

63.3388



41P11SW0272 63.3388 ASQUITH

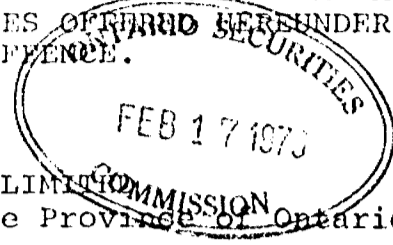
Geological Branch ODM
ASSESSMENT FILES
RESEARCH OFFICE

010

APR 14 1976

RECEIVED

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



NEW ISSUE

KAYAK EXPLORATIONS LIMITED
(Incorporated under the laws of the Province of Ontario)

Offering of 400,000 common shares
of which 200,000 are underwritten
and 200,000 shares are under option as follows:

Underwritten	Under Option (1)	Price Per Share to the Corporation	Net Proceeds to the Corporation	Maximum Offering Price Per Share to the Public
200 000		15¢	\$30,000	30¢
	100,000	20¢	\$20,000	40¢
	100,000	25¢	\$25,000	50¢
200 000	200,000		\$75,000	

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

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

SECONDARY OFFERING

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

THERE IS NO MARKET FOR THE SHARES OF THE CORPORATION.

THESE SHARES ARE SPECULATIVE SECURITIES. Reference is made to the information contained under the heading "Speculative Nature of the Offering" on page 9.

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

GORDON-DALY GRENADIER LIMITED
326 Adelaide Street West
Toronto, Ontario
M5V 1R3

TABLE OF CONTENTS

	<u>Page</u>
The Corporation	1
History and Business	1
Asquith Township Claims	2
Capitalization	8
Escrowed Shares	9
Speculative Nature of Offering	10
Offering	10
Use of Proceeds	12
Directors, Officers and Management	14
Remuneration of Directors and Senior Officers	15
Promoters	16
Interest of Management	16
Material Contracts	16
Principal Holders of Securities	18
Transfer Agent and Registrar	18
Auditors	18
Purchaser's Statutory Right of Withdrawal and Rescission	19
Financial Statements	21
Certificates	24

THE CORPORATION

KAYAK EXPLORATIONS LIMITED (hereinafter called "the Corporation") was incorporated under the laws of the Province of Ontario by Articles of Incorporation dated the 24th day of September, 1975, with an authorized capital of 3,000,000 shares without nominal or par value, provided that the said shares may not be issued for a consideration exceeding the sum of \$1,500,000 in the aggregate without further payment of the necessary additional fees required by the Minister of Consumer and Commercial Relations of Ontario. The head office of the Corporation is located at Suite 1014, 111 Richmond Street West, Toronto, Ontario.

HISTORY AND BUSINESS

The Corporation was recently incorporated for the general purpose of mining exploration and has acquired as its first venture fourteen mining claims in the central part of Asquith Township, District of Sudbury, Larder Lake Mining Division, Ontario, more particularly described below. The said claims are without known bodies of commercial ore and the proposed work program described herein is only exploratory in nature. There is no surface or underground plant or equipment located on the property and present management has not carried out any surface or underground exploration to date, although the Vendors carried out linecutting and electromagnetic and magnetometer survey over the entire property. The carrying out of additional

exploration work on the property will depend upon the results obtained from the first stages of exploration work proposed to be carried out by the Corporation, and also upon the funds which may be available to the Corporation, depending upon the success of the financing to be carried out under this prospectus.

ASQUITH TOWNSHIP CLAIMS

The fourteen mining claims held by the Corporation (hereinafter called the "Asquith Township Claims") are located in the central part of the West Shiningtree Gold Area. The property covers approximately 300 acres and is readily accessible by Provincial Highway 560 which passes through the north part of the claims group. The north-east corner of the property is approximately one-quarter of a mile west of the village of Shiningtree, which in turn is seventy miles west of New Liskeard and sixty miles south of Timmins. The official designations of the claims, the dates of staking and the expiry dates are set out below

<u>Claim No.</u>	<u>Date of Staking</u>	<u>Date of Expiry</u>
393501	August 25, 1974	September 23, 1976
393502	August 25, 1974	September 23, 1976
393503	October 27, 1974	November 14, 1976
393504	October 27, 1974	November 14, 1976
393505	August 26, 1974	September 23, 1976
393506	August 26, 1974	September 23, 1976
393507	August 27, 1974	September 23, 1976
393510	August 27, 1974	September 23, 1976
393511	August 27, 1974	September 23, 1976
393512	August 27, 1974	September 23, 1976
393514	January 2, 1975	January 21, 1977
393515	January 2, 1975	January 21, 1977
393517	January 2, 1975	January 21, 1977
393518	January 2, 1975	January 21, 1977

The Corporation holds an Ontario Prospector's Licence T 754 and the Asquith Township Claims are recorded in the name of the Corporation.

The Corporation's title to the claims is the usual title to unpatented mining claims in Ontario, namely the right to proceed under The Mining Act to explore and/or develop the claims and eventually to convert them into mining leases. This requires the performance of a total of two hundred days work per claim, and the carrying out of a survey. Subject to extension orders which may be obtained from time to time, twenty days work per claim must be performed and recorded within the first year from the date of recording and forty days work per claim must be performed and recorded yearly thereafter for the next three years and sixty days work per claim must be performed and recorded in the fifth year. As of the date hereof forty days assessment work has been performed and recorded on each claim by the Vendors, resulting in the expiry dates set out in the above chart. After two hundred days work has been performed and recorded and after land surveying, the claims are required to be brought to a twenty-one year lease in the ensuing year with annual rentals of one dollar per acre for the first year and twenty-five cents per acre thereafter. If the lease is for mining rights only, rentals for the second and subsequent years are at the rate of ten cents per acre. Mining leases are renewable generally for succeeding twenty-one year terms.

The following is a summary of the report of J. D. McCannell, Geologist, dated December 4, 1975 with respect to the

Asquith Township Claims. This report is available for inspection at the offices of the Ontario Securities Commission, 555 Yonge Street, Toronto, Ontario, and the head office of the Corporation.

The West Shiningtree Gold Area was the scene of considerable prospecting activity in the early part of the century and again during the 1920's and 1930's. Most of the ground included in the present claims group was privately held for many years and only recently came open for staking.

Exploration work in the past was confined to stripping and trenching at several locations on the ground, and a 70° inclined single compartment shaft in the northwest part of claim 393503, which is the northeast claim of the group. One small diameter drill hole casing was observed a short distance west of the common boundary between claims 393506 and 393515.

Two gold bearing quartz vein structures and a copper zone are known to occur on the claims group. One quartz vein structure extends in an east west direction through the shaft area and lines up on strike with a two foot quartz vein exposed in a trench on the east boundary of the property and 700 feet east of the shaft. Several samples of quartz taken by Mr. McCannell from the shaft dump and from the trench on the east boundary returned values ranging from traces to 0.08 ounces of gold per ton.

The second quartz structure consists of numerous northwest striking quartz stringers and veins exposed in a large rock trench, 265 feet long in a northwest-southeast direction and

located in the east part of claim 393515. There is a considerable amount of quartz material on the dump from this trench but it has been well picked over with only barren white quartz remaining. There is evidence of considerable carbonate alteration and much gossan associated with some of the quartz and the greenstone host rock. Samples of quartz and oxidized rock taken from the dump by Mr. McCannell and sent for assay, returned values ranging from traces to 0.09 ounces of gold per ton. In 1931, the then owner of the ground, E. B. James recovered a small pocket of free gold containing approximately 250 ounces from this trench.

The copper showing observed by Mr. McCannell, is located in the extreme southeast corner of the claims group. A small amount of rock is exposed at the junction of two trenches with the remainder of the trenching being in overburden. Mr. McCannell states that the rock is quite siliceous and carries considerable chalcopryite and pyrite in seams and disseminated blobs across a width of 1.5 feet with sulphide stringers up to one inch in width extending into the wall rock. The general strike of the zone appeared to be roughly north-south. A sample taken by Mr. McCannell across the 1.5 feet of mineralization, returned an assay of 3.14% copper and a trace of gold. It was not possible to determine the extent of this mineralization from the amount of rock exposed in the trench as the immediate area is covered by overburden.

In September 1975, work was carried out on the claims group by the Vendors which consisted of east-west picket lines at 400-foot intervals and electromagnetic and magnetometer surveys over the entire property. The only significant feature indicated

by this work, is a conducting zone striking in a north-south direction through the immediate area of the copper mineralization near the southeast corner of the claims group. An indication of north-south conductivity through claims 393502, 393506 and 393510, probably reflects topographic rather than formational conditions.

Mr. McCannell has recommended that the two main zones of quartz veining and the copper bearing structure warrant further investigation. The most expedient way to check all three zones, would be by diamond drilling especially as the property is readily accessible and there is no evidence that the zones have been previously checked by diamond drilling. A minimum of 1,000 feet of diamond drilling is recommended in the initial phase of an exploration program on this claims group at an overall cost of \$16,000.

The Asquith Township Claims were acquired by the Corporation from Harry Bregman, 175 Dunvegan Road, Toronto, and Goreda Investments Limited, ("Goreda"), a company wholly owned by Stanley Mourin, 131 Bloor Street West, Apt. 1101, Toronto, (the "Vendors"). The Vendors acquired the claims by staking at a cost of \$1,400. The Vendors subsequently carried out linecutting and electromagnetic and magnetometer surveys over the entire property, at a cost of \$2,99. The agreement between the Corporation and the Vendors, dated the 3rd day of December, 1975 provided for a consideration of the allotment and issuance of 750,000 fully paid and non-assessable shares in the capital of the Corporation, all of which shares are encumbered; and on the direction of the Vendors were issued to

Harry Bregman as to 37,500 shares to Chairman Investments Limited ("Chairman"), a company wholly owned by Harry Bregman, as to 337,500 shares, and to Goreda as to 375,000 shares. Reference is made to the heading "Escrowed Shares" herein for particulars of the conditions of escrow.

The Vendor's shares were allotted by the Directors of the Corporation at the price of \$20,000. This price does not necessarily bear any relation to the actual worth of the property or the costs to the Vendors. However, in calculating this figure, the Directors considered the costs of prospecting and staking the claims, of the linecutting, geophysical surveying work amounting to \$4,396 which was borne by the Vendors and the cost of the recommended exploration program estimated at \$16,000.

The agreement of the 3rd day of December, 1975, referred to above, which sets out the terms of the escrow, also provides that if the Corporation has lost, alienated or has not obtained a good or marketable title to, or that the Corporation has abandoned or discontinued development of any or all of the aforesaid property, or that any or all of the said property which was or formed part of the consideration for which the aforesaid shares were issued has become of little or no value, the remaining escrowed shares will be donated back to the Corporation or to a trustee of the Corporation, in either event for the benefit of the Corporation.

Subsequently, Harry Bregman and Goreda sold 75,000 escrowed shares to Gordon-Daly Grenadier Limited, the Underwriter-Opticnee referred to later in this prospectus, at the price of thirty

cents per share, and the said shares form a part of the securities offered under this prospectus. The only persons who own more than a 5% interest in Gordon-Daly Grenadier Limited are Harry Bregman, 175 Invegan Road, Toronto, and Stanley Mourin, 131 Bloor Street West, Apt. 1101, Toronto.

CAPITALIZATION

The Corporation has one class of stock authorized, namely 3,000,000 shares without par value, which shares are sometimes referred to as "common shares" in this prospectus. Of these, there are at present issued 750,010 shares, all fully paid. All shares carry full voting rights of one vote for each share and rank equally as to dividends and participation in assets. The shares when purchased by the Underwriter-Optionee are not subject to further calls or to assessment. There are no conversion rights, special liquidation rights, pre-emptive rights or subscription rights. No dividend has been paid to date, nor is it expected that any dividend will be paid in the foreseeable future.

Designation of Security	Number and Amount Authorized	Number and Amounts Outstanding as December 5, 1975 (date of balance sheet herein)	Number and Amount Outstanding if all securities being issued are sold
Common Share Without Par Value	3,000,000 shares (not to exceed (\$1,500,000))	750,010 (\$20,010)	950,010 * (\$50,010)

* This figure reflects only the sale of 200,000 underwritten shares. If the 200,000 shares under option are all taken up and paid for, the number of shares outstanding would be 1,150,010 and would be issued for a consideration of \$95,010.

ESCROWED SHARES

Certificates representing 750,000 shares in the capital of the Corporation are held by The Metropolitan Trust Company in escrow, subject to release only on the prior written consents of the Board of Directors of the Corporation and of the Ontario Securities Commission, and subject to transfer, hypothecation or other alienation within the escrow only on the prior written consent of such Commission by the agreement of December 3, 1975 previously referred to under the heading Asquith Township Claims the parties who are the holders of the escrowed shares have agreed that the first 75,000 shares to be released from escrow shall be released equally from the shareholdings of Harry Bregman and Goreda; releases thereafter will be pro rata from the holdings of all escrowed shareholders. The escrowed shares are subject to a further requirement whereby in certain events the said escrowed shares are required to be donated back to the treasury of the Corporation.

<u>Designation of class</u>	<u>Number of Shares Held in Escrow</u>	<u>Percentage of class</u>
Common	750,000	79%*

* Calculated on the basis of there being 950,010 shares issued and outstanding following the sale of 200,000 underwritten shares.

SPECULATIVE NATURE OF OFFERING

The shares of the Corporation offered by this prospectus represent a speculative security, primarily because the proposed activity of the Corporation, mineral exploration is speculative in nature. The property to be explored by the Corporation is without a known body of commercial ore and the proposed work program is exploratory in nature. In addition the value of the shares offered hereunder is subject to the dilution represented by the shares previously issued for property, which issue of shares was not at arm's length. Reference is made to the information contained under the headings "History and Business", "Asquith Township Claims", "Offering", "Promoters", "Interest of Management" and "Principal Holders of Securities".

OFFERING

Treasury Shares

Pursuant to an agreement dated the 4th day of December, 1975 between the Corporation and Gordon-Daly Grenadier Limited, 326 Adelaide Street West, Fifth Floor, Toronto, Ontario (sometimes referred to in this prospectus as the "Underwriter-Optionee"), the Corporation agreed to sell, and the Underwriter-Optionee agreed to purchase 200,000 shares at fifteen cents per share payable on

or before the third business day following the effective date hereinafter described. In consideration of the firm underwriting, the Underwriter-Optionee was granted the right and option to purchase all or any part of an additional 100,000 shares at twenty cents per share within three months of the effective date, and 100,000 shares at twenty-five cents per share within six months of the effective date.

The effective date is the date upon which the Ontario Securities Commission shall have issued a final receipt for this prospectus, under which the securities referred to above are qualified for sale in Ontario.

The Underwriter-Optionee (a security dealer) entered into the aforesaid agreement on its own behalf. The parties to the said agreement understand that, in the event of non-exercise or any extension of any option, an amendment to this prospectus must be filed with the Ontario Securities Commission as soon as practicable, and in any event within ten days thereof, if the shares of the Corporation are then in distribution to the public. There are no sub-underwritings or sub-options outstanding or proposed to be given at this time; however, the Underwriter-Optionee has advised that during the course of distribution to the public of the Corporation's shares it may grant sub-underwritings or sub-options to registered security dealers who may engage in distribution to the public at a price not exceeding one cent in excess of the price to be paid by the Underwriter-Optionee under the provisions of the underwriting and option agreement aforesaid. If any sub-underwritings or sub-options are granted during the course of distribution to the public, an appropriate amendment must likewise be filed.

The Underwriter-Optionee has also advised that it may

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

Other than the firm purchase of the initial 200,000 shares at fifteen cents per share, there is no obligation of the Underwriter-Optionee to take up any further shares from the Corporation.

Secondary Offering

75,000 vendor shares consisting of 37,500 shares issued to Harry Bregman and 37,500 issued to Goreda (referred to "Asquith Township Claims") were sold by them to the Underwriter-Optionee at thirty cents per share. Subject to the said shares being released from escrow (referred to "escrowed shares") the said 75,000 shares are also being offered under this prospectus and will be sold to the public under any of the selling plans set forth in this prospectus or through any registered security dealer who will be acting as agent, at the usual and customary commission rates authorized by The Toronto Stock Exchange for the sale of mining shares. Proceeds from the sale of such 75,000 shares will not go into the treasury of the Corporation. The said 75,000 shares will be offered only after all of the underwritten and optioned shares have been taken down, paid for and sold.

USE OF PROCEEDS

The Corporation is assured of receiving \$30,000 from the firm underwriting of 200,000 shares at fifteen cents per share.

The proceeds from this offering will be used:

1. To pay preliminary expenses, including legal and audit fees, engineer's report, incorporation costs and costs of filing this prospectus, estimated at \$5,500
2. To pay administration costs for the next twelve months \$6,000
3. To carry out the exploration program on the Asquith Township Claims, as recommended by J. D. McCannell under the heading "Asquith Township Claims" \$16,000

Other monies which may be raised under this prospectus will be used to implement any further recommendations of the Corporation's geologist, if warranted by the results of the aforementioned exploration program on the Asquith Township Claims.

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

Corporation are then in the course of distribution to the public. Surplus funds may be invested but will not be invested except in securities in which insurance companies registered under Part III of the Canadian and British Insurance Companies Act (Canada) may invest their funds without availing themselves of the provisions of subsection 4 of section 63 of such act, and all such securities will be kept in Canada at all times.

DIRECTORS, OFFICERS AND MANAGEMENT

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

Director and President

IRWIN ARTHUR WALLACE, 2500 Bathurst Street, Toronto, Ontario, is a self-employed Notary Public and Insurance and Real Estate Broker, 330 Bay Street, Toronto, and also acts as an Officer and/or Director of several mining companies, including Mill Creek Explorations Limited, Cavalier Energy Inc., and Glenshire Mines Limited.

Director and Secretary-Treasurer

C. DOUGLAS CAMERON, 1276 Islington Avenue, Apt. 1115, Islington, Ontario, is retired since 1968 up to that time

Director

WALTER ANDREW CARTER, P. Eng.,
Box 147, Colborne, Ontario,
For the past five years has
been self-employed as a con-
sulting engineer. Also an
Officer and/or Director of
several mining companies,
including North American Rare
Metals Limited, Silmil Explor-
ations Limited and Golden
Bounty Mining Company Limited.

Director

PETER ELVIN PRICE, 19 Coronado
Court, Weston, Ontario, Super-
visor of Stores of Department
of Housing of Municipality of
Metropolitan Toronto, Director
and/or officer of several
mining companies, including
Newrich Explorations Limited,
Glenshire Mines Limited and Kamlo
Gold Mines Limited.

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

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

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

The Corporation proposes to engage O & S Corporate Services
Professional Corporate Secretaries, Suite 1014, 111 Richmond
Street West, Toronto, a partnership composed of Shlesinger Corporate
Services (1975) Limited and Ontario Mining Services Limited, to
provide head office administrative, accounting and secretarial
services to the Corporation at a monthly fee based on work performed
up to a maximum monthly amount of \$350.00. The only person holding
a greater than five percent interest in Shlesinger Corporate Services

(197) Limited is Harry Shlesinger, 48 Crimson Millway, Willowdale, Ontario; the only persons holding a greater than five percent interest in Ontario Mining Services Limited are Frederick Earl Hall, 2 Welbrooke Place, Islington, Ontario and Richard Guy Horncastle, Apt. 1413, 100 Wellsley Street East, Toronto, Ontario.

PROMOTERS

Harry Bregman, 175 Dunvegan Road, Toronto, Ontario, and Goreda Investments Limited, 111 Richmond Street West, Toronto, Ontario are the Promoters of the Corporation and have received shares of the Corporation in consideration for the Asquith Township Claims. As disclosed earlier, 337,500 of such shares were issued in the name of Chairman Investments Limited.

Since January 1971 twenty-six exploration companies have been underwritten in Ontario by the promoters through the Underwriter-Optionee. None of the subject companies has come into production or discovered an economic ore body. None of such companies has had a cease trading order made against its shares, and all are in good standing under the laws of Ontario.

INTEREST OF MANAGEMENT

As referred to under the heading the "Asquith Township Claims", the Corporation purchased its present property from its Promoters, Harry Bregman, and Goreda Investments Limited. Harry Bregman and Stanley Mourin, the owner of Goreda are the principal shareholders of Gordon-Daly Grenadier Limited, which is the Underwriter-Optionee of the Corporation's shares as described under the heading "Offering". Other than aforesaid, no Officer, Director, or Insider of the Corporation has or has had any material interest in any transaction.

MATERIAL CONTRACTS

The material contracts entered into by the Corporation

from inception to the date hereof are as follows:

1. Agreement dated the 3rd day of December, 1975 for the purchase of the Asquith Township Claims from Harry Bregman and Goreda Investments Limited, fully described under the heading the "Asquith Township Claims".
2. Agreement dated the 4th day of December, 1975 between the Corporation and Gordon-Daly Grenadier Limited providing for the underwriting and option of treasury shares, fully described under the heading "Offering".
3. Agreement dated the 8th day of December, 1975 between the Corporation, Goreda Investments Limited, Chairman Investments Limited and The Metropolitan Trust Company, setting out the terms under which the escrowed shares of the Corporation are held.

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

PRINCIPAL HOLDERS OF SECURITIES

Name and Address	Designation of Class	Type of Ownership	No. of Shares Owned	Percentage of Class (1)	Percentage of Class following issue of underwritten shares
Chairman Investments Limited 110 Yonge Street Suite 1501 Toronto, Ontario M5C 1P2 (2)	Common	Beneficial and of Record	337,500	45%	36%
Gored Investments Limited 110 Yonge Street Suite 1501 Toronto, Ontario M5C 1P2	Common	Beneficial and of Record	337,500	45%	36%
Gordon-Daly Greadier Limited 326 Adelaide Street West Fifth Floor Toronto, Ontario M5V 1L3	Common	Beneficial and of Record	75,000	10%	8%

(1) Calculated on the basis of 750,010 shares issued and outstanding as of the date hereof.

(2) Chairman Investments Limited is a Company wholly owned by Harry Bregman.

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

TRANSFER AGENT AND REGISTRAR

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

AUDITORS

PwC Chartered Accountants, 700 Richmond-

Adelaide Centre, 120 Adelaide Street West, Toronto, Ontario,
are the auditors of the Corporation.

PURCHASER'S STATUTORY RIGHT OF WITHDRAWAL AND RESCISSION

The Securities Act (Ontario) provides, in effect,
that where a security is offered in the course of distribution
to the public:

- (a) a purchaser will not be bound by a contract for
the purchase of such security if written or
telegraphic notice of his intention not to be
bound is received by the vendor or his agent
not later than midnight on the second business
day after the prospectus or amended prospectus
offering such security is received or deemed
to be received by him or his agent, and
- (b) a purchaser has the right to rescind a contract
for the purchase of such security while still
the owner thereof, if the prospectus or any
amended prospectus offering such security contains
an untrue statement of a material fact or omits
to state a material fact necessary in order to
make any statement therein not misleading in the
light of the circumstances in which it was made,
but no action to enforce this right can be comm-
enced by a purchaser after the expiration of 90
days from the later of the date of such contract
or the date on which such prospectus or amended

prospectus is received or is deemed to be received by him or his agent.

Reference is made to Sections 64 and 65 of The Securities Act (Ontario) for the complete text of the provisions under which the above-mentioned rights are conferred.

LAVENTHOL & HORWATH

CHARTERED ACCOUNTANTS

120 ADELAIDE STREET WEST
TORONTO, ONTARIO M5H 1T6
TELEPHONE 416-864-3335
CABLE: HORWINTAS

REPRESENTED THROUGHOUT THE WORLD

AUDITORS' REPORT

To the Directors of
Kayak Explorations Limited

We have examined the balance sheet of Kayak Explorations Limited as at December 5, 1975 and in connection therewith reviewed such supporting evidence as we considered necessary in the circumstances.

In our opinion this balance sheet presents fairly the financial position of the company as at December 5, 1975 in accordance with generally accepted accounting principles.

"LAVENTHOL & HORWATH"

Toronto, Ontario.
February 17, 1976.

Chartered Accountants.

KAYAK EXPLORATIONS LIMITED
(Incorporated under the laws of Ontario)

BALANCE SHEET - DECEMBER 5, 1975

ASSETS

Cash	\$ 10
4 unpatented mining claims in Asquith Township, Ontario, at valuation placed by the Board of Directors on 750,000 shares of capital stock to be issued therefor	20,000
Organization expenses, estimated	<u>5,500</u>
	<u>\$25,510</u>

LIABILITIES

Estimated liabilities for organization expenses	\$ 5,500
---	----------

SHAREHOLDERS' EQUITY

Capital stock:			
Authorized:			
3,000,000 Shares, no par value (not to exceed \$1,500,000)			
Allotted - to be issued:			
10 Shares for cash	\$ 10		
<u>750,000 Shares for mining claims</u>	<u>20,000</u>		<u>20,010</u>
<u>750,010 Shares</u>			<u>\$25,510</u>

See accompanying notes.

On behalf of the Board:

"Irwin Arthur Wallace".....(Director)

"E. Douglas Cameron"
.....(Director)

LAVENTHOL & HORWATH

KAYAK EXPLORATIONS LIMITED

NOTES TO BALANCE SHEET

DECEMBER 5, 1975

- By an agreement dated December 4, 1975 an underwriter has agreed to purchase 200,000 shares of the company's capital stock at 15¢ per share payable on the third business day next following the "effective date" (the date a final receipt for a prospectus of the company is issued by the Ontario Securities Commission).

In consideration for the firm purchase, the company granted the underwriter an option to purchase all or any part of an additional 200,000 shares of capital stock as follows:

100,000 Shares at 20¢ per share exercisable within
3 months of the "effective date"
100,000 Shares at 25¢ per share exercisable within
6 months of the "effective date"

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

There are no other material facts.

DATED February 17, 1976

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

"IRWIN ARTHUR WALLACE"

Chief Executive Officer

"C. DOUGLAS CAMERON"

Chief Financial Officer

"LOUIS FREEDMAN"

Director

"WALTER ANDREW CARTER"

Director

PROMOTERS

"HARRY P. BREGMAN"

GOREDA INVESTMENTS LIMITED

PER:

"ADA MOURIN"

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

UNDERWRITER-OPTIONEE

GORDON-DALY GRENADIER LIMITED

PER:

"HARRY P. BREGMAN"