formational pyrite. Sparse pebbles.						
150.0	443.0	COBALT CONGLOMERATE: from 150' starting to increase in amount of pebbles and boulders. Red and pink granite boulders. Formational pyrite. Chert and jasper pebbles. 1/4" angular fragments near the bottom.						
443.0	507.5	IRON FORMATION: Sedimentary taconaito iron formation of keewatin age rocks. Well banded at 55° to the core axis at top. From 443' to 446.3' siliceous fine grained sediments. From 446.3 to 457.8 iron formation From 457.8 to 469 green lava rocks. (467') From 469 to 472.5' 1/8" bands magnetite From 472.5 to 477.8 Green lava rocks From 477.8 to 480.3 Magnetite bands From 480.3 to 485 Interbanded iron formation and lava rocks From 485 to 491.6 Magnetite with red jasper From 491.6 to 500' Interbanded lava and iron formation From 500'to 507.5 Red Jasper and magnetite.	#2834 #2835 #2836 #2837 #2838 #2839 #2840	11.5' 3.5' 2.5' 4.7' 6.6' 8.4' 7.5'	19.31 26.93 14.55 9.90 27.23 14.75 25.25			
507.5	607.0	? DIKE ROCK : Mottled light green epidote grans with medium green coloured grained in a granular rock. From 589 to 591 Sootly black magnetite From 595 to 604 Ground core.						

**DUPLICATE COPY  
 POOR QUALITY ORIGINAL  
 TO FOLLOW**



# DIAMOND DRILL RECORD

Hole No. 76-1

Sheet No. 3

Property  
Location

Latitude  
Departure  
Bearing

Dip

Elev. Collar  
Datum  
Date Started  
Date Completed  
Drilled by  
Logged by

Total Footage

Footage		Formation	Sample Number	Sample Footage	Sample Width	Gold Sample	Gold Sludge	Remarks
From	To							

1064	1077	LAVA ROCKS : Banded schistic green rock with quartz-carbonate bands.						
1077	1157	? DIKE ROCK : As above at 629.3' to 913' Granular, mottled light green and dark green rock with grains of epidote. Red hematite on the fractures. Quartz-carbonate near the top.						
	1157	END OF HOLE.						

**DUPLICATE COPY  
POOR QUALITY ORIGINAL  
TO FOLLOW**



## DIAMOND DRILL LOG

D. D. HOLE NO. 76-1PROPERTY GULL LAKE IRON MINES LTD.PAGE 2

FROM	TO	DESCRIPTION	SAMPLE NO.	CORE LENGTH	ASSAY RESULT
		From 621' to 624' Green lava	2343	3.0'	10.59
		From 624' to 629.3' Finely banded magnetite and purple jasper at 45' to core.	2844	5.3'	25.74
629.3'	913'	? DIKE ROCK As above. From 600' on mottles of light green epidote. Also dark green mafic grains. sparse small quartz-feldspar veinlets.			% Acid Fe
913'	1064'	Iron formation As above in general. Red jasper predominant to 932' contains fine grained magnetite.			
		From 913' to 922' fine grained magnetite	2345	9.0'	30.49
		From 922' to 932' "	2346	10.0'	26.93
		From 932' to 942' grey cherty bands with magnetite bands.	2347	10.0'	28.26
		From 942' to 950' "	2348	14.0'	26.09
		From 950' to 964' "	2349	8.0'	25.44
		From 964' to 973' grey cherty sediments interbanded with black chert 5 mag.	2350	9.0'	21.83
		From 973' to 981' ground core			
		From 981' to 990' as above at 964'-981'	2351	9.0'	19.36
		From 990' to 1000' as above - bands at 900'	2352	10.0'	19.75
		From 1000' to 1010' as above - bands at 45'	2353	10.0'	25.99
		From 1010' to 1014.5' as above in part bx.	2354	4.5'	23.02
		From 1014.5' to 1016' ground core			
		From 1016' to 1019.5' sediments with mag.	2355	3.5'	10.41
		From 1019.5' to 1030' iron formation in part becciated.	2356	10.5'	24.40
		From 1030' to 1040' 1/3 sediments, 2/3 magnetite, some pyrite, banding cross faulted.	2357	10.0'	23.91
		From 1040' to 1050' Fine grained magnetite in sediments. Red jasper	2358	10.0'	24.50
		From 1050' to 1060'	2359	10.0'	22.08
		From 1060' to 1064'	2360	4.0'	22.42
1064'	1077'	LAVA ROCKS Banded schistic green rock with quartz-carbonate bands.			
1077'	1157'	? DIKE ROCK As above at 629.3' to 913' Granular, mottled light green and dark green rock with grains of epidote. Red hematite on the fractures. Quartz-carbonate near the top.			
	1157'	END OF HOLE.			

SIGNED


  
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 CONSULTING MINING GEOLOGIST

DIAMOND DRILL LOG

D. D. HOLE NO. 76-1

PROPERTY GULL LAKE IRON MINES LTD.

PAGE 1

LOCATION Joholen Twp. - Claim 46504

TEST

DEPTH OF HOLE 1157'

COLLARI LAT. 500' S of post 3

At 200'

-47°

STARTED June 12, 1976

DEPT. 950' S of post 3

400'

-42°

COMPLETED June 21, 1976

ELEV. Surface

800'

-30°

DRILLED BY Murielotte L.

BEARING N 50° E

1000'

-30°

CORE SIZE 40ML

DIP minus 45°

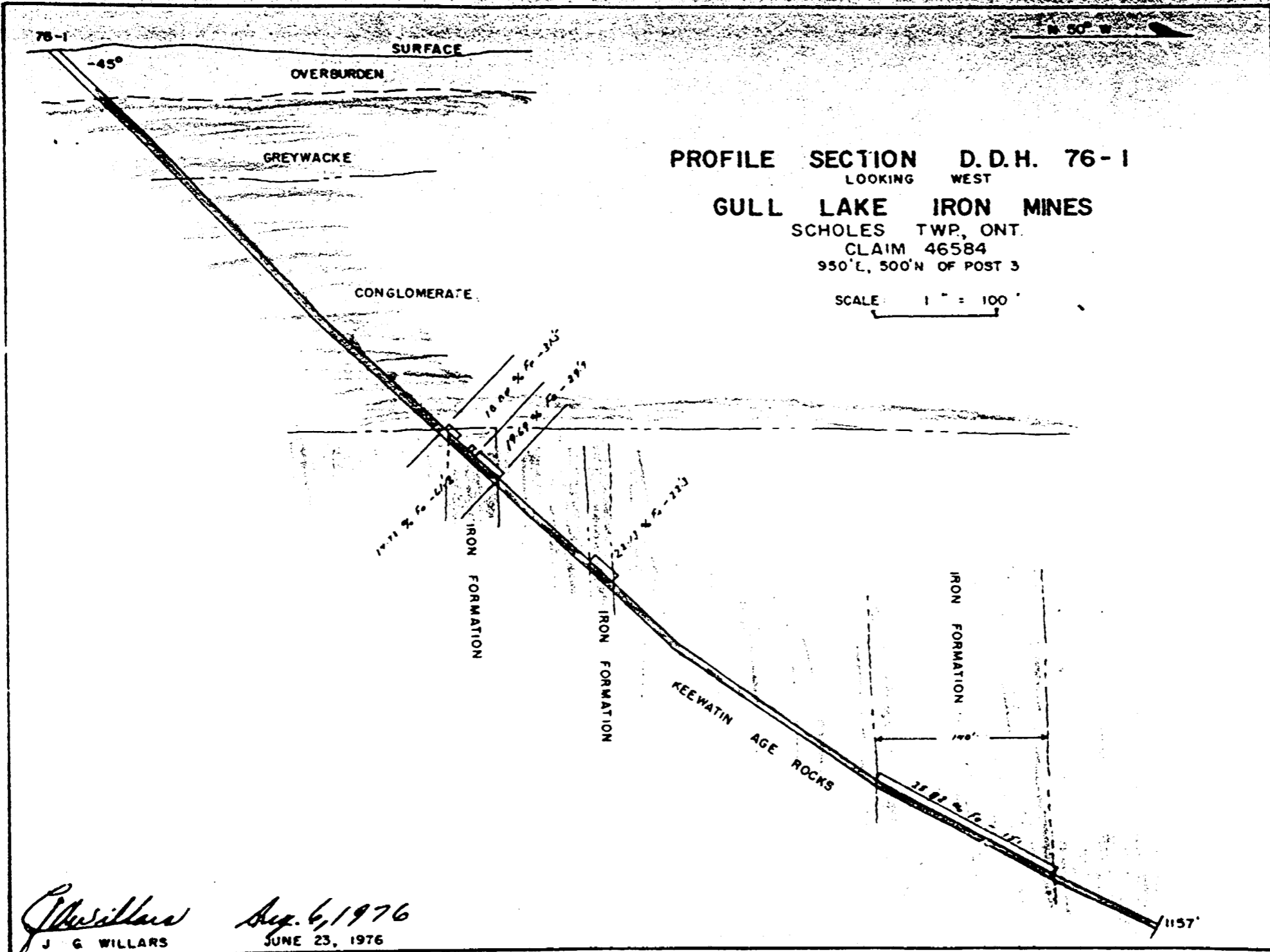
1157'

-27-5°

FROM	TO	DESCRIPTION	SAMPLE NO.	CORE LENGTH	ASSAY RESULT
0	38'	CASING			Acid
38'	150'	CONGLOMERATE Hard, very fine grained well banded at 45° to the core axis, medium grey coloured rock with alternate hard light coloured siliceous sections. Contains minor formational pyrite. Sparso pebbles.			
150'	443'	CONGLOMERATE Fm 150' starting to increase in amount of pebbles and boulders. Red and pink granite boulders. Formational pyrite. Chert and jasper pebbles. 1" angular fragments near the bottom.			
443'	507.5'	IRON FORMATION Sedimentary taconite iron formation of Keewatin are rocks. Well banded at 55° to the core axis at top. From 443' to 446.3' siliceous fine grained sediments. From 446.3' to 468.3' iron formation From 468.3' to 469' green lava rocks. b. 467' From 469' to 472.5' 1/3" bands magnetite From 472.5' to 477.8' green lava rocks From 477.8' to 480.3' magnetite bands From 480.3' to 485' interbanded iron formation and lava rocks. From 485' to 491.6' Magnetite with red jasper From 491.6' to 500' interbanded lava and iron formation. From 500' to 507.5' Red jasper and magnetite	2894 2895 2896 2897 2898 2899	11.51 3.5' 2.5' 4.7' 6.6' 9.4' 7.5'	19.31 26.93 14.55 9.90 27.23 14.75 25.25
507.5'	607'	? LIKE ROCK Medium light green epidote grains with medium green coloured grains in a granular rock. From 589' to 591' Sooty black magnetite. From 595' to 604' Ground core.			
607'	622.2'	IRON FORMATION As above at 443' to 507.5' chiefly. From 607' to 616' Interbanded lava and iron formation. From 616' to 621' As above	2941 2942	9.0' 5.0'	24.65 20.69

SIGNED

*Jack G. Willars*  
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CONSULTING MINING GEOLOGIST



*J. G. Willars*  
 J G WILLARS

*Aug. 6, 1976*  
 JUNE 23, 1976

DIAMOND DRILL LOG

D. D. HOLE NO. 76 - 2

PROPERTY GULL LAKE IRON MINES LTD.

PAGE 1

LOCATION Scholes Twp. - Claims 46589, 86, 20 TEST  
 COLLAR: LAT. 330' due north of At 200' -42.5°  
 DEPT. post 2 - claim 46589 400' - 40°  
 ELEV. Surface 600' -36°  
 BEARING S 67°E 800' -31.5°  
 DIP minus 50° 1000' -25°  
 1300' -13°

DEPTH OF HOLE 1394'  
 STARTED June 25, 1976.  
 COMPLETED July 5, 1976.  
 DRILLED BY Morissette D.L.  
 CORE SIZE AQWL

FROM	TO	DESCRIPTION	SAMPLE NO.	CORE LENGTH	ASSAY RESULT
0	58'	CASING			Acid Sol
58'	645.5'	CONGLOMERATE Small pebbles far apart to 149', then closer together. Banding at 35° to the core axis. From 227' and 232' are 12" banded iron formation boulders - some pyrite. From 309' to 310' brecciated sediments with 1/2" pyrite vein along the core. Fracturing along the core at 391' to 417' and 485' to 494'.			
645.5'	710'	? DIKE ROCK Granular epidotized rock as in 76 - 1. Four inches quartz at the contact.			
710'	766'	IRON FORMATION From 710' to 720' Some banded epidotized rock then good iron formation with red jasper bands alternating with Keewatin rocks. From 720' to 727.5' Mostly Keewatin rocks - some iron formation. From 727.5' to 733.5' as at #2860 From 733.5 to 743' Mostly Keewatin rocks. From 743' to 747' 75% iron formation From 747' to 757' 25% iron formation From 757' to 766' 35% iron formation at 70° to the core axis.	2861 2862 2863 2864 2865 2866 2867	10' 7.5' 6' 10.5' 3' 10' 9'	19.11 13.66 27.03 5.69 20.15 9.31 15.69
766'	911'	? DIKE ROCK Altered rock - medium green to light green colour - various grain size. Altered lava rock probably - contains dark chlorite spots.			
911'	916'	KEEWATIN SEDIMENTS Banded at 60° to the core axis, Contains epidote.			
916'	1057'	IRON FORMATION Red jasper and black chert banded with magnetite at 75° to the core axis. Some fine grained disseminated magnetite. Some crenulation of the banding observed.			

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DIAMOND DRILL LOG

D. D. HOLE NO. 76 - 2

PROPERTY GULL LAKE IRON MINES LTD.

PAGE 2

FROM	TO	DESCRIPTION	SAMPLE NO.	CORE LENGTH	ASSAY RESULT
		From 916' to 927' 8% magnetite 92% banded	2868	11'	8.66
		From 927' to *** sediments			
		940' - 2% iron formation/98% sediments	2869	13'	5.05
		From 940' to 950' Good iron formation	2870	10'	31.04
		From 950' to 963' Good iron formation	2871	13'	25.05
		From 963' to 973.5' 5% iron formation	2872	10.5'	10.99
		From 973.5' to 983' Good iron formation	2873	9.5'	26.09
		From 983' to 994' 90% iron formation	2874	11'	23.51
		From 994' to 1004' Good iron formation	2875	10'	17.51
		Banding 70°/80° to core			
		From 1004' to 1014' "	2876	10'	25.34
		From 1014' to 1024' "	2877	10'	20.05
		From 1024' to 1034' "	2878	10'	24.80
		From 1034' to 1044' "	2879	10'	23.51
		From 1044' to 1048.5' "	2880	4.5'	25.39
		From 1048.5' to 1052.5' Light green sediments	2881	4'	5.05
		From 1052.5' to 1057' Iron formation	2882	4.5'	16.58
1057'	1291'	<b>IRON FORMATION AND SEDIMENTS</b>			
		Short sections of iron formation alternating with sediments. Banding at 75° to the core axis. At 1062' poor iron formation. At 1071' and 1075' narrow iron formation with red jasper bands. Banding at 1077' in sediments is at 15° to the core axis. Alternate sections of fine grained cherty sediments with grits.			
		From 1057' to 1067' Intermittent iron formation and light green sediments. Some pyrite.	2883	10'	5.25
		From 1067' to 1077' As above at 2883	2884	10'	21.63
		From 1077' to 1087' Contorted iron formation - good iron formation	2885	10'	15.05
		From 1087' to 1097' As above at 2884	2886	10'	10.35
		From 1097' to 1107' as above	2887	10'	15.99
		From 1107' to 1112' as above	2888	5'	
		From 1112' to 1145' Light green sediments - not sampled.			
		From 1134.3' to 1135.4' Weak iron formation	<del>2889</del>		<del>16.58</del>
		From <del>1135.4'</del> 1141' to 1142' "			
		From 1145' to 1157' Weak iron formation	2889	12'	16.58
		From 1157' to 1167' "	2890	10'	19.85
		From 1167' to 1177' Cherty sediments and iron formation	2891	10'	13.86
		From 1177' to 1187' Fine grained disseminated magnetite in light green cherty sediments	2892	10'	14.21
		From 1187' to 1197' Cherty sediments and very weak iron formation.	2893	10'	16.83

SIGNED

*Jack G. Willars*  
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 CONSULTING MINING GEOLOGIST

## DIAMOND DRILL LOG

D. D. HOLE NO. 762PROPERTY GULL LAKE IRON MINES LTD.PAGE 3

FROM	TO	DESCRIPTION	SAMPLE NO.	CORE LENGTH	ASSAY RESULT
		From 1197' to 1200' Banded and disseminated iron (magnetite)	2894	3'	Acid Sol 20.05
		From 1200' to 1233' Light green banded sediments.			
		From 1233' to 1237' Weak banded iron formation	2895	4'	13.86
		From 1238' to 1241' Barren sediments	2896	4'	4.41
		From 1241' to 1246' Weak banded iron formation	2897	5'	9.65
		From 1246' to 1271' Granular light green sediments.			
		From 1271' to 1282' Banded magnetite with pyrite and light green sediments.	2898	11'	15.39
		From 1282' to 1291' As above-some black chert	2899	9'	11.39
1291'	1394'	ANDESITE Typical light green metamorphosed andesite lava with white quartz-carbonate seams and stringers at irregular angles to the core axis. Some pyrite cubes.			
	1394'	END OF HOLE			

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76-2

S 67° E

ISLAND

LAKE SURFACE

GULL LAKE

OVERBURDEN

# PROFILE SECTION D.D.H. 76-2

LOOKING EAST

## GULL LAKE IRON MINES

SCHOLES TWP, ONT

CLAIMS 46589, 86820

330' DUE NORTH OF POST 2  
OF 46589

SCALE 1" = 100'

COBALT CONGLOMERATE

KEEWATIN

ROCKS

IRON  
FORMATION

KEEWATIN

ROCKS

IRON  
FORMATION

KEEWATIN

ANDESITE 1394'

*Phillips* Aug. 6, 1976  
G WILLARS JULY 21, 1976

DIAMOND DRILL LOG

D. D. HOLE NO. 76 - 3

PROPERTY GULL LAKE IRON MINES LTD.

PAGE 1

LOCATION Scholes Twp.-Claim 46584

COLLARI LAT. 830' N of Post 2

DEPT. 350' W of Post 2

ELEV. Surface

BEARING N 50° W

DIP minus 50°

TEST  
At 300' -42°  
500' -41°  
900' -37.5°  
1227' -34.5°

DEPTH OF HOLE 1227'

STARTED July 9, 1976

COMPLETED July 16, 1976

DRILLED BY Morissette D.A.

CORE SIZE AQWL

FROM	TO	DESCRIPTION	SAMPLE NO.	CORE LENGTH	ASSAY RESULT
0	34'	CASING			% Acid Sol Fe
34'	204'	GEYWACKE Very hard fine grained grey bands interbanded with yellow-white bands Banding at 60° to core axis.			
204'	442'	CONGLOMERATE Small pebbles at top grading to larger pebbles as go deeper. Characteristic red granite pebbles and boulders of Cobalt age conglomerate are present. Angular fragments in last few feet at the base.			
442'	462'	KEEWATIN LAVA ROCKS Olive green coloured, fine to medium grained rock, partly brecciated as at the top of an old surface.			
462'	517.5'	IRON FORMATION Interbanded iron formation and sediments.			
		From 462' to 471.5' 50% iron formation and 50% sediments-some pyrite	2501	9.2'	17.13
		From 471.5 to 485 Barren sediments with pyrite.	2502	13.8'	6.39
		From 485' to 494' Red jasper bands with medium iron formation and magnetite	2503	9.0'	26.14
		From 494' to 504' Banded green sediments - minor iron formation	2504	10.0'	8.46
		From 504' to 512' Medium magnetite and red jasper, in part contorted banding - balance at 45°	2505	8.0'	20.84
		From 512' to 517.5' As above	2506	5.5'	24.40
517.5'	615.5'	? DIKE ROCK Medium grained granular rock as in 76 - 1 - contains dark green chlorite grains and light green epidote grains. Fine grained at bottom contact.			

SIGNED

*Jack G. Willars*  
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CONSULTING MINING GEOLOGIST



## DIAMOND DRILL LOG

D. D. HOLE NO. 76 - 3PROPERTY GULL LAKE IRON MINES LTD.PAGE 2

FROM	TO	DESCRIPTION	SAMPLE NO.	CORE LENGTH	ASSAY RESULT
615.5'	709.5'	IRON FORMATION As previously.			% Acid Sol Fe
		From 615.5' to 625' Red jasper bands predominant with magnetite at 45°	2507	9.5'	28.07
		From 625' to 630' As above	2508	5.0'	25.34
		From 630' to 640' Cherty - 5% magnetite	2509	10.0'	9.21
		From 640' to 650' Contorted green sediments with minor iron formation	2510	10.0'	13.56
		From 650' to 660' as above	2511	10.0'	11.09
		From 660' to 670' as above	2512	10.0'	12.03
		From 670' to 680' Green sediments interbanded with magnetite and disseminated magnetite.	2513	10.0'	23.27
		From 680' to 690' Brilliant red jasper with magnetite bands and some disseminated magnetite. Minor sediments	2514	10.0'	23.91
		From 690' to 702.5' Pinkish chert and medium magnetite bands.	2515	12.5'	19.50
		From 702.5' to 709.5' as above	2516	7.0'	22.67
709.5'	992.2'	? DIKE ROCK As in 517.5' to 615.5'			
92.2'	1140'	IRON FORMATION			
		From 992' to 1002' Medium magnetite and red jasper.	2517	10.0'	28.71
		From 1002' to 1011' as above	2518	9.0'	24.45
		From 1011' to 1017' as above	2519	6.0'	31.75
		From 1017' to 1027' as above	2520	10.0'	26.73
		From 1027' to 1037' Heavy magnetite bands up to 2"	2521	10.0'	31.48
		From 1037' to 1047' as above	2522	10.0'	24.75
		From 1047' to 1057' As above but last foot is green sediments	2523	10.0'	23.86
		From 1057' to 1067' 50% green sediments and 50% medium iron formation.	2524	10.0'	19.26
		From 1067' to 1077' Grey sediments interbanded with black magnetite	2525	10.0'	24.35
		From 1077' to 1086' Magnetite banding at 45°	2526	9.0'	20.89
		From 1086' to 1092' Medium green coloured sediments.	2527	6.0'	8.91
		From 1092' to 1102' 15% green sediments	2528	10.0'	24.26
		From 1102' to 1112' 10% green sediments	2529	10.0'	21.88
		From 1112' to 1120' 80% iron formation	2530	8.0'	22.67
		From 1120' to 1130' 50% green sediments	2531	10.0'	18.81
		From 1130' to 1140' as above	2532	10.0'	19.10

SIGNED

  
 JACK G. WILLARS, B. A. SC., P. ENG.  
 CONSULTING MINING GEOLOGIST

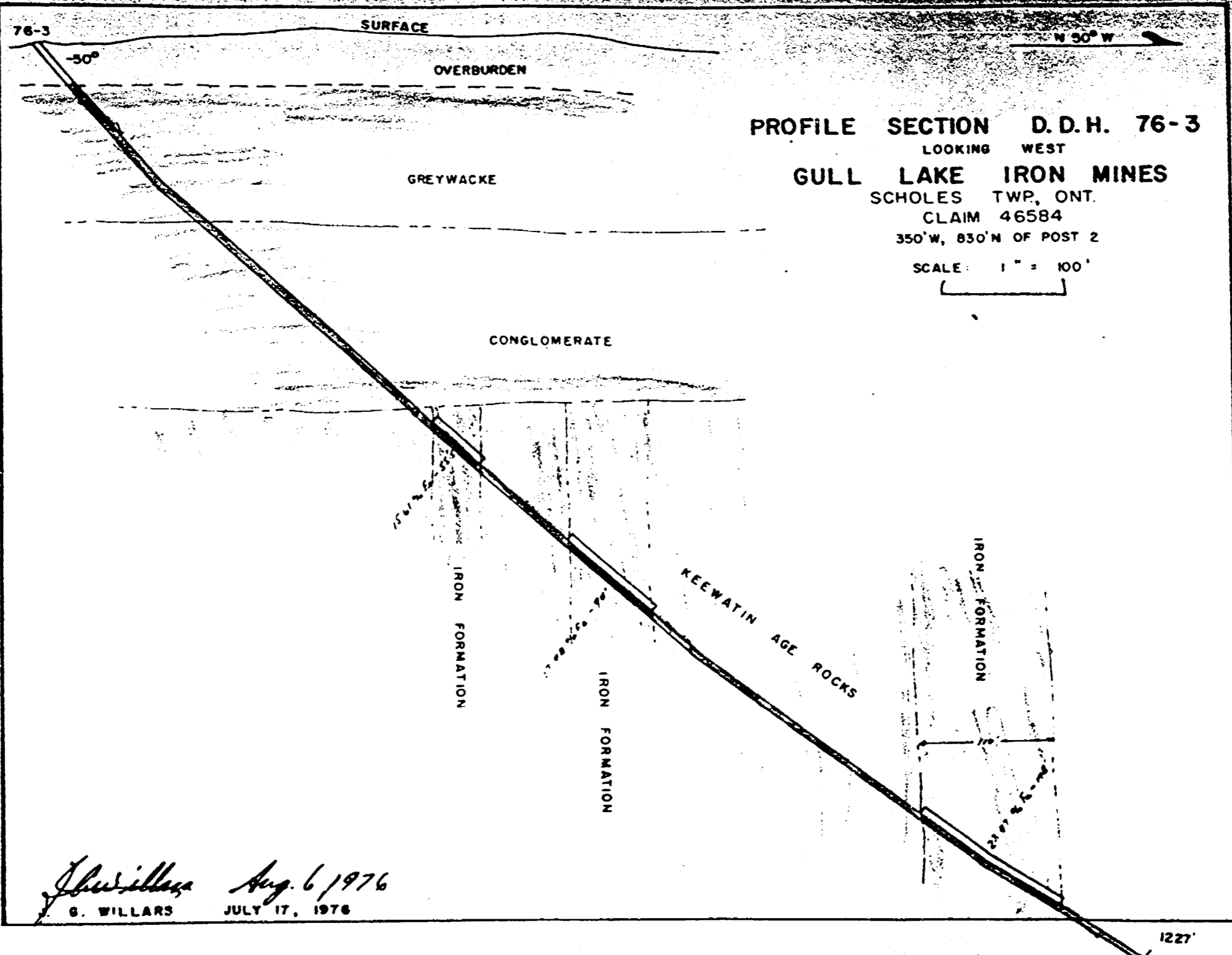
## DIAMOND DRILL LOG


D. D. HOLE NO. 76 - 3PROPERTY GULL LAKE IRON MINES LTD.PAGE 3

FROM	TO	DESCRIPTION	SAMPLE NO.	CORE LENGTH	ASSAY RESULT
1140'	1160'	KEEWATIN AGE SEDIMENTS Irregular and ghostly banding to 1160'			
1160'	1227'	KEEWATIN LAVA ROCKS Medium grained granular rock of medium green colour. Dark green grains (? chlorite) Some light green mottles.			
	1227'	END OF HOLE.			

SIGNED

*Jack G. Willars*  
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 CONSULTING MINING GEOLOGIST



**PROFILE SECTION D. D. H. 76-3**  
 LOOKING WEST  
**GULL LAKE IRON MINES**  
 SCHOLES TWP, ONT.  
 CLAIM 46584  
 350'W, 830'M OF POST 2  
 SCALE: 1" = 100'  


*G. Willars* Aug. 6, 1976  
 G. WILLARS JULY 17, 1976

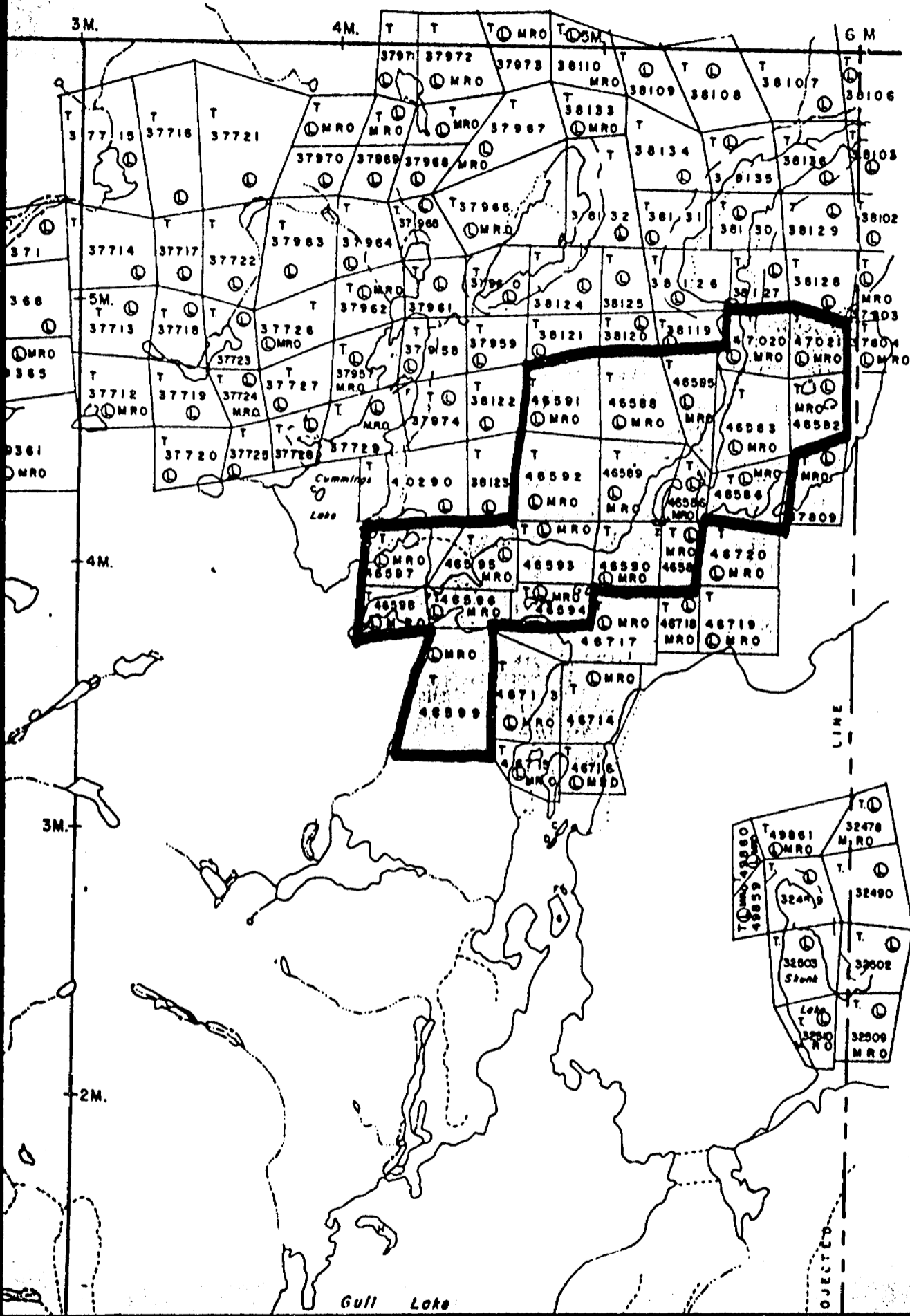
1227'

Scholes Twp. Gull Lake Iron Mines Rtd.

Aug. 31/77

Prospectus, 6 Sept. 4 May  
30DH (3778'). 4 sections

AST TWP. M.414



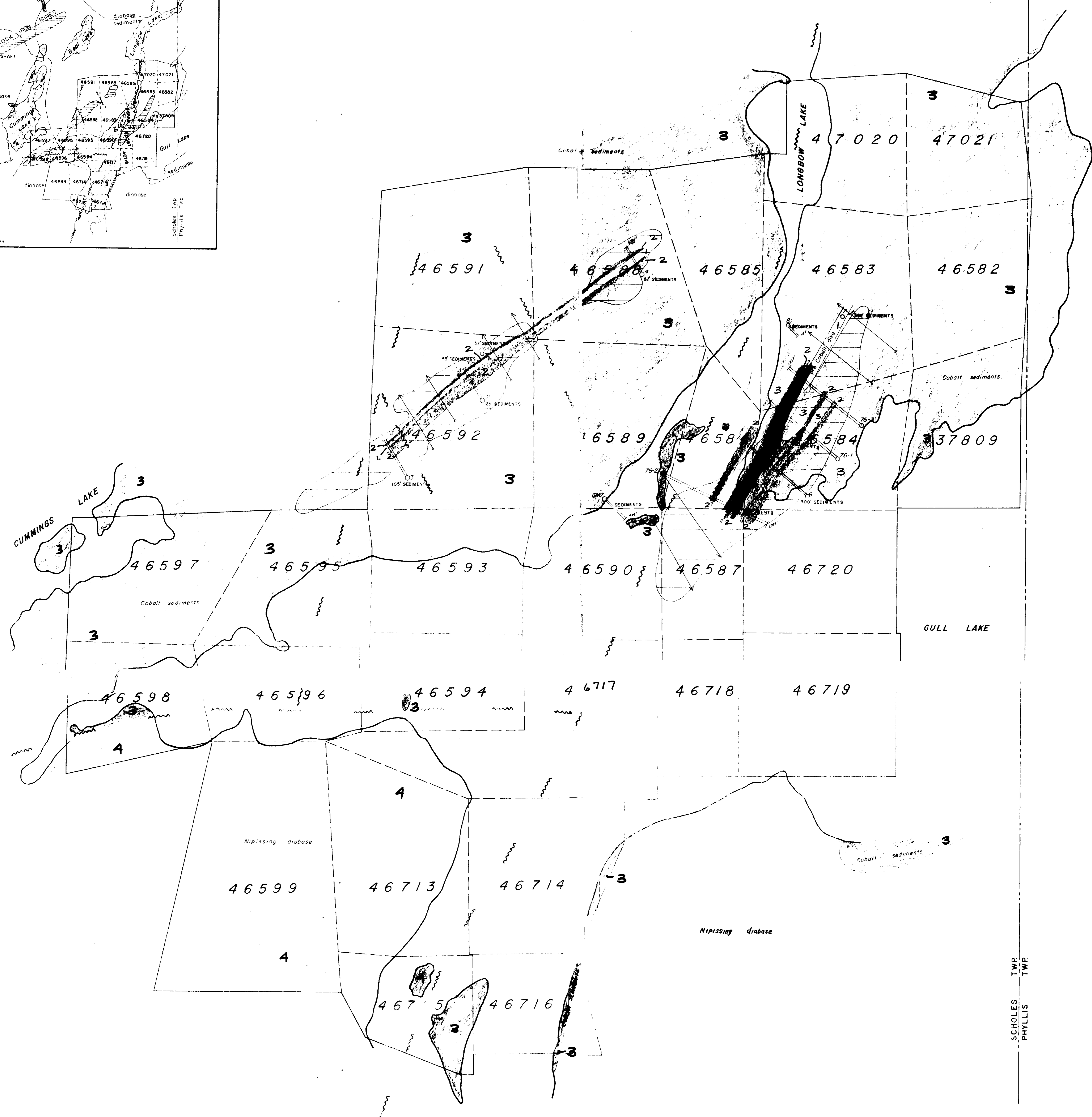
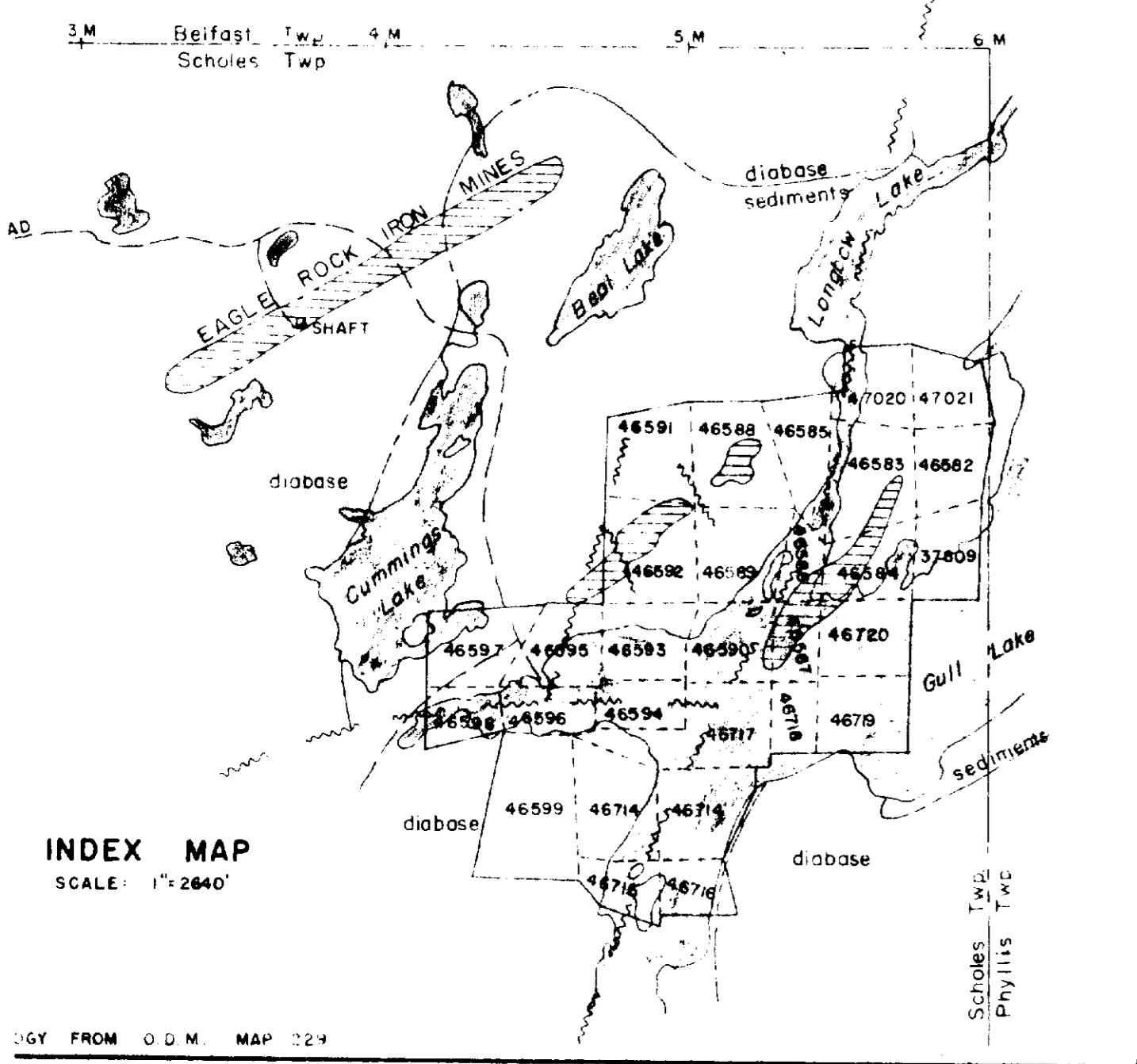
900

PHYLLIS TWP. M.567

FOR ADDITIONAL  
INFORMATION

SEE MAPS:

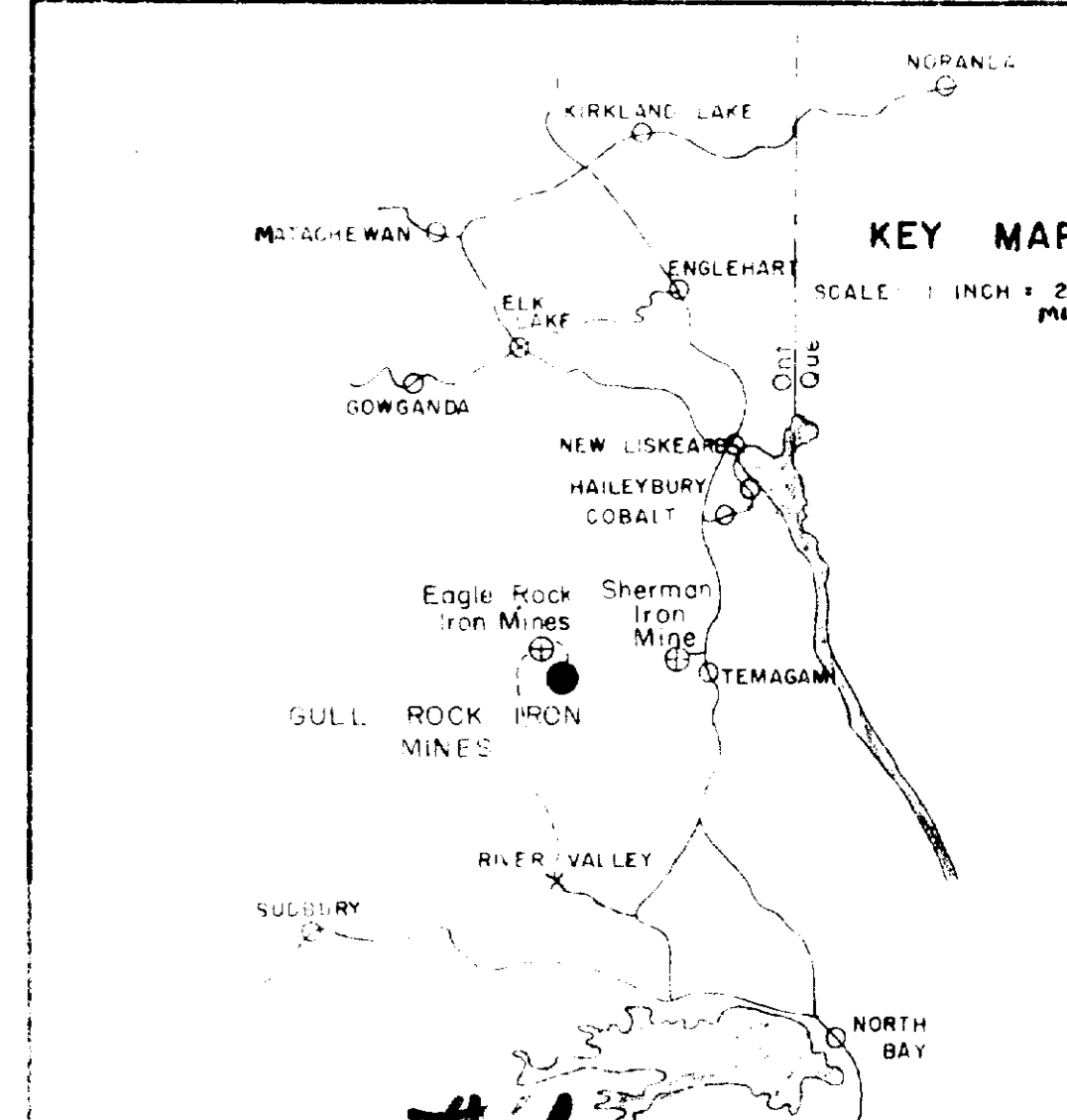
SCHOLES-0021 #1



- LEGEND**
- Magnetic anomaly
  - Assumed fault
  - Mining Geophysics diamond drill hole
  - Gull Lake Iron Mines diamond drill hole
  - Geological contact
  - Nipissing diabase
  - Cobalt sediments
  - Banded magnetite iron formation
  - Pre-Cobalt porphyry dike
  - Proposed diamond drill hole

**PROPERTY MAP**  
**GULL LAKE IRON MINES LTD.**  
 SCHOLLES TWP., ONT.  
 SCALE 1" = 400'

JACK B. WILLIAMS  
 Aug. 6, 1976  
 May, 1975



SCHOLLES=0021-#1

