

R E P O R T

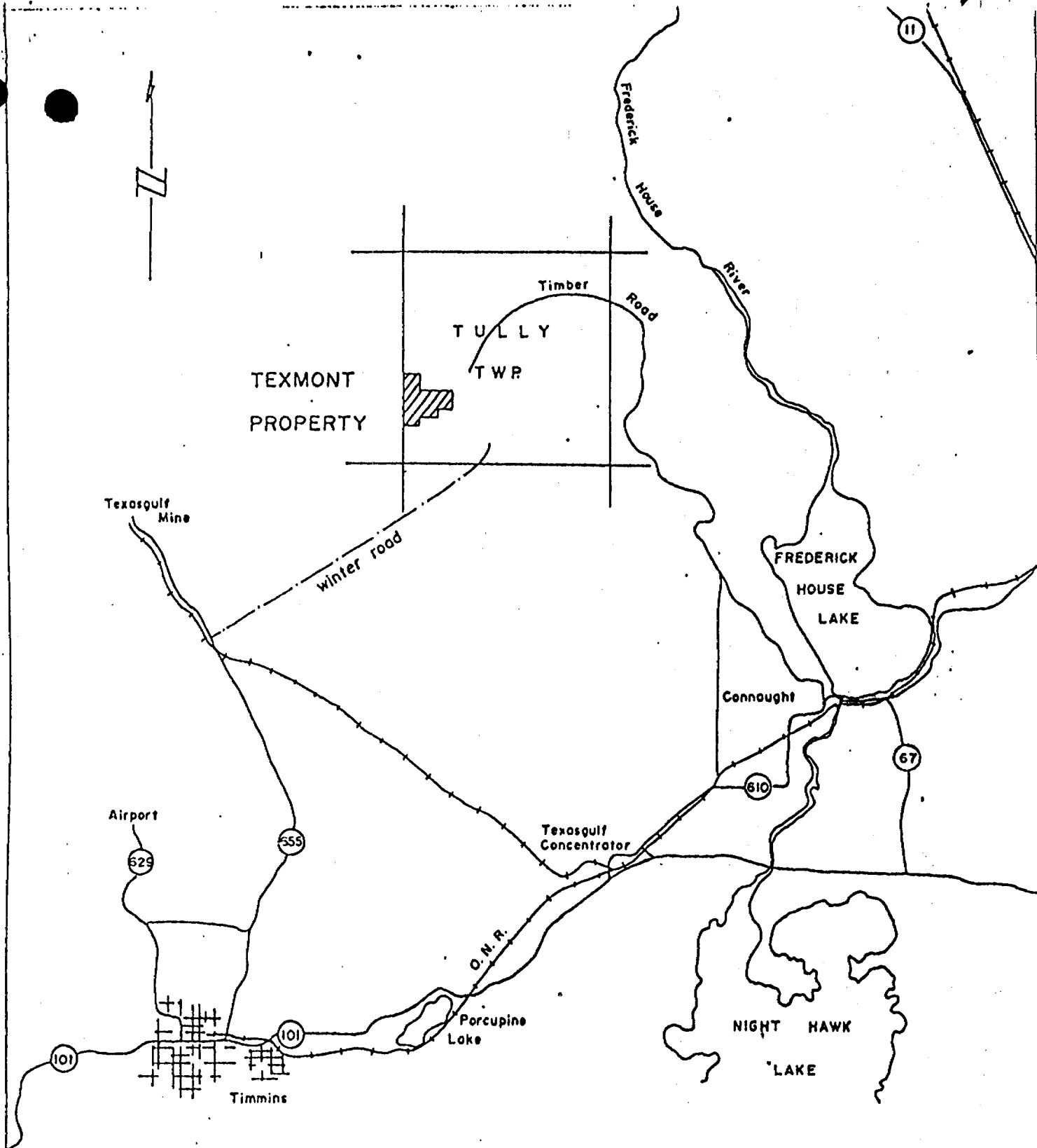
on the property of

TEXMONT MINES LIMITED

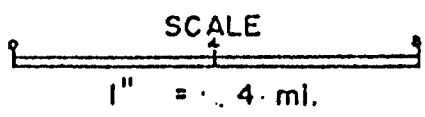
Tully Township, Ontario

Timmins, Ontario,
January 26, 1979.

R. J. Bradshaw, P. Eng.,
Geologist.



LOCATION & ACCESS
 TEXMONT MINES LIMITED



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S U M M A R Y

Texmont Mines Limited and Frankfield Explorations Limited jointly hold a group of 22 unpatented mining claims in Tully Township, Ontario. An application for a 21 year lease of the claims is required by May 10, 1979. The necessary field work prior to application should be undertaken this winter. Cost of the lease, including the first year's fees, will be approximately \$3000. For mining and surface rights subsequent annual fees will be \$220.; if leased for mining rights only, the annual cost is ten cents per acre or \$88. yearly.

Approximately 25 miles northeast of Timmins, Ontario, the property is accessible by a timber road from Connaught on highway 610 during the summer or from a winter timber road from highway 655 in Wark Township.

Two gold deposits termed the Texmont and Frankfield discovered in 1968 and 1974 respectively are present on the property. A third deposit in the area, a half mile south of the Texmont property, was discovered in 1969 by McIntyre. Each of the deposits have similar characteristics and were discovered by drilling conductive zones.

Diamond drilling indicates continuous uniform deposits of approximately 100,000 tons each in the Texmont and Frankfield zones averaging 0.21 and 0.22 oz. gold per ton respectively. With the present price of gold, it is recommended that feasibility of a profitable mining operation be determined for both the Texmont and

Frankfield deposits. Initially, it is recommended that surface sampling be undertaken on the Texmont deposit for confirmation of the drill indicated grade and metallurgical testing thereby providing the main data for a production feasibility report. Cost of this programme is estimated at \$10,000.

Two additional drill holes totalling 800 feet are recommended for the investigation of the relatively unexplored west end of the Texmont zone at a cost of \$12,800. At the west end of the Frankfield zone, two 400 foot holes are recommended at a cost of \$12,800., to extend, if possible, gold mineralization intersected in previous drilling.

Four exploratory holes, each 600 feet deep, are recommended to investigate interpreted geological features having characteristics similar to the environment of other gold deposits in the area. Cost of this work is estimated at \$38,400.

Cost of the total programme on the Texmont property is \$90,000. including a contingency fund of \$13,000.

INTRODUCTION

Texmont Mines Limited and Frankfield Explorations Ltd. jointly hold 22 claims in the southwest sector of Tully Township, northeast of Timmins, Ontario.

Texmont in 1968 and Frankfield in 1974 discovered gold on the claim group. In 1969, McIntyre found gold mineralization just south of the Texmont property. Although the importance of gold on the property is obvious, the claims had originally been acquired as a base metal prospect being located 8 miles, on strike, northeast of the Texasgulf mine.

This report is concerned with a review and summary of previous work and provides recommendations for development of the Texmont and Frankfield gold deposits and general exploration based on a geological interpretation of the property.

PROPERTY

The property consists of 22 contiguous unpatented mining claims in Tully Township. Sufficient work has been completed on the claims to apply to the Ontario Department of Natural Resources for a 21 year lease. Application for lease is due by May 10, 1979, for claims P97938 to 97949 inclusive; August 27, 1979, for claims P99286 to 99289 inclusive; and November 16, 1979, for claims P100437 to 100442 inclusive. Prior to application certain field work is required to be undertaken including reblazing of claim lines and location of claim posts.

Ownership of the property is divided amongst Intex Mining Company and Frankfield Explorations Ltd. to the extent of 63.64% and 36.36% respectively. Texmont through a 90% interest in Intex, therefore, maintains majority ownership; Inco holds the remaining 10% interest in Intex.

LOCATION AND ACCESS

The property is located in the southwest quarter of Tully Township, Ontario, as shown on the accompanying plans. The north half of Lot 10, the north three-quarters of Lot 11, and Lot 12 in Concession II and the south half of Lot 12, Concession III, form the property.

Approximately 25 miles north-northeast of Timmins, the claim group may be reached by a timber road from Connaught on highway 610, a distance of about 18 miles. The north portion of this road is likely in poor condition because of lack of maintenance. Alternatively, a winter road from highway 655 in Wark Township is presently being maintained.

Within the past year, highway 655 has been extended north to highway 11 and passes 5.5 miles west of the property.

HISTORY

Texmont Gold Discovery

With the exception of claims P97948 and 97949, the entire property was covered by magnetic and McPhar vertical loop electromagnetic surveys in 1968. The surveys were controlled by north picket lines at 200 foot intervals. Drilling of conductor A,

outlined by this electromagnetic survey, resulted in the discovery of the Texmont gold deposit on the boundary of claims P97940 and 97941. Otherwise of moderate strength and good definition, the complex nature of the conductor at its eastern extremity apparently provided the incentive for a drill investigation.

Starting in 1968, 16 holes totalling 10,364 feet, were drilled to investigate the gold zone. Within the zone H. A. Pearson, 1975, defines a section 500 feet long and 10 feet wide which averages 0.22 oz. gold per ton. The deposit strikes northeast, dips near vertically, and displays unusual uniformity in grade and dimensions.

It is further reported that the mineralized zone is terminated to the east by faulting and that drilling to depth and to the west intersected lower values.

Frankfield Gold Discovery

In 1974, Frankfield Exploration Limited negotiated an agreement on the property and as recommended by Tom Gledhill in his report for Intex Mining Company Limited, dated August 9, 1973, proceeded to investigate by drilling the apparent faulted extension of the favourable horizon, represented by a conductor, more than a half mile east. The last hole of a three hole programme in 1974 resulted in the discovery of the Frankfield gold zone.

Including these initial three holes, programmes in 1975 and 1976 totalled 8122 feet of drilling in 24 holes on the Frankfield zone. H. A. Pearson, 1975, describes a section 600 feet long, referred to as the A zone, averaging 0.23 oz. gold per ton over a

width of 15.5 feet.

Subsequent drilling below the A zone encountered generally lower values over narrower widths. Similarly, values from drilling along strike tended to be lower or discontinuous.

McIntyre Gold Discovery

About a half mile south of the Texmont property, the McIntyre deposit was discovered in 1969, as a result of drilling an east trending vertical loop conductor. A zone over 1000 feet long was investigated by drilling to a depth of 500 feet. McIntyre reported a potential of 835,000 tons of ore (diluted) grading 0.216 oz. gold per ton (uncut) to a depth of 500 feet.

GEOLOGY

General

The geology displayed on Ontario government maps 2205 and P698 is largely derived from an interpretation of geophysical survey work and diamond drilling filed for assessment work purposes since very little rock exposure is present in the area. A lack of data in the Tully Township area probably accounts for the dissimilarity of the two maps.

Drilling, and observations by geophysical instrument operators, indicate that some rock exposure is present in the south half of Concession III, Lots 10 to 12, and that the overburden tends to deepen southwards.

The accompanying geological interpretation is based on previous drilling and geophysical surveys completed by Texmont and

Frankfield. The most reliable geological feature on the plan is the contact between intermediate to felsic metavolcanics to the north in contact with ultramafic rocks to the south. This east trending contact near the boundary between Concessions II and III has been located by numerous holes supplemented by geophysical data.

The assemblage of intermediate to felsic metavolcanics and ultramafic rocks strikes generally east and likely dips steeply north. A diabase dyke near the east boundary of the property strikes north. Although the ultramafic rocks in the north half of the property may well be of volcanic origin, the rock to the south may be an intrusive because of a disconformable shape and intrusive-type mineralization described in a drill hole.

The generally north trending faults in Lot 11 account for displacement of the rock assemblage indicated by drilling and the magnetic pattern. The east-northeast trending fault is interpreted from abrupt changes in the magnetic pattern apparent on the geophysical compilation plan. Most of the conductive zones on the property probably represent shear zones in metavolcanics at or near ultramafic rock contacts.

Economic

The similarity of the Texmont, Frankfield and McIntyre gold deposits is notable. Each of the mineralized zones is located in intermediate generally tuffaceous horizons adjacent to, and north of less competent serpentized ultramafic rocks. Mineralization associated with the gold deposition is weak to moderately conductive,

thereby accounting for the discovery of the deposits. The similarity of mineralization within the quartz-carbonate veining may account for the average grade of the various deposits which is remarkably similar.

With the current price of gold now over \$250 per ounce Canadian, both the Texmont and Frankfield deposits have potential as profitable producers. Each of the deposits is fairly uniform in attitude and sufficiently wide to be amenable to low cost cut and fill mining developed by decline. Contract mining and milling facilities are available locally. The Frankfield deposit is covered by about 45 feet of overburden while less than 10 feet covers the Texmont deposit.

Mineralized intersections in the Texmont deposit are described as silicified and carbonatized with quartz-carbonate veining and less than 2 per cent disseminated pyrite and arsenopyrite. Intersections in 5 holes average 0.21 oz. gold per ton across 9 feet. The holes drilled at 45 degrees are assumed to have deviated sufficiently to provide a near true width of the mineralized sections. Each of the intersections has intersected the zone at intervals of about 100 feet. The uniformity of the zone is apparent from a summary of the intersections as follows:

<u>Hole No.</u>	<u>Width ft.</u>	<u>Grade oz./ton</u>
68-TA-1	15.	0.15
68-TA-3	9.	0.25
69-TA-5	7.	0.25
69-TA-6	9.	0.27
69-TA-15	6.	0.18

The mineralized section, 500 feet long, 250 feet deep and 9 feet wide, contains 93,750 tons indicated by drilling.

The Frankfield A zone is indicated by the following drill hole intersections at 100 foot intervals.

<u>Hole No.</u>	<u>Width</u> <u>ft.</u>	<u>Grade oz./ton</u>
74-TF-3	18.3 19.5	0.14 0.17
74-TF-4	21.6	0.226
75-TF-5	12.2	0.165
75-TF-7	20.0	0.19
75-TF-8	11.4	0.34
75-TF-9	10.0	0.44

The depth of the intersections varies from 120 to 220 feet below surface. Average true width of the zone, determined from the holes described above and shown on the longitudinal section, is 13.85 feet. For the purpose of the drill indicated tonnage calculation, true width is assumed to be 12 feet. Measuring 600 feet long and 200 feet deep, this east trending zone, therefore, contains 120,000 tons averaging 0.22 oz. gold per ton. Similar to the Texmont deposit, the gold mineralization is fairly uniform from hole to hole and is characterized by quartz-carbonate veining and minor disseminated pyrite-arsenopyrite. The wallrock, however, appears to exhibit less intense carbonate-silica alteration than the Texmont zone.

CONCLUSIONS

Certain field work is required on the claims prior to application for lease by May 10, 1979. This work should be completed before Spring break-up while the claims are easily accessible by road and not flooded.

Of three gold deposits discovered in the southwest sector of Tully Township since 1968, two are located on the Texmont property and all have similar characteristics. An exploration programme for gold mineralization on the property is based on the similarity of the deposits and a geological interpretation of the property derived from previous drilling and geophysical surveys. The location for exploratory drill holes, shown on the accompanying plan, corresponds to the location of weak conductive zones in meta-volcanics adjacent to ultramafic rocks.

In the Timmins area, gold is produced profitably at a grade of 0.095 oz. gold per ton and lower. Moreover, the largest production facility offers a custom milling service or alternatively is prepared to mine and mill gold deposits on a profit sharing agreement. To determine profitability, they have executed agreements whereby test mining and milling was undertaken on deposits of a reasonable size and an apparent grade of the order of 0.10 oz. gold per ton. The comparative high grade of the Texmont and Frankfield deposits tends to balance any apparent accessibility problem. The Texmont and Frankfield gold deposits, therefore, should be considered as potential profitable mining operations. Since less than 10 feet of overburden is present on the Texmont deposit an open pit can be easily established in order to verify the grade and undertake metallurgical testing. A confirmation of the drill grade would most likely lead to a profitable mining venture with the present price of gold. Profits, of course, could be partially utilized for the development of the Frankfield deposit and exploration.

RECOMMENDATIONS

Because of the ease of access and consequent lower cost, the work herein recommended should be undertaken during the late winter months.

1. Before the end of March, 1979, the property claim posts should be located and their respective blaze lines reblazed according to the requirements for lease of mining claims. Cost of this work is estimated at \$80 per claim or \$1760 for the project. A sum of \$880 should be allocated for government lease fees for the first year and \$300 for consultant's fees.
2. It is recommended that power equipment be used to establish a pit on the Texmont deposit having a minimum dimension of 50 by 50 feet to expose the gold mineralization for bulk and channel sampling. The excavation should be located 1350 feet east and 475 feet north of the intersection between the Prosser Township boundary and the boundary between Concessions II and III. Because of freezing temperatures, it may not be feasible to undertake the sampling until this summer. The earth excavation is estimated at \$5000 and the sampling and assaying at \$2500. The sampling results would constitute the main data in determining the feasibility of a profitable mining operation on the Texmont deposit. An additional minimum sum of \$2500 should be allocated for a feasibility report.
3. It is recommended that two holes, each 400 feet deep, be drilled at the west end of the Texmont zone for exploration-development purposes. The holes should be spaced at 500 feet on either side of the

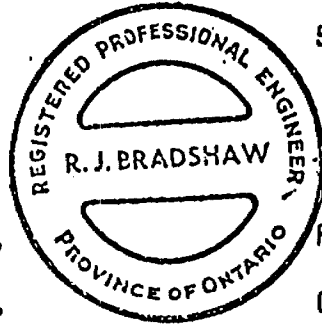
most westerly previous hole, to probe the near surface strike extension of the gold zone. Two holes are recommended for the investigation of the west end of the Frankfield zone. These holes, each about 400 feet deep, should be located to probe for extensions of mineralization between holes 74-TF-1 and 76-IF-19, and holes 76-IF-15 and 75-TF-10. Cost of this drilling is estimated at \$25,600.

4. Four 600 foot holes inclined 50 degrees to the south, as shown on the accompanying plan, are recommended for the exploration of favourable geological features. Conductor I would be explored near a postulated northeasterly trending shear zone. Conductor J, along the north flank of a postulated ultramafic horizon, would be investigated 1200 and 2000 feet east of the Township boundary. Finally an unidentified conductive zone on claim 99287, within postulated metavolcanics, would be investigated by the fourth hole.

A summary of the programme and cost is as follows:

1. Preparation and application for lease including fees for first year	\$ 3,000.
2. Establishment of pit and sampling on Texmont gold deposit including feasibility report	10,000.
3. Drilling 800 feet each on Texmont and Frankfield gold zones @ \$16 per foot	25,600.
4. Drilling 2400 feet for exploration @ \$16/foot ...	38,400.
5. Contingency fund	<u>13,000.</u>
	<u>\$90,000.</u>

Respectfully submitted,
SHIELD GEOPHYSICS LIMITED,



A handwritten signature in black ink, appearing to read 'R. J. Bradshaw', written over the right side of the professional seal.

Timmins, Ontario,
January 26, 1979.

R. J. Bradshaw, P. Eng.,
Geologist.

C E R T I F I C A T E

I, Ronald J. Bradshaw, residing at 480 Howard Street, Timmins, Ontario, a consulting geologist with office at 480 Howard Street, Timmins, Ontario do hereby certify that:

I attended Queen's Univeristy, Kingston, Ontario, and graduated with an Honours B.A. degree in Geological Sciences in 1958.

I am a Fellow of the Geological Association of Canada, a Member of the Canadian Institute of Mining and Metallurgy and of the Association of Professional Engineers of the Province of Ontario.

The report is based on:

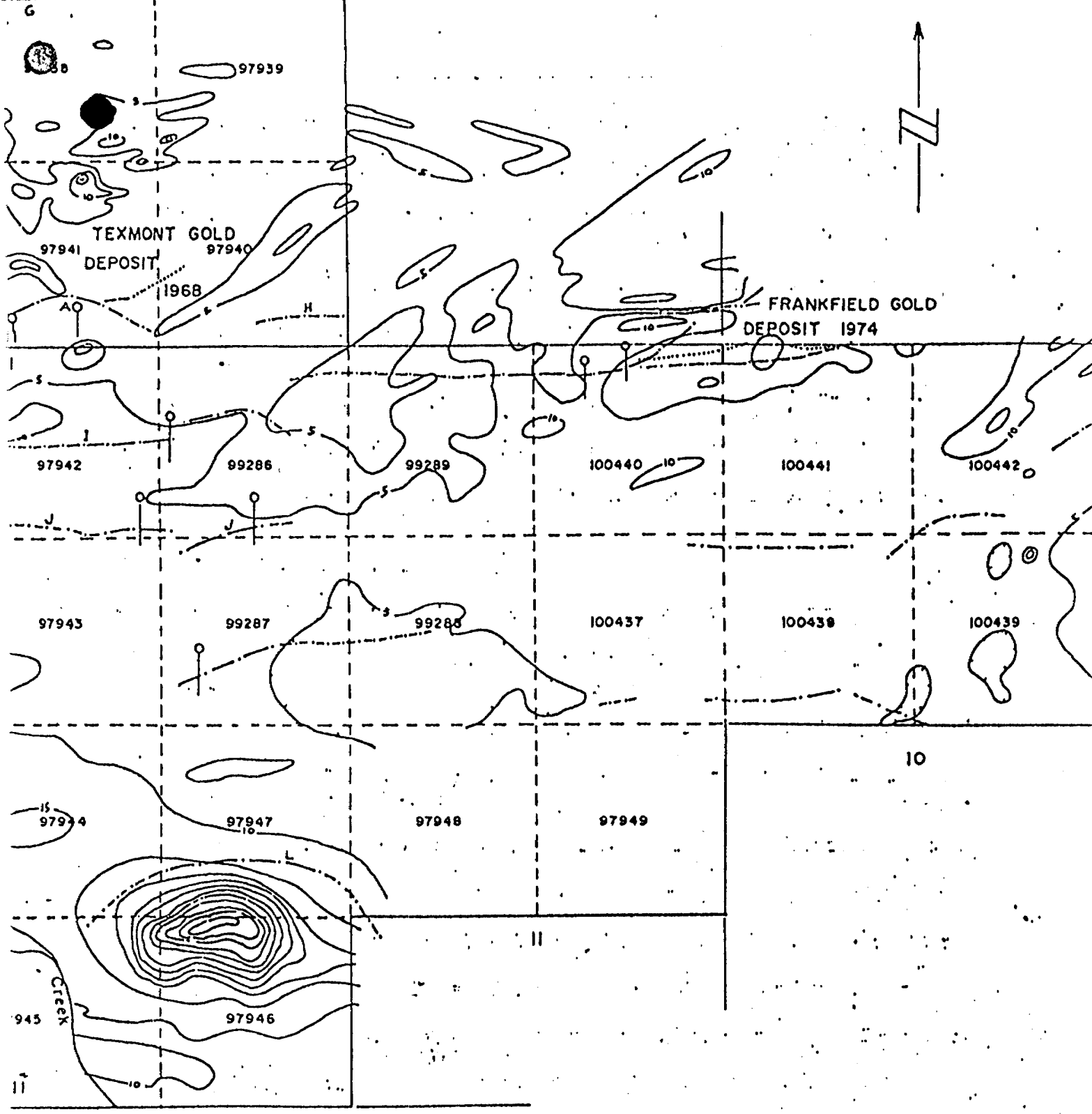
- a) Personal visits to the property within the last year;
- b) Report by the writer dated February 21, 1975, filed with the O.S.C.
- c) Report by Texmont officer, H. A. Pearson, dated July 18, 1975;
- d) Pertinent drill logs by E. A. Gallo for Texmont and C. F. Desson for Frankfield; and
- e) Company maps of previous drilling, magnetic and electromagnetic surveys.

I have no interest either directly or indirectly in the shares or securities of Texmont Mines Limited or Frankfield Explorations Ltd. or an affiliate, and I do not expect to receive any direct or indirect interest.

Timmins, Ontario,
January 26, 1979.



R. J. Bradshaw, P. Eng.,
Geologist.



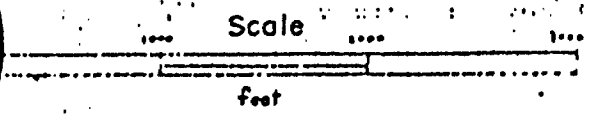
COMPILATION
MAGNETIC-ELECTROMAGNETIC SURVEYS

TEXMONT MINES LIMITED

Tully Township, Ontario

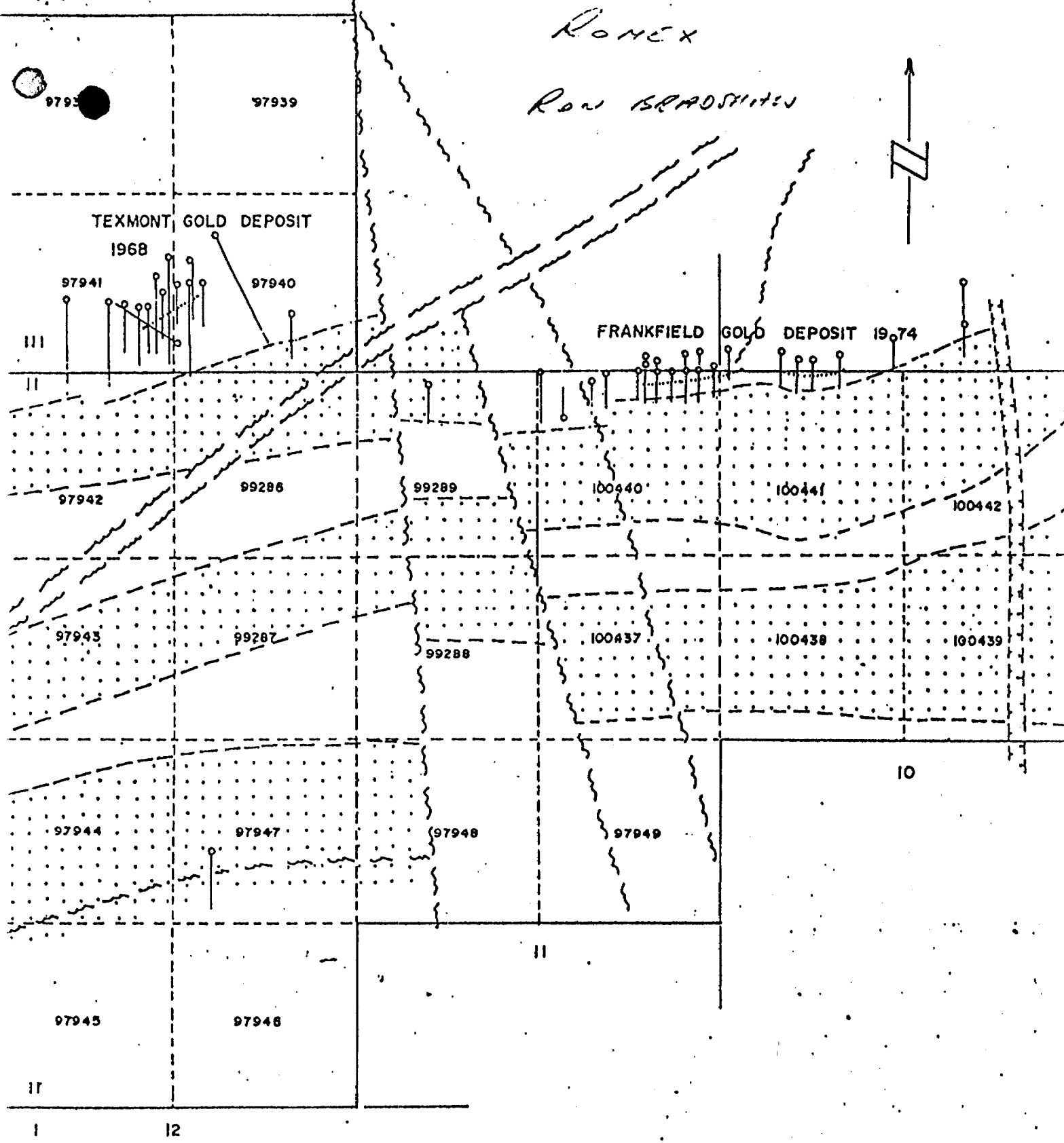
LEGEND

- Magnetic contour - 500 gammas
- Magnetic depression - 500 gammas
- Strong to weak conductive zone
- Gold zone
- Proposed drill hole









ROMEX

ROM BRADSHAW



LEGEND

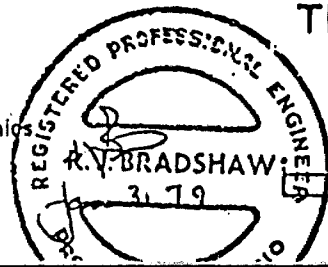
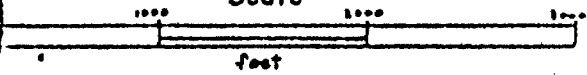
-  Diabase
-  Serpentinite
-  Intermediate to mafic metavolcanics
-  Fault
-  Rock contact
-  Gold zone

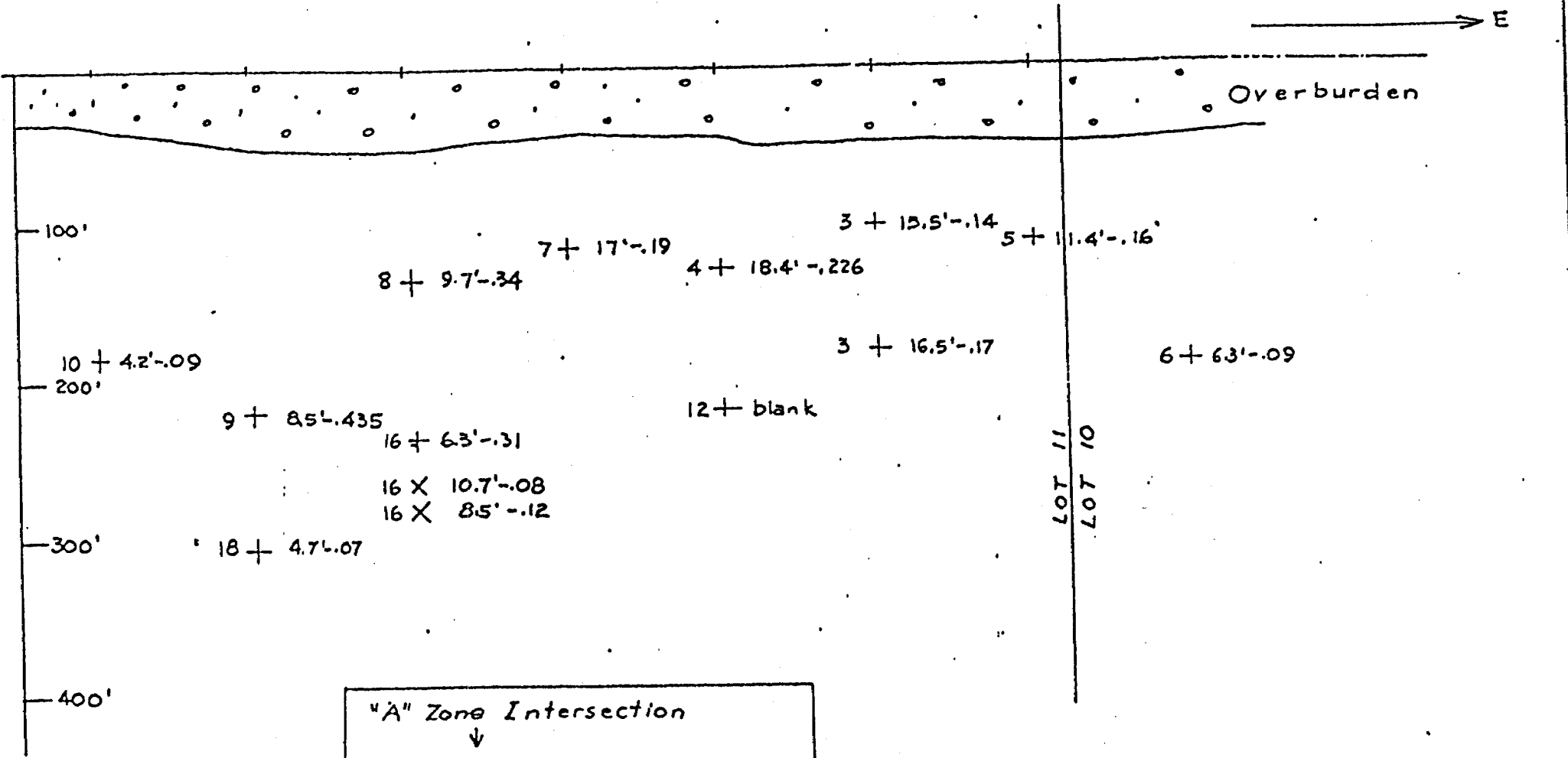
GEOLOGICAL INTERPRETATION

TEXMONT MINES LIMITED

Tully Township, Ontario.

Scale





"A" Zone Intersection
 ↓
 8 + 9.7'-.34
 Hole No. Width/ft. Value/Oz. Au
 (true)

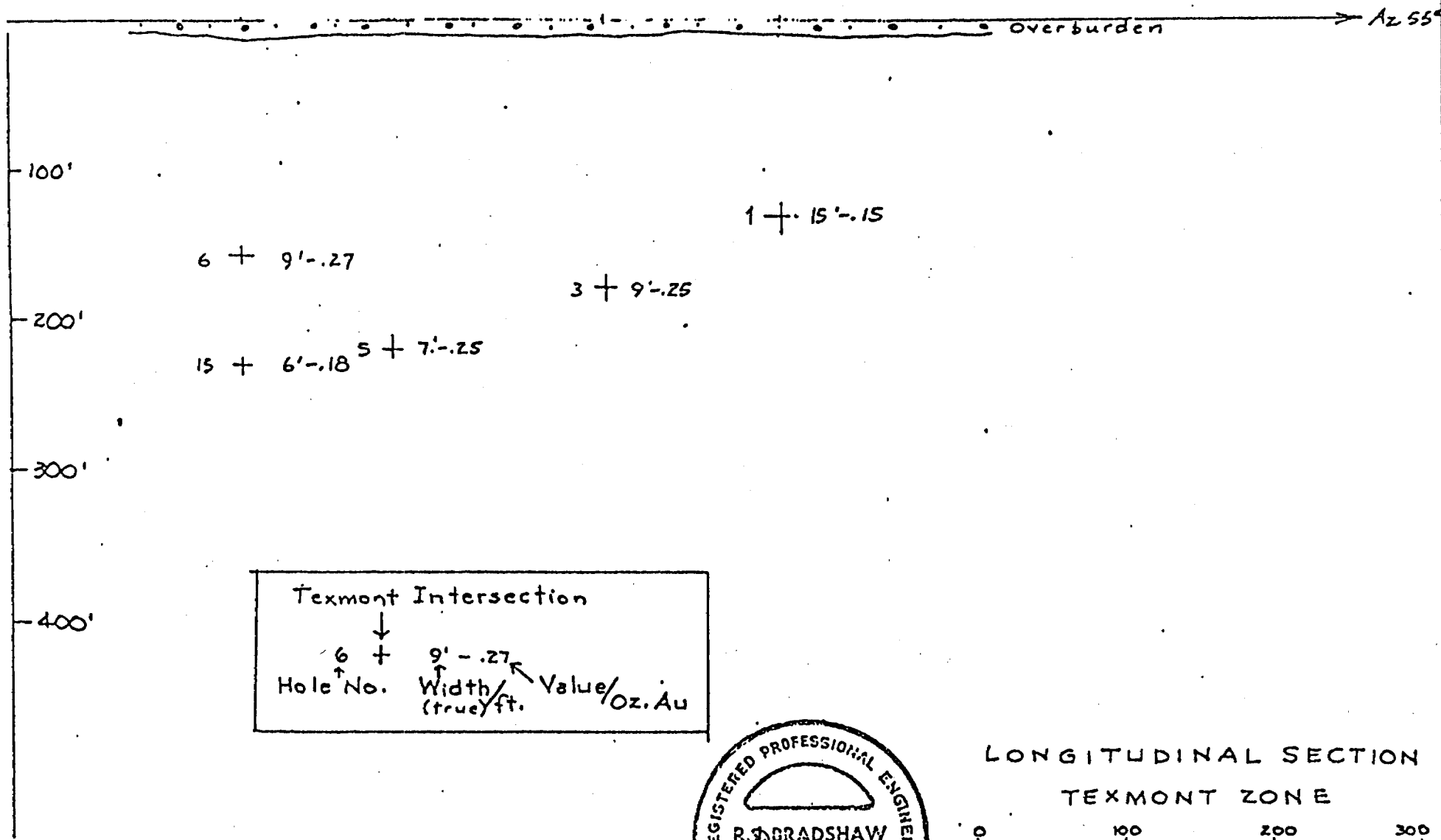
En Echelon Intersection
 X



LONGITUDINAL SECTION
 FRANKFIELD "A" ZONE

0 100' 200' 300'
 FEET

March, 1979 R.J.B.



LONGITUDINAL SECTION
TEXMONT ZONE



March, 1979

R.J.B.



42A11NE0026 63.3754 TULLY

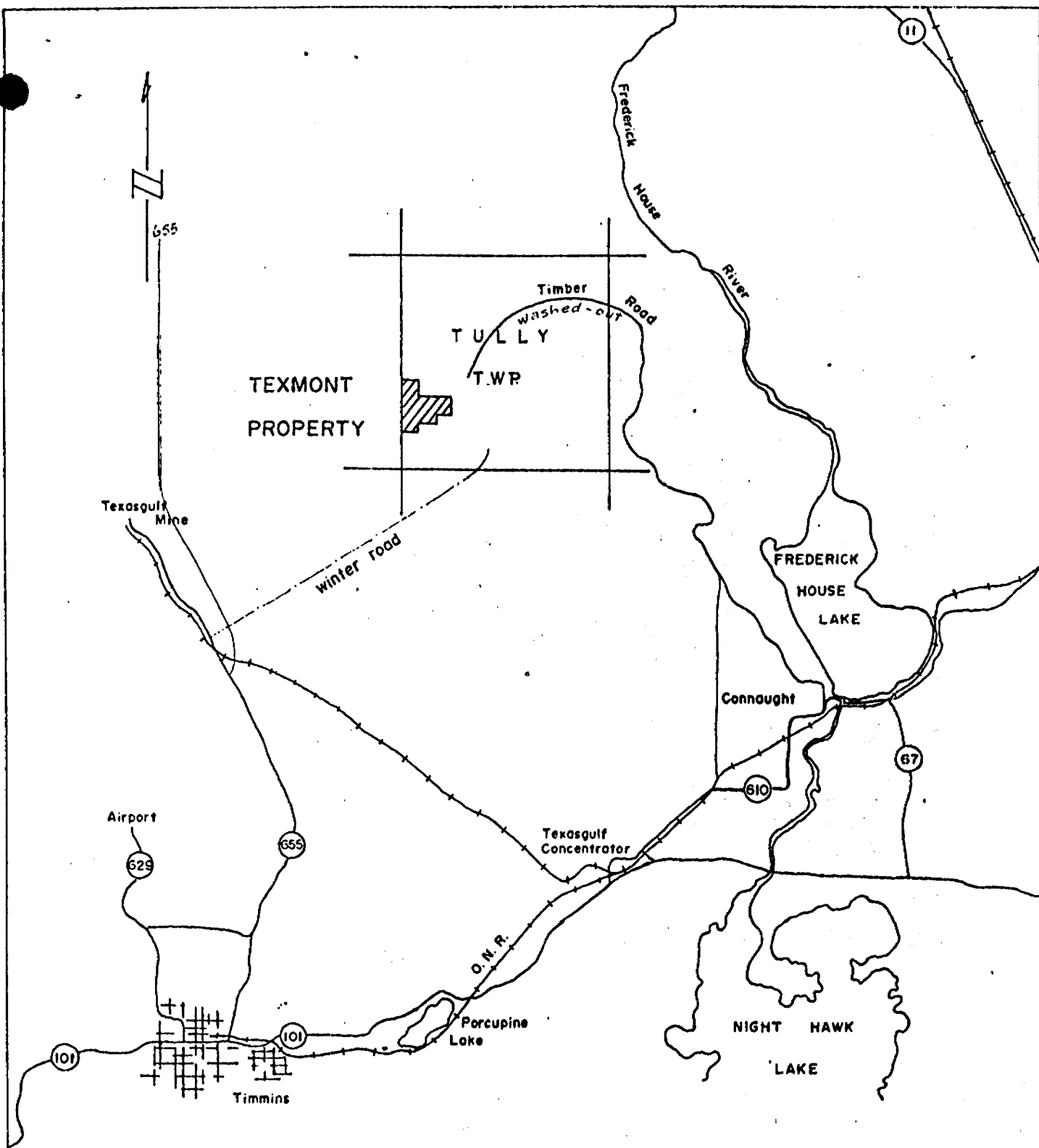
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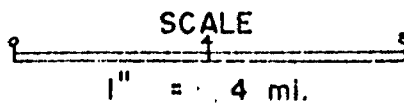
R E P O R T
on the property of
FRANKFIELD EXPLORATIONS LIMITED
Tully Township, Ontario

Timmins, Ontario,
July 30, 1980.

R. J. Bradshaw, P. Eng.,
Geologist.



LOCATION & ACCESS
FRANKFIELD EXPLORATIONS LIMITED



S U M M A R Y

Frankfield Explorations Limited and New Texmont Mines Limited jointly hold a group of 22 leased mining claims in Tully Township, Ontario. For mining and surface rights subsequent annual fees will be \$220.; if leased for mining rights only, the annual cost is ten cents per acre or \$88. yearly.

Approximately 25 miles northeast of Timmins, Ontario, the property is accessible by helicopter during the summer or by ice road from highway 655 in Wark Township during the winter.

Two gold deposits termed the Texmont and Frankfield discovered in 1968 and 1974 respectively are present on the property. A third deposit in the area, a half mile south of the Texmont property, was discovered in 1969 by McIntyre. Each of the deposits have similar characteristics and were discovered by drilling conductive zones.

Diamond drilling indicates continuous uniform deposits of approximately 100,000 tons each in the Texmont and Frankfield zones averaging 0.21 and 0.22 oz. gold per ton respectively. With the present price of gold, it is recommended that feasibility of a profitable mining operation be determined for both the Texmont and Frankfield deposits. Initially, it is recommended that surface sampling be undertaken on the Texmont deposit for confirmation of the drill indicated grade and metallurgical testing thereby providing the main data for a production feasibility report. Cost of this programme is estimated at \$25,000.

A total of 1600 feet in four holes is recommended for the exploration of the open west ends of each of the Texmont and Frankfield deposits. Also 7000 feet of drilling is recommended to substantiate the grade and tonnage in the Texmont and Frankfield zones. Finally four holes totalling 2400 feet are proposed for exploration of favourable geophysical features. At an estimated \$20 per foot, including mobilization, supervision, and assaying, the programme of 11,000 feet would cost \$220,000.

Since the lack of a road to the area would present a major problem for any serious development work \$50,000. is allocated to probable future road construction.

A contingency fund of \$25,000. makes the total cost of the programme \$320,000.

INTRODUCTION

Frankfield Explorations Ltd. and New Texmont Mines Limited jointly hold 22 claims in the southwest sector of Tully Township, northeast of Timmins, Ontario.

Texmont in 1968 and Frankfield in 1974 discovered gold on the claim group. In 1969, McIntyre found gold mineralization just south of the Texmont property. Although the importance of gold on the property is obvious, the claims had originally been acquired as a base metal prospect being located 8 miles, on strike, northeast of the Texasgulf mine.

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PROPERTY

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Approximately 25 miles north-northeast of Timmins, the claim group may be reached by a timber road from Connaught on highway 610, a distance of about 18 miles. The north portion of this road is in poor condition because of lack of maintenance. Alternatively, a winter road from highway 655 in Wark Township may be established.

About six miles west of the property is located highway 655.

HISTORY

Texmont Gold Discovery

With the exception of claims P97948 and P97949, the entire property was covered by magnetic and McPhar vertical loop electromagnetic surveys in 1968. The surveys were controlled by north picket lines at 200 foot intervals. Drilling of conductor A, outlined by this electromagnetic survey, resulted in the discovery of the Texmont gold deposit on the boundary of claims P97940 and P97941. Otherwise of moderate strength and good definition, the complex nature of the conductor at its eastern extremity apparently provided the incentive for a drill investigation.

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Subsequently Nickel Effects Limited acquired control of this property and has recently undertaken a large drill programme.

GEOLOGY

General

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Drilling, and observations by geophysical instrument operators, indicate that some rock exposure is present in the south half of Concession III, Lots 10 to 12, and that the overburden tends to deepen southwards.

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trending contact near the boundary between Concessions II and III has been located by numerous holes supplemented by geophysical data.

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The similarity of the Texmont, Frankfield and McIntyre gold deposits is notable. Each of the mineralized zones is located in intermediate generally tuffaceous horizons adjacent to, and north of less competent serpentized ultramafic rocks. Mineralization associated with the gold deposition is weak to moderately conductive, thereby accounting for the discovery of the deposits. The similarity of mineralization within the quartz-carbonate veining may account for the average grade of the various deposits which is remarkably similar.

With the current price of gold now over \$500. (U.S.) per ounce, both the Texmont and Frankfield deposits have potential as profitable producers. Each of the deposits is fairly uniform in attitude and sufficiently wide to be amenable to low cost cut and fill mining developed by decline. Contract mining and milling facilities are available locally. The Frankfield deposit is covered by about 45 feet of overburden while less than 10 feet covers the Texmont deposit.

Mineralized intersections in the Texmont deposit are described as silicified and carbonatized with quartz-carbonate veining and less than 2 per cent disseminated pyrite and arsenopyrite. Intersections in 5 holes average 0.21 oz. gold per ton across 9 feet. The holes drilled at 45 degrees are assumed to have deviated sufficiently to provide a near true width of the mineralized sections. Each of the intersections has intersected the zone at intervals of about 100 feet. The uniformity of the zone is apparent from a summary of the intersections as follows:

<u>Hole No.</u>	<u>Width</u> <u>ft.</u>	<u>Grade oz./ton</u>
68-TA-1	15	0.15
68-TA-3	9	0.25
69-TA-5	7	0.25
69-TA-6	9	0.27
69-TA-15	6	0.18

The mineralized section, 500 feet long, 250 feet deep and 9 feet wide, contains 93,750 tons indicated by drilling.

The Frankfield A Zone is indicated by the following drill hole intersections at 100 foot intervals.

<u>Hole No.</u>	<u>Width ft.</u>	<u>Grade oz./ton</u>
74-TF-3	18.3 19.5	0.14 0.17
74-TF-4	21.6	0.226
75-TF-5	12.2	0.165
75-TF-7	20.0	0.19
75-TF-8	11.4	0.34
75-TF-9	10.0	0.44

The depth of the intersections varies from 120 to 220 feet below surface. Average true width of the zone, determined from the holes described above and shown on the longitudinal section, is 13.85 feet. For the purpose of the drill indicated tonnage calculation, true width is assumed to be 12 feet. Measuring 600 feet long and 200 feet deep, this east trending zone, therefore, contains 120,000 tons averaging 0.22 oz. gold per ton. Similar to the Texmont deposit, the gold mineralization is fairly uniform from hole to hole and is characterized by quartz-carbonate veining and minor disseminated pyrite-arsenopyrite. The wallrock, however, appears to exhibit less intense carbonate-silica alteration than the Texmont zone.

CONCLUSIONS

Of three gold deposits discovered in the southwest sector of Tully Township since 1968, two are located on the Frankfield-Texmont property and all have similar characteristics. An exploration programme for gold mineralization on the property is based on the similarity of the deposits and a geological interpretation of the

property derived from previous drilling and geophysical surveys. The location for exploratory drill holes, shown on the accompanying plan, corresponds to the location of weak conductive zones in meta-volcanics adjacent to ultramafic rocks.

In the Timmins area, gold is produced profitably at a grade of 0.09 oz. gold per ton and lower. Moreover, the largest production facility offers a custom milling service or alternatively is prepared to mine and mill gold deposits on a profit sharing agreement. To determine profitability, they have executed agreements whereby test mining and milling was undertaken on deposits of a reasonable size and an apparent grade of the order of 0.10 oz. gold per ton. The comparative high grade of the Texmont and Frankfield deposits tends to balance any apparent accessibility problem. The Texmont and Frankfield gold deposits, therefore, should be considered as potential profitable mining operations. Since less than 10 feet of overburden is present on the Texmont deposit an open pit can be easily established in order to verify the grade and undertake metallurgical testing. A confirmation of the drill grade would most likely lead to a profitable mining venture with the present price of gold. Profits, of course, could be partially utilized for the development of the Frankfield deposit and exploration.

In the event that the reserves of the Texmont and Frankfield deposits are confirmed or improved, access to the deposits is the main obstacle before development work could be started. Approximately 5 to 6 miles of new road construction is required.

Since other companies are currently working on gold deposits in the immediate area there exists the possibility of sharing costs for construction of the road.

RECOMMENDATIONS

Because of the ease of access and consequent lower cost, the work herein recommended should be undertaken during the late winter months.

1. It is recommended that power equipment be used to establish a pit on the Texmont deposit having a dimension of approximately 50 by 150 feet to expose the gold mineralization for bulk and channel sampling. The centre of the excavation should be located 1350 feet east and 475 feet north of the intersection between the Prosser Township boundary and the boundary between Concessions II and III. Although mobilization and excavation is most feasible during the winter, sampling may not be possible at the same time. Cost of this programme is estimated at \$25,000. including excavation, sampling and a feasibility study.

2. A programme of exploration-development drilling is recommended to establish the horizontal limits of the deposits and determine more accurately the average grades of the deposits.

Two holes, each 400 feet deep, should be drilled at the west end of the Texmont zone. These holes should be spaced at 500 feet on either side of the most westerly previous hole to probe the near surface strike extension of the gold zone.

At the west end of the Frankfield zone two 400 foot holes are proposed to probe for extensions of mineralization between holes 74-TF-1 and 76-TF-19 and holes 76-TF-15 and 75-TF-10.

A total of 7000 feet including 3000 on the Texmont and 4000 on the Frankfield deposits is recommended to more accurately establish grades for these zones. The holes should be drilled at approximate 50 foot centres.

Drilling in this phase of the programme, therefore, totals 8600 feet.

3. Four 600 foot holes inclined 50 degrees to the south, as shown on the accompanying plan, are recommended for the exploration of favourable geological features. Conductor I would be explored near a postulated northeasterly trending shear zone. Conductor J, along the north flank of a postulated ultramafic horizon, would be investigated 1200 and 2000 feet east of the Township boundary. Finally an unidentified conductive zone on claim P99287, within postulated metavolcanics, would be investigated by the fourth hole.

4. It is recommended that a sum of \$50,000. be allocated for probable road construction; although this amount is likely insufficient an accurate cost would not be available until completion of the programme and plans for development in the area are made known by other companies.

5. A contingency fund of \$25,000. should be available for possible follow-up drilling and unforeseen problems with establishment of the pit.

A summary of the estimated cost of the project is as follows:

1. Establishment of pit and sampling on the Texmont gold deposit including a feasibility report \$ 25,000.
 2. Development drilling on the Texmont and Frankfield deposits - 8600 feet @ \$20 per foot . 172,000.
 3. Drilling 2400 feet for exploration @ \$20 per foot 48,000.
 4. Road construction 50,000.
 5. Contingency fund 25,000.
- \$320,000.



Respectfully submitted,
SHIELD GEOPHYSICS LIMITED,

R. J. Bradshaw, F. Eng.

Geologist.

Timmins, Ontario,
July 30, 1980.

C E R T I F I C A T E

I, Ronald J. Bradshaw, residing at 480 Howard Street, Timmins, Ontario, a consulting geologist with office at 480 Howard Street, Timmins, Ontario, do hereby certify that:

I attended Queen's University, Kingston, Ontario, and graduated with an Honours B.A. degree in Geological Sciences in 1958.

I am a Fellow of the Geological Association of Canada, a Member of the Canadian Institute of Mining and Metallurgy and of the Association of Professional Engineers of the Province of Ontario.

The report is based on:

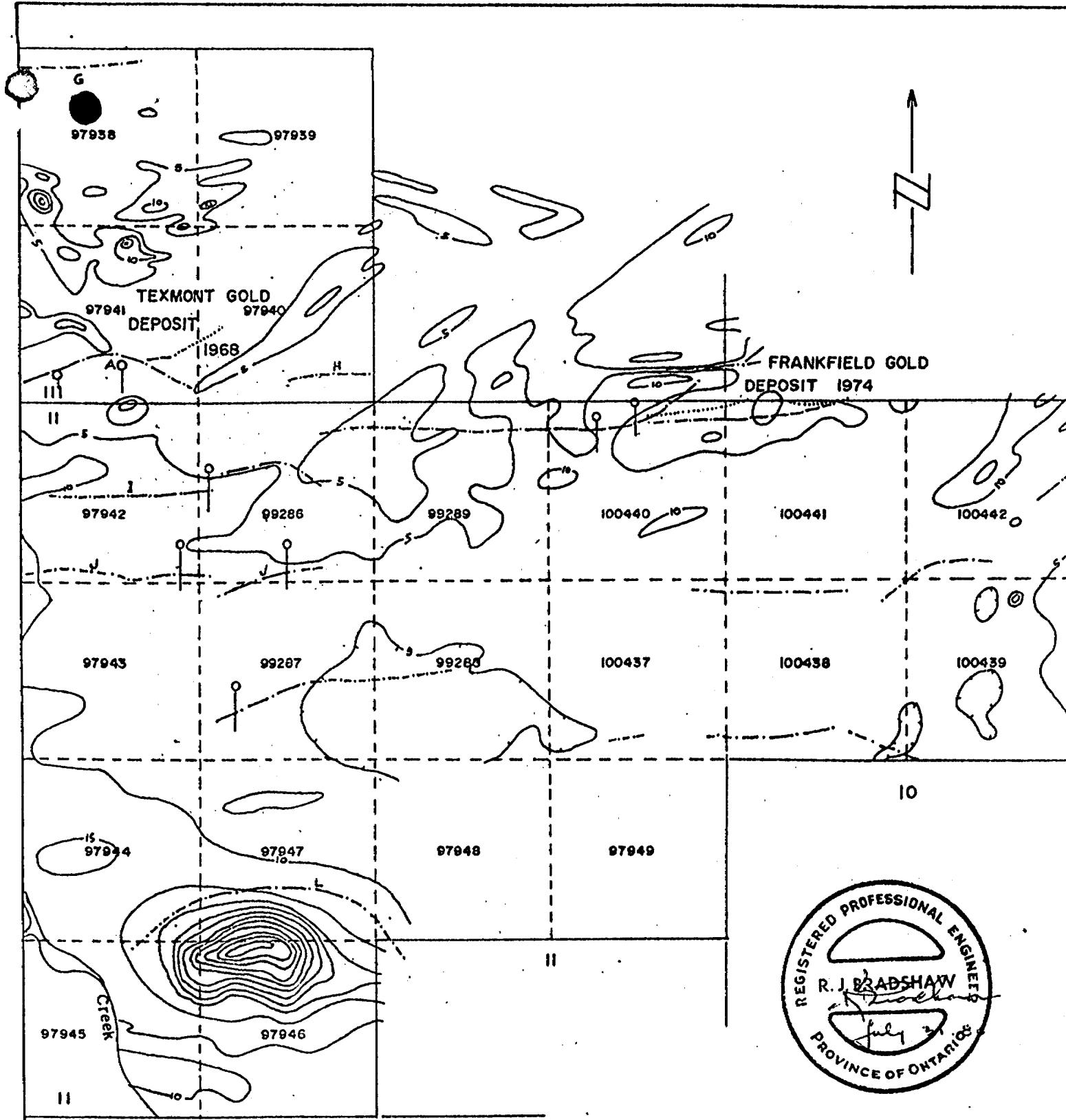
- a) Personal visits to the property within the last two years;
- b) Report by the writer dated January 26, 1979, filed with the O.S.C. for New Texmont Mines Limited and a report for Frankfield Explorations Limited dated February 21, 1975;
- c) Report by Texmont officer, H. A. Pearson, dated July 18, 1975;
- d) Pertinent drill logs by E. A. Gallo for Texmont and C. F. Desson for Frankfield; and
- e) Company maps of previous drilling, magnetic and electromagnetic surveys.

I have no interest either directly or indirectly in the shares or securities of Frankfield Explorations Limited or New Texmont Mines Limited nor do I expect to receive any direct or indirect interest.

Timmins, Ontario,
July 30, 1980.



R. J. Bradshaw
R. J. Bradshaw, P. Eng.,
Geologist.








**COMPILATION
MAGNETIC-ELECTROMAGNETIC SURVEYS**

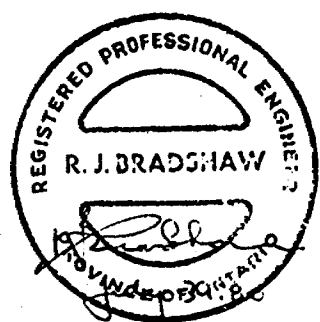
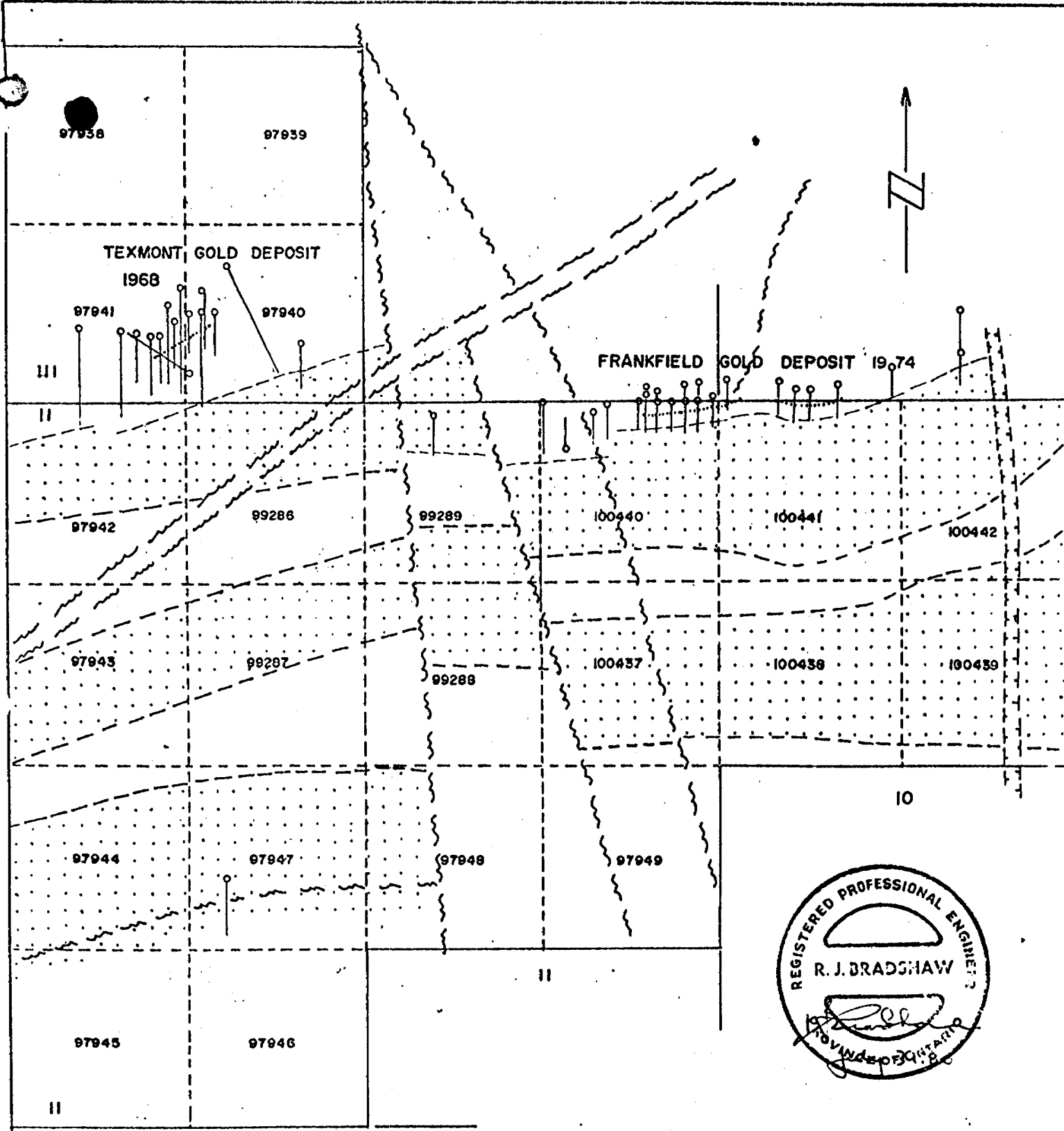
FRANKFIELD EXPLORATIONS LIMITED

Tully Township, Ontario







LEGEND

-  Magnetic contour - 500 gammas
-  Magnetic depression - 500 gammas
-  Strong to weak conductive zone
-  Gold zone
-  Proposed drill hole





LEGEND

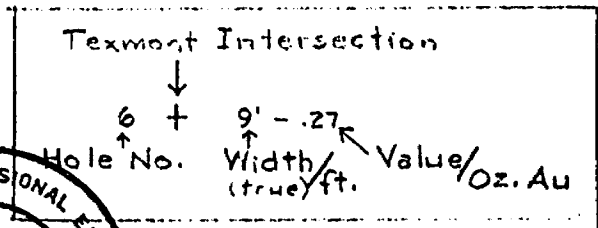
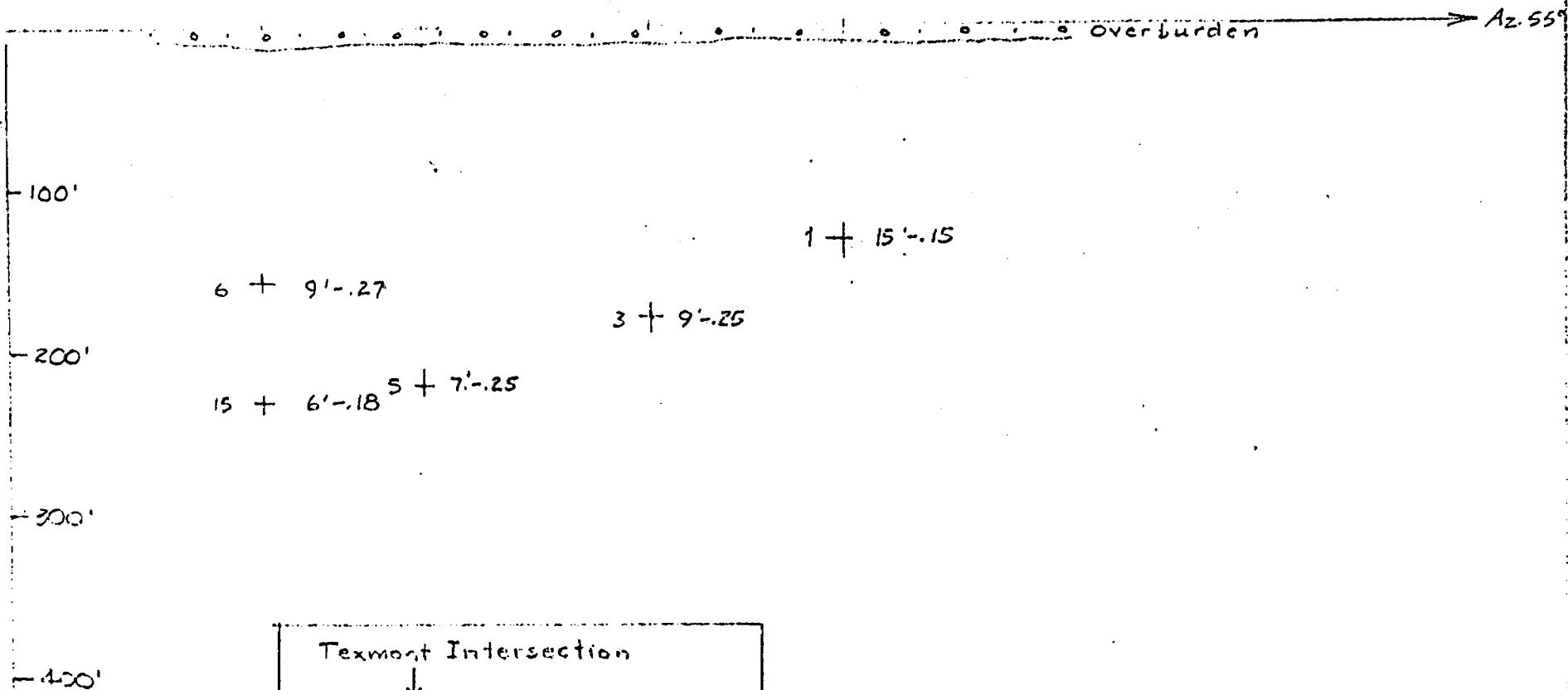
-  Diabase
-  Serpentinite
-  Intermediate to mafic metavolcanics
-  Fault
-  Rock contact
-  Gold zone

GEOLOGICAL INTERPRETATION

FRANKFIELD EXPLORATIONS LIMITED

Tully Township, Ontario

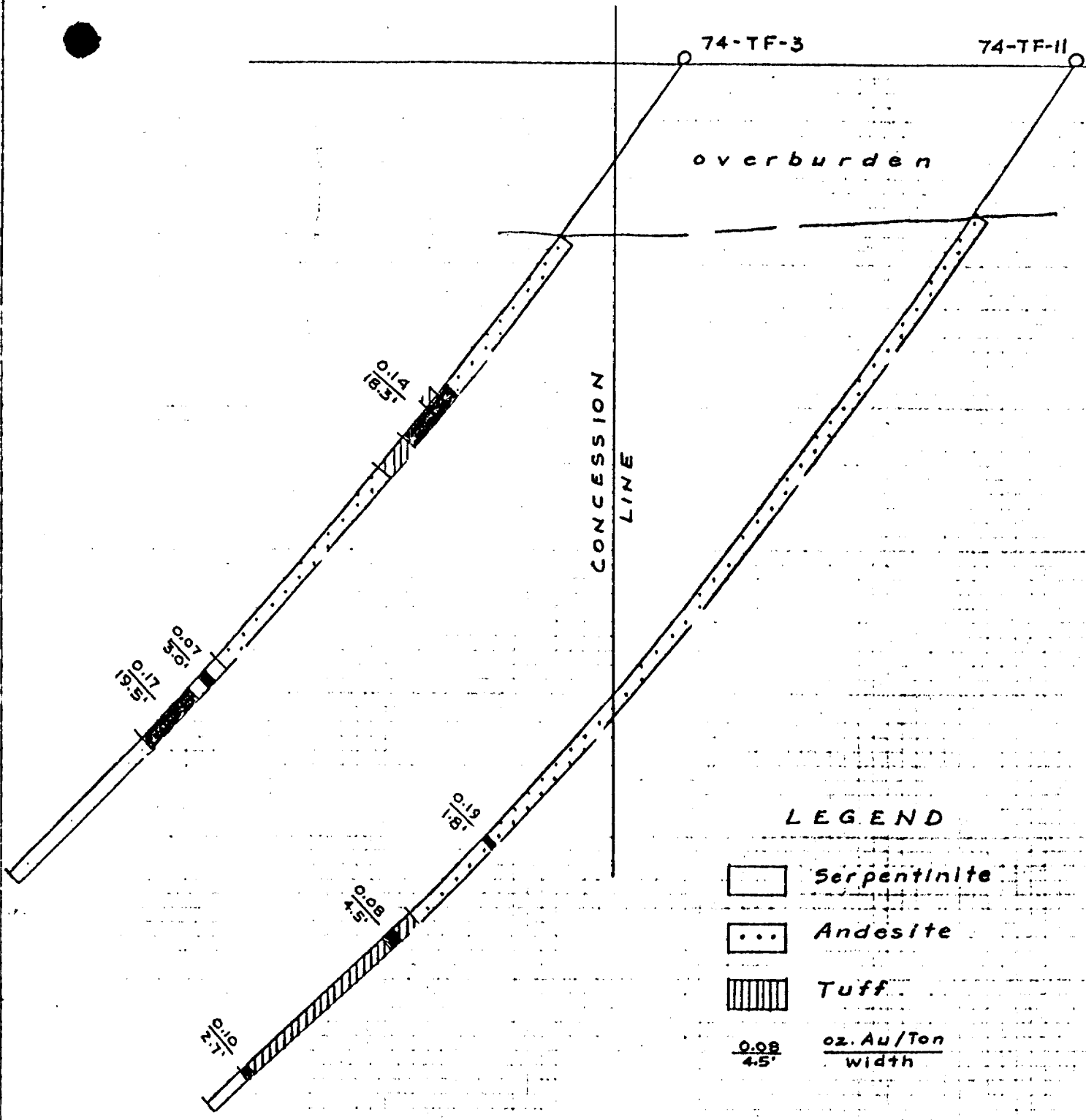







LONGITUDINAL SECTION
 TEXMONT ZONE

0 100 200 300
 FEET

March, 1979 R.A.D.



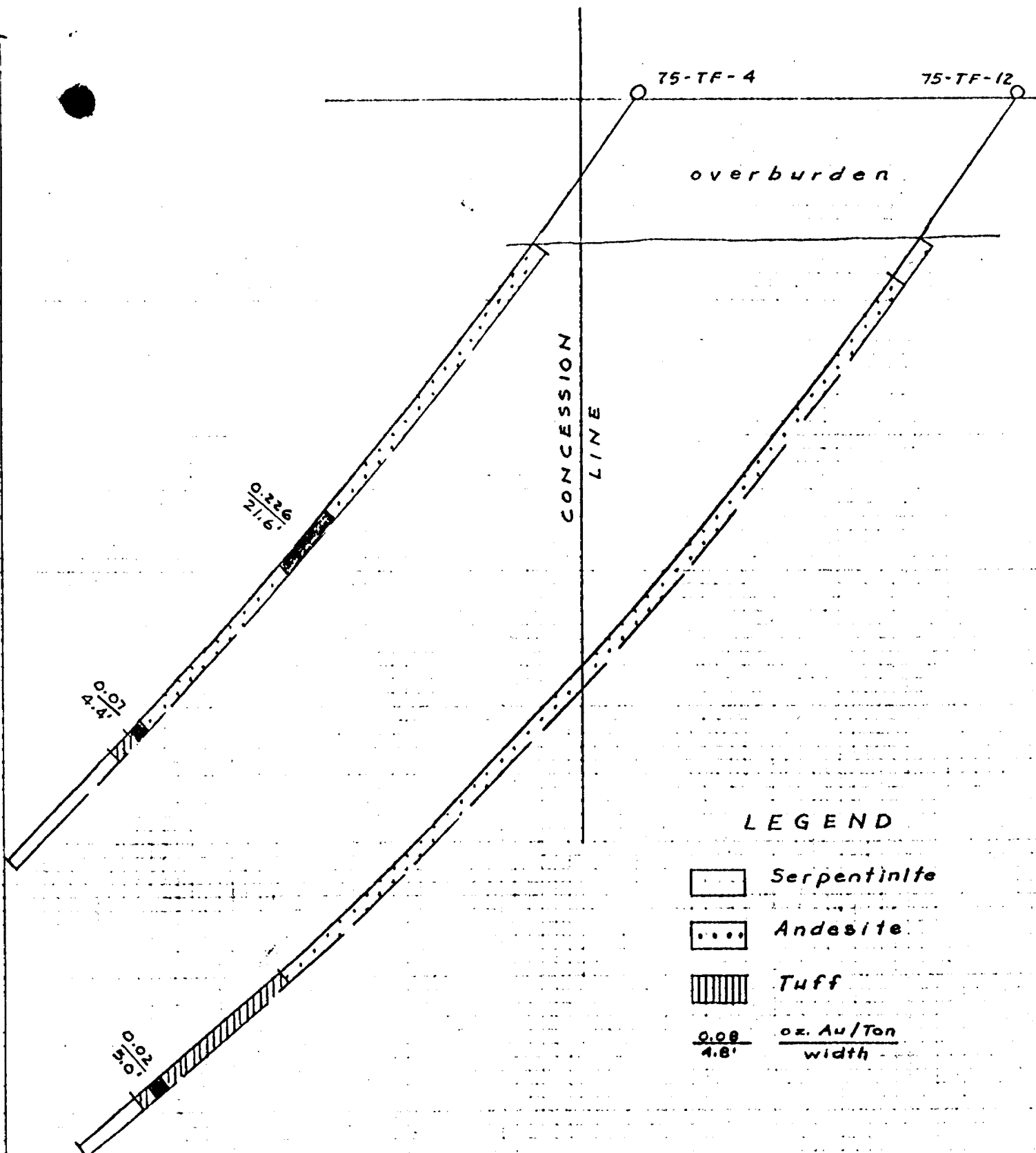
LEGEND

-  Serpentinite
-  Andesite
-  Tuff
- $\frac{0.08}{4.5'}$ $\frac{\text{oz. Au/Ton}}{\text{width}}$




NEW TEXMONT - FRANKFIELD
 PROPERTY
 SECTION 52 EAST
 (facing west)
 SCALE 1" = 40'

[Handwritten Signature]
 Sept. 11.80

After Company Drawing - Sept. 1980



LEGEND

-  Serpentinite
-  Andesite
-  Tuff
- $\frac{0.08}{4.8'}$ $\frac{\text{oz. Au/Ton}}{\text{width}}$

NEW TEXMONT - FRANKFIELD
 PROPERTY
 SECTION 51 EAST
 (facing west)
 SCALE: 1" = 40'

Brookman
 Sept. 11. 80

After Company Drawing - Sept. 1980



42A11NE0026 63.3754 TULLY

030

Prospectus of
Frankfield Explorations Ltd.

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

FRANKFIELD EXPLORATIONS LTD.
Suite 402
27 Queen Street East
Toronto, Ontario
M5C 2M6

(An Exploration Company)



P R O S P E C T U S

NEW ISSUE: 600,000 Common Shares (without par value)

	<u>Price To Public</u>	<u>Underwriters' Discount</u>	<u>Proceeds to the Company (1)</u>
Per Share:	35¢	10¢	25¢
Total:	\$210,000	\$ 60,000	\$150,000

(1) Before deducting the expenses of this issue estimated at approximately \$15,000. To the extent that shares are sold under the secondary offering, the Underwriters will pay their pro rata share of the said costs of issue.

PLAN OF DISTRIBUTION

Tom & Barnt Limited and Cadre Corporation (the "Underwriters") each acting as principals as to a 50% interest 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.

PURPOSE OF OFFERING

The purpose of this offering is to provide funds to carry out exploration work on the Company's Tully Township gold prospect and to secure funds for working capital purposes all as referred to under the caption "Use of Proceeds" herein. The net amount received by the Company will not be less than 30% of the gross proceeds of the new and secondary offering.

SECONDARY OFFERING: 90,000 shares

Shares comprising the secondary offering will be offered by the Underwriters, each as to 45,000 shares at prices arbitrarily fixed by the Underwriters. None of the secondary shares will be offered for sale by either underwriter until all of the shares underwritten by both Underwriters have been taken down, paid for and sold by them. The proceeds from the sale of these shares will not accrue to the Company.

THESE ARE SPECULATIVE SECURITIES, THERE IS NO MARKET FOR THE SHARES OFFERED HEREBY AND PURCHASERS MAY NOT BE ABLE TO RESELL THEM. Reference is made to the caption "Risk Factors".

(Name of Underwriters)

FRANKFIELD EXPLORATIONS LTD.

S U M M A R Y

Property Interest

The Company has a 36.4% undivided interest in 22 mining claims covering an area of approximately 880 acres held under Provincial mining lease in Tully Township, Ontario. The mining properties are held pursuant to a joint venture agreement with Intex Mining Company Limited which holds the remaining 63.6% interest in the mining properties and which is the operator of the joint venture. Pursuant to the Joint Venture Agreement, the joint venture participants have the right to contribute to work programs on the mining property to the extent of their undivided interest therein in order to maintain such interest. Failure on the part of the Company or Intex to contribute a proportionate share of costs will result in such non-participating party's interest being reduced to the extent of its failure to contribute. In no event may the interest of either party be reduced to less than a 10% interest which is thereupon deemed to be a fully paid and non-assessable carried interest not subject to any further reduction.

Two gold deposits have been located on the mining property which are considered as potentially profitable mining operations provided the work program proposed to be carried out thereon is successful in verifying the grade of the deposits. With the price of gold at over \$600 per ounce Canadian, a program of 11,000 feet of diamond drilling estimated to cost \$220,000 has been recommended to be carried out on the mining property. There is also provision for a limited amount of bulk and channel sampling to be carried out, which together with the feasibility report is estimated to cost \$25,000. The sampling results would constitute the first step in determining the feasibility of a profitable mining operation on the west or Texmont deposit. Road construction and contingencies add another \$75,000 to the estimated costs for a total of \$320,000. The Company's 36.4% share would amount to \$116,480.

Financing Arrangements

The Company has entered into an Underwriting Agreement with Underwriters pursuant to which the Underwriters have agreed to purchase 600,000 treasury shares at the price of 25¢ per share net to the Company's treasury so as to provide it with proceeds of \$150,000 prior to the expenses of this issue. Such shares will be offered to the public at the price of 35¢ per share. There is a further secondary offering of 90,000 shares which will be made by the Underwriters, none of the proceeds of which will accrue to

treasury of the Company. None of the secondary shares will be offered for sale by either Underwriter until all of the shares underwritten by both Underwriters have been taken down, paid for and sold by them.

Risk Factors

The mining property in Tully Township in which the Company has an interest does not at the present time contain mineralized zones proven to constitute a commercial ore body and the work program proposed to be carried out by the Company thereon is designed to establish whether a commercial and mineable ore body exists thereon. The Company has limited funds available to it and the only source of future funds presently available is through the sale of equity capital. The shares of the Company being offered by this prospectus should accordingly be considered as an investment involving risk and are speculative. Profit on an investment in the Company's shares will depend upon the success experienced in the work programs to be carried out by the Company on the Tully Township mining property.

There is no market for shares of the Company, and purchasers may not be able to resell them. The Underwriters are not obligated to buy back shares except to the extent that they may have oversold the offering and the buy back price may be significantly lower than the original selling price. Shareholders purchasing any of the underwritten shares will suffer an immediate dilution of 31.4¢ per share and shareholders purchasing any of the secondary shares a dilution exceeding 31.4¢ per share by the amount by which the price paid for such shares exceeds the sum of 35¢ per share.



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FRANKFIELD EXPLORATIONS LTD.

HISTORY AND BUSINESS

Frankfield Explorations Ltd. (the "Company") was incorporated under the Ontario Companies Act by articles of incorporation dated June 22, 1948 as Nasco Metal Mines Limited. Articles of amendment dated March 1, 1951 were issued to the Company changing the name to Nasco Cobalt Silver Mines Limited. Further articles of amendment dated January 14, 1974 were issued to the Company changing its name to Frankfield Explorations Ltd., changing the issued and unissued shares of the Company's capital stock from a par value of \$1.00 each to shares without par value and extending the Company's objects. Further articles of amendment dated August 22, 1980 were issued to the Company to increase the Company's authorized capital by creating an additional 3,000,000 common shares ranking on a parity with the existing 4,000,000 common shares.

The business of the Company is to engage in the acquisition, exploration, development and operation of mines, mineral lands and oil and gas lands. The head office of the Company is located at Suite 402, 27 Queen Street East, Toronto, Ontario where the records of the Company are kept.

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.

TULLY TOWNSHIP GOLD PROSPECT

Acquisition

Frankfield Explorations Ltd. (the "Company") entered into an agreement (the "assignment agreement") made as of the 16th day of May, 1974 with Frank Cadesky, 767 Spadina Road, Toronto, Ontario whereunder Mr. Cadesky agreed to assign, transfer and set over unto the Company, without payment, his entire right, title and interest in an agreement made as of the 29th day of January, 1974 (the "joint venture agreement") with Intex Mining Company Limited ("Intex"), Suite 1500, 4 King Street West, Toronto, Ontario.

Pursuant to the joint venture agreement, the Company was granted the option to carry out exploration and development programs on a group of mining claims located on the boundary of Tully and Prosser Townships in the Porcupine Mining Division of the Province of Ontario. Of the original group of claims, 22 contiguous, unpatented mining claims covering some 880 acres were retained. These claims are recorded in the name of New Texmont Explorations Limited

("Texmont"), Suite 1500, 4 King Street West, Toronto, Ontario and are more particularly described herein under the caption "Location, Access and Description". The mining claims are hereinafter referred to as the "mining claims" or the "Tully Township mining claims". By carrying out expenditures to the extent of over \$90,000 on the Tully Township mining claims, the Company earned an undivided 50% interest in the mining claims with Intex owning the remaining undivided 50% interest.

The joint venture agreement provides for the terms and conditions under which the Company and Intex may jointly develop the mining claims. All exploration and development expenditures made subsequent to the acquisition by the Company of its 50% interest (acquired during 1974) are to be borne by the Company and Intex in accordance with their respective participating interests from time to time, which is equal to their undivided interest in the mining claims.

Canadian Nickel Company Limited ("Canico") entered into an agreement made as of the 31st day of December, 1975 with the Company and Intex to provide for the further exploration and development of the mining claims. On October 1, 1976 Canico terminated its interest in the December 31, 1975 agreement and the mining claims having carried out exploration and development work thereon to the extent of \$75,000. Owing to the terms of that agreement, Intex was credited with the full amount of exploration and development expenditures incurred by Canico and accordingly, exploration and development expenditures credited to Intex amount to \$175,000 and those credited to the Company amount to \$100,000. The undivided interest and participating interest of Intex and the Company in the mining claims are accordingly 63.6% and 36.4% respectively.

By virtue of having acquired a majority interest in the mining claims, the joint venture agreement provides that Intex is the operator. It is intended that the parties will generally consult with one another and pool their respective information and ideas and co-operate in the formulation and conduct of the work program.

The joint venture agreement provides that if through non-participation from time to time the participating interest of either party (the "carried party") in the mining claims is reduced to a 10% interest, then such 10% interest shall be deemed to be a fully paid and non-assessable carried interest and shall not be subject to further reduction.

Prior to the work carried out by Canico pursuant to the December 31, 1975 agreement referred to above, the Company and Intex each beneficially owned an undivided 50% interest in the mining claims. The joint venture agreement provides that the participating interest of each party in the mining claims from time to time equals the percentage calculated from the ratio that the amount of exploration and development expenditures contributed or assumed by such party bears to the aggregate amount of exploration and development expenditures contributed

or assumed by both parties to the mining claims and for the purposes of this calculation, both parties were granted an initial work credit of \$100,000 for exploration and development expenditures. By virtue of the work carried out by Canico, Intex was credited with an additional \$75,000 of exploration and development expenditures which altered the undivided interest and participating interest of the Company and Intex in the mining claims. As previously set out herein, Intex owns a 63.6% undivided interest and the Company a 36.4% undivided interest in the mining claims.

The joint venture agreement also provides that if the technical consultants of the parties agree that there are reasonable indications of the existence of a commercial ore body, the parties shall cause a feasibility study to be made. "Commercial ore body" means an ore body that can economically be brought into production in a given context. The expenses of a feasibility study and the report are to be borne by the parties in proportion to their participating interests, and the expert who shall be making such feasibility study shall be appointed by the parties.

The agreement also contains miscellaneous other provisions usual to agreements of this type. In the event a party should desire to dispose of its interest in the joint venture agreement or the mining claims, then it is required to first offer to transfer its interest in the joint venture agreement and the mining claims to the other party on the same terms and conditions upon which it is proposed to dispose thereof to a third party. This condition, however, does not apply where the parties to the proposed transaction are dealing at arms length and the interest of the other party to the agreement has been reduced to a carried interest.

Location, Access and Description

The mining claims which cover an area of approximately 880 acres are recorded in the name of Texmont and may be described as follows:

<u>Mining Claim</u>	<u>Description</u>
P100438 and 39, P100441 and 42	N $\frac{1}{2}$ Lot 10, Concession II
P 99288 and 89, P100437 and P100440	N $\frac{1}{2}$ Lot 11, Concession II
P 97948 and 49	N $\frac{1}{2}$ of S $\frac{1}{2}$ Lot 11, Concession II
P 97942 to 47, P99286 and 87	All Lot 12, Concession II
P 97938 to 41	S $\frac{1}{2}$ Lot 12, Concession II

Sufficient assessment work has been performed and recorded on claims P99286 to P99289 and P100437 to P100442, and Texmont applied for a 21-year lease for surface and mining rights in September, 1979.

Claims P97944 to P97947 were brought to 21-year lease for mining rights only on January 31, 1980.

Claims P97938 to P97943 and P97948 to P97949 were brought to 21-year lease on January 7, 1980 and are for surface and mining rights.

In the Province of Ontario, 21-year mining leases bear annual rentals at the rate of \$1.00 per acre during the first year and 25¢ per acre annually thereafter. If a lease is for mining rights only, the second and subsequent years' rental is at the rate of 10¢ per acre.

The mining claims are located in the south-west corner of Tully Township, Ontario, approximately 25 miles north-northeast of Timmins. The mining claims may be reached by a timber road from Connaught on Highway 610, a distance of about 18 miles. The northern portion of this road is likely in poor condition because of lack of maintenance. Alternatively, a winter road from Highway 655 in Wark Township is presently being maintained. Highway 655 has been extended north to Highway 11 and passes 5.5 miles west of the mining claims.

ADJACENT PROPERTIES

About a half mile south of the mining claims, the Nickel Offsets Limited deposit was discovered by McIntyre Mines Limited in 1969 as a result of drilling an east trending vertical loop conductor. A zone over 1,000 feet long was investigated by drilling to a depth of 500 feet and McIntyre reported a potential of 835,000 tons of ore (diluted) grading 0.216 ounces of gold per ton (uncut) to a depth of 500 feet. Nickel Offsets Limited has carried out further drilling recently and is reportedly planning for production.

HISTORY AND PREVIOUS WORK

Texmont Gold Discovery

In 1967, the mining claims were covered by magnetic and electromagnetic surveys which resulted in the discovery of the Texmont gold deposit. Starting in 1968, 16 holes totalling 10,364 feet were drilled to investigate the gold zone. The deposit strikes northeast, dips near vertically and displays unusual uniformity in grade and dimensions. The mineralized section is under 10 feet of overburden and is 500 feet long, 250 feet deep and 9 feet wide and contains 93,750 tons indicated by drilling averaging 0.21 ounces gold per ton before dilution. It is reported that the mineralized zone is terminated to the east by faulting and that drilling to depth and to the west intersected lower values.

Frankfield Gold Discovery

In 1974 the Company investigated by drilling the apparent faulted extension of the favourable horizon represented by a conductor more than a half mile east. The last hole of a three hole program in 1974 resulted in the discovery of the Frankfield gold zone. Additional programs in 1975 and 1976 totalled 8,122 feet of drilling in 24 holes on the Frankfield zone. The depth of the intersections varies from 120 to 220 feet below surface, and the deposit is covered by about 45 feet of overburden. The drill indicated tonnage calculation for the Frankfield gold zone assuming a true width of 12 feet, a length of 600 feet and depth of 200 feet is 120,000 tons averaging 0.22 ounces of gold per ton before dilution. Subsequent drilling below the zone encountered generally lower values over narrower widths and similarly, values from drilling along strike tended to be lower or discontinuous. The above 600 foot zone lies 30 to 100 feet south to the north property boundary and dips vertical to steeply south. At a depth of 250 feet the drill indicated host horizon is 110 to 140 feet south of the boundary in the central part of the zone.

Geologist's Report

The following is management's summary of portions of the report of Mr. Ronald J. Bradshaw, P.Eng., Geologist, dated July 30, 1980, whose full report is available for inspection in the public files of the Ontario Securities Commission, 10 Wellesley Street East, Toronto, Ontario during normal business hours.

It is reported that the similarity of the Texmont, Frankfield and Nickel Offsets Limited gold deposits is notable. Each of the mineralized zones is located in fragmental volcanic rocks which are favourable host rocks for gold deposits in many areas. The mineralization associated with the gold deposition is weak to moderately conductive, thereby accounting for the discovery of the deposits and that the similarity of mineralization within the quartz-carbonate veining may account for the average grade of the various deposits which is remarkably similar.

At a price of gold exceeding \$500 per ounce, both the Texmont and Frankfield deposits have potential as profitable producers. Each of the deposits is fairly uniform in attitude and sufficiently wide to be amenable to low cost cut and fill mining developed by decline. Contract mining and milling facilities are available locally, and the Frankfield deposit is covered by about 45 feet of overburden, while less than 10 feet covers the Texmont deposit.

Conclusions

The Texmont and Frankfield gold deposits should be considered as potential profitable mining operations, and since less than 10 feet of overburden is present on the Texmont deposit,

an open pit can be easily established in order to verify the grade and undertake metallurgical testing. A confirmation of the drill grade would most likely lead to a profitable mining venture with the present price of gold now over \$600 per ounce Canadian. Further development and exploration on the Frankfield deposit would follow.

Recommendations

1. Power equipment be used to establish a pit on the Texmont deposit, having a minimum dimension of 50 by 100 feet to expose the gold mineralization for bulk and channel sampling. Cost of this program is estimated at \$25,000 including excavation, sampling and a feasibility study.
2. A program of diamond drilling is recommended to establish the horizontal limits of the deposits and determine more accurately the average grade of the deposits. Two holes, each 400 feet deep, should be drilled at the west end of the Texmont zone, These holes should be spaced at 500 feet on either side of the most westerly previous hole to probe the near surface strike extension of the gold zone. At the west end of the Frankfield zone, two 400 foot holes are proposed to probe for extensions of mineralization between two previous holes. A total of 7,000 feet including 3,000 feet on the Texmont deposit and 4,000 feet on the Frankfield deposit is recommended to more accurately establish grades for these zones. The holes should be drilled at approximate 50 foot centers for a total program of 8,600 feet estimated to cost \$20 per foot for a total of \$172,000.
3. Four 600 foot holes inclined 50 degrees to the south, are recommended for the exploration of favourable geological features. 2,400 feet of drilling at \$20 per foot costs \$48,000.
4. The sum of \$50,000 should be allocated for probable road construction. Approximately 5 to 6 miles of new road construction is required and since other companies are currently working on gold deposits in the immediate area, there exists the possibility of sharing costs of construction of the road.
5. A contingency fund of \$25,000 should be available for possible follow-up drilling and unforeseen problems with establishment of the pit.

Reference is made to the caption "Acquisition" for particulars of the assignment of Frank Cadesky to the Company at his cost of his interest in the joint venture agreement with Intex. So far as the Company is aware, all of the issued shares of Intex are held by New Texmont Explorations Limited, Suite 1500, 4 King Street West, Toronto, Ontario to the extent of 90% and Canadian Nickel Company Limited, Toronto-Dominion Bank

Tower, Toronto, Ontario as to 10%. So far as the Company is aware, the only person or company beneficially owning, directly or indirectly in excess of 5% of the issued shares of New Texmont Explorations Ltd. is Sheridan Geophysics Ltd. Suite 1500, 4 King Street West, Toronto, Ontario. Canadian Nickel Company of Canada is a wholly owned subsidiary of The International Nickel Company of Canada Limited.

LORRAIN GROUP

The Company is the recorded holder, free of encumbrance of 21 mining claims held under mining leases issued by the Ministry of National Resources for the Province of Ontario, pursuant to the provisions of The Mining Act and which may be more particularly described as follows:

- (a) Mining Lease No. 102924 relates to 3 mining claims covering an area of approximately 120 acres. The lease runs for a period of 21 years from January 1, 1973 with annual rentals of \$12 per year;
- (b) Mining Lease No. 102923 relates to 9 claims covering an area of approximately 360 acres. The lease runs for a period of 21 years from September 1, 1972 with annual rentals of \$36;
- (c) Mining Lease No. 102921 relates to 6 claims covering an area of approximately 240 acres. The lease runs for a period of 21 years from October 1, 1970 with annual rentals of \$24;
- (d) Mining Lease No. 102922 relates to 3 claims covering an area of approximately 120 acres. The lease runs for a period of 21 years from August 1, 1971 with annual rentals of \$19.20.

All of the above leases are recorded in the Land Titles Office at Haileybury, Ontario, title to which is the usual title to mining claims held under mining lease issued by the Ministry of Natural Resources. All of the leases grant to the Company, mining rights composed of mines, ores, minerals, and mining rights under the land covered thereby while mining lease No. 102922 in addition, grants the Company surface rights to the land covered thereby.

By agreement dated the 19th day of February, 1952, between the Company and Samuel Ciglen (the "vendor"), 101 Bayview Ridge, Toronto, Ontario, the Company acquired the aforementioned 21 claims as unpatented mining claims, in consideration of the sum of \$10,000 and 650,000 fully paid and non-assessable shares of the capital stock of the Company, of which 585,000 shares were issued subject to escrow. Of the said sum of

\$10,000, the sum of \$7,500 was in reimbursement of monies paid by the vendor to E.B.E. de Camps, 877 Avenue Road, Toronto Ontario for 12 of the said claims which were acquired by the vendor from the said E.B.E. de Camps, the balance of \$2,500 was in reimbursement for expenses of prospecting, examinations, reports and sundry disbursements incurred by the vendor on the said claims prior to the sale thereof to the Company. The Company incurred \$1,142.50 of expenses in acquiring these claims.

Harold Kenty, Cobalt, Ontario, Alexander Daniel Hellens, Haileybury, Ontario, and Louis Cadesky, 649 Spadina Road, Toronto, Ontario who were associated with the vendor Samuel Ciglen in the acquisition, prospecting and exploration of the 21 claims, each received 162,500 shares of the capital stock of the Company out of the 650,000 shares allotted for the said properties. Jack Koza, formerly a director of the Company, of Cobalt, Ontario, subsequently purchased 162,500 shares issued to Harold Kenty as set out above. So far as the signatories hereto are aware, the foregoing sets forth particulars of every person or company who has received or is to receive from the vendor more than 5% of the cash and/or shares received by the vendor.

In 1952 the Company drilled 8 diamond drill holes and in 1955 drilled a further hole to a depth of 1,126 feet. Although the 8 drill holes failed to find cobalt-silver mineralization, they did reveal the presence of cobalt-series sediments to a thickness of over 200 feet below the diabase which was an identical situation to that at the Agnico claims about a half mile to the north. The 1,126 foot drill hole was drilled to test the veins in 3 adits driven by prior owners of the mining claims. Two cobalt bearing veins were intersected in the diabase approximately 300 feet below the upper contact, however, it is believed that the hole failed to reach the adit veins which were intended to be tested. The Company in January 1965 received a report from its Consulting Engineer, summarizing the results of work carried out by the Company on the mining claims and recommending a further diamond drilling program, then estimated to cost approximately \$30,000. During the spring of 1965, additional exploration and development expenditures including diamond drilling aggregating approximately \$15,608 were incurred. No further work was carried out to implement the recommendations of the Consulting Engineer and the Company has no present plans to carry out further work on the mining claims but does intend to maintain them in good standing. Exploration and development expenditures incurred to date on the mining claims have amounted to the sum of \$54,384. This sum, together with related administrative expenses in an amount of \$21,304 have been written off to deficit.

USE OF PROCEEDS

The proceeds to be received by the Company from the sale of the underwritten shares will be \$150,000 prior to deducting the expenses of this issue, estimated not to exceed the sum of \$15,000. The net proceeds from the offering will be added to the Company's working capital of \$13,220 on June 30, 1980.

Administrative expenses of the Company are estimated to be approximately \$10,000 per year.

Proceeds from the issue will be used to implement the recommendations of Mr. Ronald J. Bradshaw, Geologist, referred to in his report dated July 30, 1980, on the Company's Tully Township mining properties. Mr. Bradshaw has recommended total expenditures of \$320,000 comprised as follows:

1. Establishment of pit and sampling on the Texmont gold deposit including a feasibility report	-	\$ 25,000
2. Development drilling on the Texmont and Frankfield deposits - 8,600 feet at \$20 per foot	-	172,000
3. Drilling 2,400 feet for exploration at 20¢ per foot	-	48,000
4. Road construction	-	50,000
5. Contingency fund	-	<u>25,000</u>
	TOTAL	<u>\$320,000</u>

The Company has the right to participate to the extent of 36.4% of such costs, which amounts to approximately \$116,480.

The Company understands that Intex Mining Company Limited intends to participate in the work program with the Company to the extent of its 63.6% interest, that is to the extent of \$203,520 being the balance of the total program costs of \$320,000.

In the event the secondary offering referred to under the caption "Secondary Offering" proceeds, the Underwriters will pay to the Company their pro rata share of the costs of issue, estimated at \$1,956.

Dependent upon the results achieved and the availability of funds, further exploration may be carried out on the Tully Township mining 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 costs of programs of acquiring staking, exploring and developing 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 offered herein are then in the course of distribution to the public.

OFFERING

The Company entered into an agreement (the "Underwriting agreement") made as of the 29th day of July, 1980 with Tom & Barnt Limited ("Tom & Barnt"), Suite 1408, 80 Richmond Street West, Toronto, Ontario, M5H 2B9 and Cadre Corporation ("Cadre"), Suite 403, 27 Queen Street East, Toronto, Ontario. For convenience Tom & Barnt and Cadre are hereinafter collectively referred to as the "Underwriters". Particulars concerning the purchase of the underwritten shares are as follows:

<u>Number of Shares Undewritten</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>
600,000	25¢	\$150,000	35¢

The Underwriters, in entering into the Underwriting agreement are acting severally and not jointly or collectively, each as to a 50% interest. Accordingly, each of Tom & Barnt and Cadre are responsible to purchase 50% of the underwritten shares and are not responsible for the obligations of the other party with respect to the remaining 50% of the underwritten shares. The Company is not aware of any assignments, sub-options or sub-underwritings with respect to the aforementioned underwritten shares.

The Underwriters may terminate the agreement prior to the date of acceptance for filing of this prospectus by the Ontario Securities Commission (the "effective date") and for such additional period, not exceeding 30 days thereafter, until the Underwriters or either of them purchase any of the underwritten shares, provided that if either of the Underwriters purchase any of the underwritten shares, both Underwriters are thereupon irrevocably bound to take up and pay for all of the 600,000 underwritten shares. Termination may be based upon the Underwriters' assessment of the financial markets and in the case of certain stated events. Subject to the foregoing, the underwritten shares must be purchased within the following times, calculated from the effective date, namely:

<u>Net Proceeds to be Received by the Company</u>	<u>Time within which payable from the effective date</u>
\$60,000	30 days
\$50,000	60 days
<u>\$40,000</u>	90 days
\$150,000	

The Underwriters acting as principals will offer the underwritten shares over-the-counter in the Province of Ontario at the price set forth above. The underwriting price of 25¢ per share was established by negotiation between the Company and the Underwriters. 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 Underwriters' discount of 10¢ per share and registered dealers acting as agents may be paid commissions not exceeding 8.75¢ per share.

Secondary Offering: 90,000 shares

In consideration of the underwriting referred to under the caption "Offering", the Company has agreed to allot and issue to the Underwriters without further payment, 90,000 new bonus shares. Such bonus will be issued to the extent of 45,000 shares to each of Tom & Barnt and Cadre and constitute the 90,000 share secondary offering.

The Underwriters will offer the secondary shares for sale over-the-counter in the Province of Ontario at the price prevailing from time to time for shares of the Company. None of the proceeds from the sale of the secondary shares will accrue to the Company. Sales of the secondary shares may also be made through other registered dealers other than the Underwriters acting as principals or agents. Registered dealers acting as principals may purchase such shares at such price as is negotiated with the Underwriters and registered dealers acting as agents may be paid commissions not exceeding 25% of the selling price of the shares so sold. None of the aforementioned secondary shares will be offered for sale by either Underwriter until all of the shares underwritten by both Underwriters have been taken down, paid for and sold to the public.

Adjustment of Proceeds to the Company

Pursuant to the terms of the Underwriting agreement, made as of the 29th day of July, 1980, the Underwriters have agreed that the Company will receive from the sale of the underwritten and secondary shares hereby offered, the sum of \$150,000 or 30% of the aggregate selling price to the public of all of the shares offered hereby, whichever sum is greater. The number of shares to be sold by the Underwriters shall not exceed the number qualified for sale under this prospectus by more than 10% and the total proceeds of the over selling as received will be deposited in trust accounts operated by each of Tom & Barnt and Cadre exclusively to hold the proceeds for the purpose of maintaining a bid for shares of the Company distributed by them. To the extent that such monies are not applied for this purpose by August 11, 1981, or by such earlier date as the Underwriters may elect (after the number of shares purchased with funds in the trust account at least equals the number of shares sold by each Underwriter in excess of the number of shares qualified for sale under this prospectus), these funds must be divided between the Underwriters and the Company in the same ratio that the proceeds of distribution were divided. If the number of shares purchased with funds in the trust account is not at least equal to the number over-sold by the Underwriters, then the entire remaining portion of the funds in the trust account must be paid to the Company. Each of the two Underwriters will account separately to the Company with respect to the funds in the trust account for the shares distributed by them.

The only person having an interest either directly or indirectly to the extent of not less than 5% of the capital of Cadre Corporation is Frank Cadesky. The only person having an interest either directly or indirectly to the extent of not less than 5% of the capital of Tom & Barnt Limited are Robert Richardson, Bruce Attenborough and Betty Crump.

DESCRIPTION OF CAPITAL STOCK

The common shares of the Company are without par value. The holders of common shares are entitled to dividends, if, as and when declared by the board of directors; common shares are entitled upon liquidation, dissolution or winding up of the Company to receive those assets distributable to shareholders and to receive notice of and attend and vote at all meetings of shareholders of the Company. There are no indentures or agreements limiting the payment of dividends and all common 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 common shares are 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 as at June 30/80</u>	<u>Amount Outstanding as at Aug.31/80</u>	<u>Amount Outstanding if all securities being offered are sold</u>
common shares without par value	7,000,000(1) (\$ unlimited)	3,830,005 (\$615,505)	3,830,005 (\$615,505)	4,503,875 (2) (\$761,473)

- (1) Gives effect to the issuance of articles of amendment increasing the authorized capital from 4,000,000 to 7,000,000 more particularly referred to herein under the caption "History and Business".
- (2) 16,130 escrowed shares of the Company are held in Trust for the benefit of the Company. These shares will be released and together with 583,870 new treasury shares will form the underwritten shares. The sales of the 16,130 shares will give rise to a contributed surplus of \$4,032.50. This figure also assumes the issuance of 90,000 bonus shares for a nominal consideration of \$1.00.

MANAGEMENT

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

<u>Name</u>	<u>Address</u>	<u>Position</u>
Oswald F. Carter	Town of Markham Province of Ontario	President and director
Walter A. Carter	Town of Colborne Province of Ontario	director
Arthur J. Fortens	Borough of East York Province of Ontario	director
Fred Munger	City of Toronto Province of Ontario	Secretary- Treasurer

The principal occupations of the directors and officers for the past ten years are as follows:

Mr. O.F. Carter has since January 1, 1979, been a self-employed consulting geologist. Mr. Carter performs services for the Company as its Chief Executive officer.

Mr. W.A. Carter is and has been a self-employed consulting engineer. Mr. Carter provides the Company with services as a director and geological consultant when required.

Mr. Fortens is an accountant and has been employed by Sprucedale Holdings Limited since June, 1971. Prior thereto he was employed by Louada Holdings Limited. Mr. Fortens provides services as a director and accountant.

Mr. 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 until February, 1972. Mr. Munger is the sole director and officer of Sprucedale Holdings Limited which provides the Company with head office accommodation, accounting, administration and corporate secretarial services. Mr. Munger performs services for the Company of an accounting and secretarial nature.

Messrs. O.F. Carter, W.A. Carter and Sprucedale Holdings Limited maintain offices at Suite 402, 27 Queen Street East, Toronto, Ontario. It is ordinarily unnecessary for the directors to devote more than 5% of their time to managing the affairs of any of the mining companies with which they are associated, however, the directors are available to carry out their duties and responsibilities whenever the affairs of any particular company requires. In the case of Mr. O.F. Carter who is the Company's technical consultant and who in addition to his duties as an officer and director, acts to supervise and direct the Company's exploration programs, it is anticipated that he will devote approximately 15% of his time to the Company's business during its active period.

Reference is made to the caption "History of Management" for further particulars concerning the association of the directors and officers to other junior exploration companies.

REMUNERATION OF MANAGEMENT

The following table sets forth the remuneration which has been paid or is payable by the Company during the year ended December 31, 1979:

NATURE OF REMUNERATION

	Aggregate Remuneration	Pension Benefits	Retirement Benefits
DIRECTORS (3)			
(a) To directors from parent	\$300	Nil	Nil
(b) To senior officers from parent	\$100	Nil	Nil

There are no wholly owned or partially owned subsidiaries of the Company.

The amount paid or payable to directors does not include the sum of \$3,600 paid to Sprucedale Holdings Limited for providing the Company with head office accommodation, accounting and corporate secretarial services. The Secretary of the Company is the sole director, officer and shareholder of Sprucedale Holdings Limited. In addition thereto, Mr. O.F. Carter was paid the sum of \$1,200 in respect of his services as consulting geologist. Mr. Carter will be paid in the future for any services rendered at the usual rates for such services as prescribed by the Association of Professional Engineers of Ontario.

Directors and officers of the Company are entitled to receive \$100 for each meeting of the board attended by them. A monthly fee of up to \$400 will be paid to Sprucedale Holdings Limited, Suite 402, 27 Queen Street East, Toronto, Ontario for providing the Company with head office accommodation, accounting and administrative and secretarial services.

DIVIDENDS

No dividends have been paid to date by the Company.

AUDITORS

Messrs. Laventhol & Horwath, Chartered Accountants, 120 Adelaide Street West, Toronto, Ontario, M5H 1T6, are the Company's auditors.

REGISTRAR AND TRANSFER AGENT

Guaranty Trust Company of Canada, 88 University Avenue, Toronto, Ontario acts as the Company's registrar and transfer agent.

PROMOTER

Frank Cadesky, 767 Spadina Road, Toronto, Ontario, is the Company's promoter. Mr. Cadesky is the sole shareholder of Cadre Corporation referred to herein under the caption "Offering". Reference is made to the caption "Tully Township Gold Prospect" for particulars concerning the assignment by Frank Cadesky to the Company without payment of his interest in the joint venture agreement between the Company and Intex Mining Company Limited.

RISK FACTORS

The mining claims in Tully Township, Ontario in which the Company has an interest do not contain mineralized zones sufficiently extensive to constitute a commercial ore body and the work program proposed to be carried out by the Company thereon is designed to extend the known mineralized zones in an endeavour to establish a commercial and mineable ore body. The Company has limited funds available to it and the only source of future funds presently available to the Company is through the sale of equity capital. The shares of the Company being offered by this prospectus should accordingly be considered as an investment involving risk and are speculative. Profit on an investment in the Company's shares will be dependent upon the success experienced in the work programs to be carried out by the Company on the Tully Township mining claims.

There is no market for shares of the Company and purchasers may not be able to resell them. The Underwriters are not obligated to buy back shares except to the extent that they may have oversold the offering, and the buy-back price may be significantly lower than the original selling price.

As at June 30, 1980, the Company has a working capital of \$13,220. Assuming the sale of the 600,000 underwritten shares and the 90,000 secondary shares, the number of shares of the Company which will be issued will be 4,503,875. The net tangible book value of the Company at that time will be \$163,220 or 3.6¢ per share. Accordingly, shareholders purchasing any of the underwritten shares will suffer an immediate dilution of 31.4¢ per share and shareholders purchasing any of the secondary shares, a dilution exceeding 31.4¢ per share by the amount by which the price paid for such shares exceeds the sum of 35¢ per share.

PRINCIPAL AND SELLING SHAREHOLDERS

So far as the Company is aware, no person or company beneficially owns, either directly or indirectly, in excess of 10% of the issued and outstanding shares of the Company. As disclosed in this prospectus, 90,000 shares will be offered for sale by way of a secondary offering. The said shares, if offered, will be offered as follows:

<u>Name and Address</u>	<u>Number of Shares Owned</u>	<u>Number of Shares to be Sold</u>
Tom & Barnt Limited Suite 1408 80 Richmond Street W. Toronto, Ontario	45,000	45,000
Cadre Corporation Suite 403 27 Queen Street E. Toronto, Ontario	45,000	45,000

Set forth below are particulars of the number of shares of the Company beneficially owned, directly or indirectly by all the directors and senior officers of the Company.

<u>Designation of Class</u>	<u>Percentage of Class</u>
Common shares without par value	less than 1%

ESCROWED SHARES

Certificates representing 718,870 shares of the Company are held in escrow by Guaranty Trust Company of Canada, 88 University Avenue, Toronto, Ontario. The terms of escrow provide that the escrowed shares are subject to release from escrow with the written consents of the Ontario Securities Commission and the board of directors of the Company and that any transfer, hypothecation or other alienation may take place only with the written consent of the Ontario Securities Commission.

Pursuant to the policies of the Ontario Securities Commission, the escrowed shares are subject to surrender for the benefit of the Company if the mining claims referred to under the caption "Lorrain Group" are abandoned upon the recommendation of an independent engineer or geologist.

<u>Designation of Class</u>	<u>Number of Shares Held in Escrow</u>	<u>Percentage of Class</u>
common shares without par value	718,870	15.96 (1)

- (1) Calculated on the basis of there being 4,503,875 shares issued and outstanding after the offering.
- (2) Originally 735,000 shares were held in escrow. This figure gives effect to the release of 16,130 escrowed shares held for the benefit of the Company which will be sold as part of the 600,000 underwritten shares. Reference is made to the caption "Capitalization". Of the 718,870 escrowed shares, 132,120 representing 2.9% of the Company's issued shares are beneficially owned by Frank Cadesky who is also the Company's promoter. Reference is made to the caption "Promoter".

MATERIAL CONTRACTS

The Company has entered into the following material contract within the two years prior to the date hereof which is still in effect:

1. Underwriting agreement made as of the 29th day of July, 1980 between the Company, Tom & Barnt Limited and Cadre Corporation, more particularly referred to herein under the caption "Offering".

A copy of the foregoing agreement may be inspected at the head office of the Company, Suite 402, 27 Queen Street East, Toronto, Ontario during normal business hours during the distribution of the securities being offered herein and at the offices of the Ontario Securities Commission, 10 Wellesley Street East, Toronto, Ontario during and subsequent to the distribution of the securities being offered herein.

PURCHASER'S STATUTORY RIGHTS
OF WITHDRAWAL AND RESCISSION

Sections 70, 126 and 135 of The Securities Act, 1978, (Ontario) provide in effect that when a security is offered in the course of a distribution or a 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 dealer from whom the purchaser purchased the security not later than midnight on the second business day after the prospectus and any amendment to the prospectus offering such security is received or deemed to be received by the purchaser or his agent;
- (b) if a prospectus together with any amendment to the prospectus contains a misrepresentation, a purchaser who purchases a security offered thereby during the period of distribution to the public shall be deemed to have relied on such misrepresentation, if it was a misrepresentation at the time of purchase, and, subject to the limitations set forth in the Act,
 - (1) has a right of damages against:
 - (i) the issuer or a selling security holder on whose behalf the distribution is made;

- (ii) each underwriter required to sign the certificate required by Section 58 of the Act;
- (iii) every director of the issuer at the time the prospectus or amendment was filed;
- (iv) every person or company whose consent has been filed pursuant to a requirement of the regulations under the Act but only with respect to reports, opinions or statements made by them, and
- (v) every other person or company who signed the prospectus or the amendment,

but no action to enforce the right can be commenced by a purchaser more than the earlier of 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action or three years after the date of the transaction that gave rise to the cause of action, or

(2) where the purchaser purchased the security from a person or company referred to in (i) or (ii) above or from another underwriter of the securities, he may elect to exercise a right of rescission against such person, company or underwriter, in which case he shall have no right of action for damages against such person, company or underwriter, but no action to enforce this right can be commenced by a purchaser more than 180 days after the date of the transaction that gave rise to the cause of action.

Reference is made to the aforesaid Act for the complete texts of the provisions under which the foregoing rights are conferred, and the foregoing summary is subject to the express provisions thereof.

HISTORY OF MANAGEMENT

The following sets forth the association of the directors and officers with active junior mining companies. A company is considered to be active if it is either engaging in a work program, proposing to engage in a work program or has adequate funds to enable it to participate in a meaningful program, although any properties in which it may have an interest do not warrant further work. Inactive companies are those which have no reasonable prospect of carrying out meaningful work within the foreseeable future due to lack of finances, nor do they have any projects to obtain further financing.

Mr. O.F. Carter is a director and/or officer of the following junior mining companies: Consolidated Summit Mines Limited, Forefront Consolidated Explorations Ltd., Frankfield Explorations Ltd., Frodac Consolidated Energy Resources Ltd., Gambit Consolidated Explorations Ltd., Gold Ridge Mines Inc., Mistango River Mines Limited, Mid-West Energy Inc., North American Rare Metals Limited, Us-Ca-Mex Explorations Limited, Solo Resources & Energy Inc., Marmac Resources Limited, Zarina Explorations Ltd., Melrose Explorations Ltd., Havelock Energy & Resources Inc., Spindle Top Energy & Resources Inc., Silver Leader Mines Limited, Triangle Explorations Ltd., Trinova Resources Explorations Ltd., and Texcan Energy & Resources Inc. In addition to the foregoing, Mr. Carter is no longer a director of two other companies.

Mr. Munger is a director and/or officer of the following active junior mining companies: Consolidated Summit Mines Limited, Forefront Consolidated Explorations Ltd., Frankfield Explorations Ltd., Gambit Consolidated Explorations Ltd., Gold Ridge Mines Inc., Gull Lake Energy Resources Ltd., Rich Point Mines Limited, Spindle Top Energy & Resources Inc., Silver Leader Mines Limited, Us-Ca-Mex Explorations Limited, Zarina Explorations Ltd., Marmac Resources Limited, Cable Copper Mines Limited, Triangle Explorations Ltd., Mountainview Explorations, Milner Consolidated Silver Mines Limited, Frodac Consolidated Energy Resources Ltd., La-Chib Mines Limited, Melrose Explorations Ltd., and Texcan Energy & Resources Inc. In addition to the foregoing, Mr. Munger has been associated with 9 other companies which are presently dormant, have had their charters cancelled or he is no longer a director.

Mr. Fortens is a director and/or officer of the following active junior mining companies: Consolidated Summit Mines Limited, Eagle Rock Iron Mines Limited, Fin Resources Inc. Frankfield Explorations Ltd., Frodac Consolidated Energy Resources Ltd. Gold Belle Mines Limited, Gold Ridge Mines Inc., Mid-West Energy Inc. North American Rare Metals Limited, Rich Point Mines Limited, Shilo Mines Limited, Temple Explorations Inc. Trinova Resource Explorations Ltd., Us-Ca-Mex Explorations Ltd., Marmac Resources Limited, Golden Bounty Mining Company Limited, Triangle Explorations Ltd., Petrobar Explorations Inc., Caremont Mines Ltd., Melrose Explorations Ltd., Spindle Top Energy & Resources Inc., Zarina Explorations Ltd., Dovercliffe Minerals Ltd., Solo Resources & Energy Inc., Bald Eagle Explorations Inc., Texcan Energy & Resources Inc., Vista Explorations Ltd., Gordon Falcon Explorations Inc., Newmex Gold Resources Inc, Sycon Energy Corp, Sidewinder Exploration Inc. and Petroflo Petroleum Corporation.

Mr. Fortens has been associated with 50 other companies which are presently dormant, have had either charters cancelled or he is no longer a director.

Mr. W.A. Carter is a director and/or officer of the following active junior mining companies: North American Rare Metals Limited, Eagle Rock Iron Mines Limited, Mistango River Mines Limited, Zarina Explorations Ltd., Frankfield Explorations Ltd., Melrose Explorations Ltd., Triangle Explorations Ltd., Silver Leader Mines Limited, Gull Lake Energy Resources Ltd., Golden Bounty Mining Company Limited, and Gold Belle Mines Ltd. In addition to the foregoing, Mr. Carter has been associated with two other companies which are presently dormant, have had their charters cancelled or from which he has resigned as a director.

It is ordinarily unnecessary for the directors to devote more than 5% of their time to the business of the Company. However, the directors of the Company are available to meet the particular needs of any company whenever required.

HISTORY OF PROMOTER

Frank Cadesky is the sole shareholder, director and officer of Cadre Corporation and for over ten years prior to his resignation in May, 1977, was a director, officer and shareholder of Universe Securities Ltd., (formerly Glandfield & Co. Limited), broker-dealers, Toronto, Ontario. Set forth below are particulars concerning the various companies in which Mr. Cadesky has been associated as promoter, either directly in his personal capacity or indirectly through Universe Securities Ltd., or Cadre Corporation.

Company	Promoter	Undewriter	Under-writing Proceeds	Field Expenses	Date of Under-writing
Consolidated Louanna Gold Mines Limited	Glandfield & Co. Limited	Glandfield & Co. Limited and Bouchard & Co. Limited, private placement.	\$447,500	\$387,360	1973 and 1975

The Company is presently active and has completed dewatering of its gold property near Nakina, Ontario in preparation for further work.

Consolidated Summit Mines Limited	Frank Cadesky	Glandfield & Co. Limited and Bouchard & Co. Limited	\$170,000	\$116,841	1973 and 1976
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The Company is presently arranging a joint venture project to develop silver potential on 2 claims in the Cobalt area held by the Company.

Company	Promoter	Underwriter	Under-writing Proceeds	Field Expenses	Date of Under-writing
Forefront Consolidated Explorations Ltd.	Glandfield & Co. Limited	Glandfield & Co. Limited	\$308,250	\$217,143	1975

The Company is presently active - 50% interest in 800 acres of oil leases in Ohio. One well drilled to date and completion for production testing is under review.

Frankfield Explorations Ltd.	Frank Cadesky	Marchment & MacKay Limited	\$185,000	\$ 99,795	1974 and 1975
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The Company is inactive. It holds 36% interest in a gold prospect, Tully Township, Ontario; major interest holder is currently negotiating for further drilling. Frankfield is planning to participate pro-rata.

Frodac Consolidated Energy Resources Ltd.	Frank Cadesky	Marchment & MacKay Limited	\$528,750	\$318,416	1973, 1974, 1975, 1976 and 1979 , 1980
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The Company is active. It holds approximately 796 acres of gas leases in Erie County, Pennsylvania. Well drilled in early 1980. Has arranged funds for completion and production, to be carried out shortly.

Gambit Consolidated Explorations Ltd.	Glandfield & Co. Limited	Glandfield & Co. Limited	\$274,000	\$221,949	1974 and 1975
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The Company is presently active - 50% interest in 800 acres of oil leases in Ohio. One well drilled to date and completion for production testing is under review.

Gold Ridge Mines Inc.	Frank Cadesky	M. Rash & Co. Limited	\$135,000	\$ 75,293	1974
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The Company is presently inactive; however, management is looking for a worthwhile interest for the Company.

Gull Lake Energy Resources Ltd.	Frank Cadesky	M. Rash & Co. Limited	\$481,250	\$384,530	1975 1976 and 1977
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The Company is presently active with one producing oil well and a second being readied for production testing in Ohio.

Company	Promoter	Underwriter	Under-writing Proceeds	Field Expenses	Date of Under-writing
Havelock Energy & Resources Inc.	Frank Cadesky	Universe Securities Ltd.	\$ 75,000	\$ 35,627	1977

The Company is active and holds a 24 claim uranium prospect in Quebec. Has acquired oil and gas leases, 225 acres, Wayne county, Ohio. Planning testing of sands by 3,500 foot well to productive Clinton formation.

Marmac Resources Limited	Cadre Corporation	Marchment & MacKay Limited	\$122,500	\$106,422	1979 and 1980
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A drilling program for oil or natural gas on leases held by the Company in Prairie Township, Ohio, carried out in April, 1980. One well intersected 20 feet of excellent porosity in a 5 foot 8 inch zone of clean sand with oil and gas showings. Well will be completed and tested for commercial production.

Melrose Explorations Ltd.	Cadre Corporation	Marchment & MacKay Limited	\$195,000	\$ 60,211	1979 and 1980
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A 4,000 foot diamond drilling program on gold claims held by the Company was carried out in early 1980 with encouraging results. Planning further drilling.

Silver Leader Mines Limited	Frank Cadesky	M. Rash & Co. Limited	\$975,477	\$514,000	1975 and 1977
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The Company is active and currently drilling for gas in Cayuga County, New York State. One well completed and second well started August 25, 1980.

Solo Resources & Energy Inc.	Cadre Corporation	M. Rash & Co. Limited	\$370,000	\$196,038	1979 and 1980
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Had 50% interest in prospect oil well, Nolan County, Texas drilled in May-June 1980. Not successful and abandoned. Has recently acquired an interest in an oil and gas well in Texas.

Spindle Top Energy & Resources Inc.	Cadre Corporation	M. Rash & Co. Limited	\$1,303,125	\$550,345	1977, 1978, 1979 and 1980
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The Company is presently active and holds approximately 850 gas and oil leases in Ohio. Two wells have been drilled and completed, one as a gas/oil producer, the second as an oil producer. Also holds a 50% interest in two wells to be drilled in Haskell County, Texas to test Strawn formation at 5,000 foot depth. Drilling scheduled for September, 1980.

Company	Promoter	Underwriter	Under-writing Proceeds	Field Expenses	Date of Under-writing
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Texcan Energy & Resources Inc.	Cadre Corporation	M. Rash & Co. Limited	\$480,000	\$160,000	1980
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The Company is active, holding a 50% interest in 2,698 acres, oil leases, in Anderson County, Texas. The Company participated in a well drilled in July, 1980 which was abandoned as a non-producer and is looking for further participations

Triangle Explorations Limited	Frank Cadesky	A.C. MacPherson & Co. Limited	\$197,500	\$104,000	1978
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The Company is active; it drilled uranium prospect in Johnson Township, Ontario in 1979, and holds oil leases of approximately 280 acres in Kansas, U.S.A. Two well drilled and being prepared for production testing.

Trinova Resource Explorations Ltd.	Cadre Corporation	M. Rash & Co. Limited	\$740,000	\$123,855	1978 and 1979
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The Company is active and holds a 50% interest in approximately 800 acres of inactive oil leases in Alberta. Has recently acquired an interest in 3 wells being drilled or prepared for production in Burleson County, Texas. Provision to participate in further wells.

Zarina Explorations Ltd.	Glandfield & Co. Limited	Glandfield & Co. Limited	\$326,074	\$186,675	1974, 1975, and 1977
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The Company is inactive

LOVENTHOL & HORWATH

CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Directors of
Frankfield Explorations Ltd.

We have examined the balance sheet of Frankfield Explorations Ltd. as at December 31, 1979 and the statements of deferred exploration and administrative expenditures, deficit and changes in financial position for the five years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1979 and its activities and changes in financial position for the five years then ended in accordance with generally accepted accounting principles applied on a consistent basis.

Toronto, Ontario
March 11, 1980.

"Laventhol & Horwath"

Chartered Accountants.

FRANKFIELD EXPLORATIONS LTD.
(Incorporated under the laws of Ontario)

BALANCE SHEET

ASSETS	June 30, 1980 (Unaudited)	December 31, <u>1979</u> <u>1978</u>	
Current:			
Cash and short-term deposits with bank	\$ 16,820	\$ 21,390	\$ 28,864
Mining claims:			
Interest in unpatented mining claims and claims held under lease in Tully Township, Ontario, recorded at nominal value (Note 2)	1	1	1
Mining claims in Lorrain Township, Ontario, held under mining leases, at written down value	<u>1</u>	<u>1</u>	<u>1</u>
	2	2	2
Organization expenses	-	-	6,500
	<u>\$ 16,822</u>	<u>\$ 21,392</u>	<u>\$ 35,366</u>
	*****	*****	*****

LIABILITIES

Current:			
Accounts payable	\$ 3,600	\$ 1,831	\$ 1,658

SHAREHOLDERS' EQUITY

Capital stock (Note 3):			
Authorized:			
4,000,000 Shares, no par value (not to exceed \$4,000,000)			
Issued:			
3,030,005 Shares for cash	543,005	543,005	543,005
800,000 Shares for mining claims	72,500	72,500	72,500
<u>3,830,005</u> Shares	<u>615,505</u>	<u>615,505</u>	<u>615,505</u>
Deficit	602,283	595,944	581,797
	<u>13,222</u>	<u>19,561</u>	<u>33,708</u>
	<u>\$ 16,822</u>	<u>\$ 21,392</u>	<u>\$ 35,366</u>
	*****	*****	*****

See accompanying notes.

On behalf of the Board:

....."W.A. Carter".....(Director)

....."O.F. Carter".....(Director)

FRANKFIELD EXPLORATIONS LTD.

STATEMENT OF DEFERRED EXPLORATION AND ADMINISTRATIVE EXPENDITURES

	Six months ended		Years ended December 31,				
	June 30, 1980 (Unaudited)	June 30, 1979 (Unaudited)	1979	1978	1977	1976	1975
Exploration expenditures:							
Tully Township, Ontario:							
Engineering fees	\$ 712	\$ 700	\$1,200	\$1,900	\$2,400	\$ 2,500	\$ 5,265
Diamond drilling	-	-	-	-	-	-	42,576
Salaries	-	-	-	-	-	-	2,332
Travel and accommodation	-	-	-	-	-	-	1,454
Miscellaneous	-	-	-	-	78	56	2,926
	<u>712</u>	<u>700</u>	<u>1,200</u>	<u>1,900</u>	<u>2,478</u>	<u>2,556</u>	<u>54,553</u>
Lorrain Township, Ontario:							
Government fees and taxes	-	108	134	256	234	105	102
	<u>712</u>	<u>808</u>	<u>1,334</u>	<u>2,156</u>	<u>2,712</u>	<u>2,661</u>	<u>54,655</u>
Administrative expenditures:							
Professional fees, including fees relating to prospectuses	2,300	(100)	800	900	950	1,250	11,425
Accounting and corporate services	1,200	1,200	2,400	2,400	2,400	2,400	2,400
Office rent	600	600	1,200	1,200	1,200	1,200	1,200
Directors' fees and officers' remuneration	350	400	400	400	400	350	1,500
Shareholders' information and meeting expenses	1,254	1,053	1,532	1,266	1,504	1,863	1,923
Prospectus printing	-	-	-	-	-	-	1,730
Transfer agent's fees and expenses	970	967	2,259	1,542	1,412	1,921	2,412
Government fees and taxes	50	88	-	-	97	80	569
Miscellaneous	31	36	139	213	65	130	729
	<u>6,755</u>	<u>4,244</u>	<u>8,730</u>	<u>7,921</u>	<u>8,028</u>	<u>9,194</u>	<u>23,888</u>
Less interest income	<u>1,128</u>	<u>1,263</u>	<u>2,417</u>	<u>2,315</u>	<u>2,616</u>	<u>4,321</u>	<u>4,037</u>
	<u>5,627</u>	<u>2,981</u>	<u>6,313</u>	<u>5,606</u>	<u>5,412</u>	<u>4,873</u>	<u>19,851</u>
Total expenditures for period	6,339	3,789	7,647	7,762	8,124	7,534	74,506
Expenditures deferred at beginning of period	-	-	-	-	-	127,893	53,489
Expenditures written off to deficit	<u>6,339</u>	<u>3,789</u>	<u>7,647</u>	<u>7,762</u>	<u>8,124</u>	<u>135,427</u>	<u>127,995</u>
	<u>6,339</u>	<u>3,789</u>	<u>7,647</u>	<u>7,762</u>	<u>8,124</u>	<u>135,427</u>	<u>102</u>
Expenditures deferred at end of period	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$127,893

FRANKFIELD EXPLORATIONS LTD.

STATEMENT OF DEFICIT

	Six months ended		Years ended December 31,				
	June 30, 1980 (Unaudited)	June 30, 1979 (Unaudited)	1979	1978	1977	1976	1975
Balance at beginning of period	\$595,944	\$581,797	\$581,797	\$574,035	\$565,911	\$427,984	\$427,882
Organization expenses written off	-	6,500	6,500	-	-	-	-
Mining claims written down to nominal value	-	-	-	-	-	2,500	-
Exploration and administrative expenditures written off	6,339	3,789	7,647	7,762	8,124	135,427	102
	<u>6,339</u>	<u>10,289</u>	<u>14,147</u>	<u>7,762</u>	<u>8,124</u>	<u>137,927</u>	<u>102</u>
Balance at end of period	\$602,283	\$592,086	\$595,944	\$581,797	\$574,035	\$565,911	\$427,984
	*****	*****	*****	*****	*****	*****	*****

FRANKFIELD EXPLORATIONS LTD.

STATEMENT OF CHANGES IN FINANCIAL POSITION

	Six months ended		Years ended December 31,				
	June 30, 1980 (Unaudited)	June 30, 1979 (Unaudited)	1979	1978	1977	1976	1975
Financial resources were provided by:							
Sale of capital stock	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$98,000
Financial resources were used for:							
Exploration and administrative expenditures	6,339	3,789	7,647	7,762	8,124	7,534	74,506
Option on mining claims	-	-	-	-	-	-	2,500
	<u>6,339</u>	<u>3,789</u>	<u>7,647</u>	<u>7,762</u>	<u>8,124</u>	<u>7,534</u>	<u>77,006</u>
Increase (decrease) in working capital	(6,339)	(3,789)	(7,647)	(7,762)	(8,124)	(7,534)	20,994
Working capital, beginning of period	<u>19,559</u>	<u>27,206</u>	<u>27,206</u>	<u>34,968</u>	<u>43,092</u>	<u>50,626</u>	<u>29,632</u>
Working capital, end of period	<u>\$13,220</u>	<u>\$23,417</u>	<u>\$19,559</u>	<u>\$27,206</u>	<u>\$34,968</u>	<u>\$43,092</u>	<u>\$50,626</u>

FRANKFIELD EXPLORATIONS LTD.
NOTES TO FINANCIAL STATEMENTS

Information relating to the balance sheet as at June 30, 1980 and the statements of deferred exploration and administrative expenditures, deficit and changes in financial position for the six months ended June 30, 1980 and 1979 is unaudited.

1. Accounting policy:

As the company is in the exploration stage a statement of income is not prepared. Exploration and administrative expenditures, reduced by sundry income are charged to deferred expenditures as incurred. When an entire group of mining claims has been disproven or abandoned, exploration expenditures incurred on such claims and a pro rata portion of administrative expenditures are written off directly to deficit.

When the company is inactive in exploration during an accounting period, administrative and sundry exploration expenditures incurred during that period are written off to deficit.

2. Mining claims, Tully Township, Ontario:

In 1976 exploration expenditures incurred on the Tully Township claims and administrative expenditures totalling \$135,427 were written off to deficit. In view of the significant increase in the price of gold, and based upon a current professional engineer's report, the company has decided to participate in a new exploration program on the claims as recommended in the aforementioned engineer's report.

Frankfield Explorations Ltd.

Notes to financial statements
(continued)

3. Subsequent events:

(a) Increase of authorized capital:

Directors of the company have passed a special resolution to amend the company's Articles of Incorporation by increasing its authorized capital to 7,000,000 common shares. This resolution is subject to approval of shareholders of the company.

(b) Underwriting:

By an agreement dated July 29, 1980 underwriters have agreed to purchase 600,000 common shares of the company's capital stock (including 16,130 previously donated shares) at 25¢ per share for a total purchase price of \$150,000 payable as follows:

\$ 60,000 within 30 days of the date of acceptance for filing by
the Ontario Securities Commission of a prospectus of
the company (the "effective date")

50,000 within 60 days of the "effective date"

40,000 within 90 days of the "effective date"

\$150,000
=====

In consideration for the above purchase, the company has agreed to issue to the underwriter by way of a bonus, a further 90,000 shares, which shares the underwriters intend to offer to the public by way of a secondary offering. If 30% of the underwriters' gross proceeds from the sale to the public of the underwritten shares and shares offered by way of a secondary offering (a total of 690,000 shares) exceeds \$150,000 the company is entitled to the amount of that excess.

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 XIV of The Securities Act, 1978, and the regulations thereunder.

DATED this 15th day of September, 1980.

OSWALD F. CARTER (Signed)
Chief Executive Officer

FRED MUNGER (Signed)
Chief Financial Officer

ARTHUR J. FORTENS (Signed)
Director

WALTER A. CARTER (Signed)
Director

PROMOTER

FRANK CADESKY (Signed)

UNDERWRITERS

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 XIV of The Securities Act, 1978, and the regulations thereunder.

DATED this 15th day of September, 1980.

CADRE CORPORATION

TOM & BARNT LIMITED

Per: Frank Cadesky (Signed)

Per: Robert Richardson (Signed)



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Prospectus of
Sintex Mining Co Ltd

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.



INTEX MINING COMPANY LIMITED
Suite 1500
4 King Street West
Toronto - Ontario
M5H 1B6

P R O S P E C T U S

700,000 common shares (without par value)

	<u>Firmly Underwritten</u>	<u>Price to Public</u>	<u>Underwriter's Discount</u>	<u>Proceeds to the Company</u> (1) (2)
Per Share	-	75¢	5¢	70¢
Total	700,000	\$525,000	\$35,000	\$490,000

- (1) Before deducting the costs of this issue estimated at approximately \$15,000.
- (2) In addition to the Underwriter's Discount referred to above, the Company has agreed to grant the Underwriter the right to purchase at the price of 70¢ per share up to 100,000 common shares as a bonus.

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.

PURPOSE OF OFFERING

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

SECONDARY OFFERING - 100,000 common shares

These shares represent the 100,000 bonus shares referred to above. The proceeds from the sale of these shares will accrue to the Underwriter to the extent that the price at which such shares are sold exceeds 70¢ per share. The latter amount will accrue to the treasury of the Company. None of the aforementioned shares will be offered for sale until all of the 700,000 underwritten shares have been taken down, paid for and sold by the Underwriter.

THESE ARE SPECULATIVE SECURITIES. THERE IS NO MARKET FOR THE SHARES OFFERED HEREBY AND PURCHASERS MAY NOT BE ABLE TO RESELL THEM. Reference is made to the caption "Risk Factors".

UNDERWRITER

MERIT INVESTMENT CORPORATION
Suite 400
155 University Avenue
Toronto, Ontario
M5H 3B7

INTEX MINING COMPANY LIMITED

PROSPECTUS SUMMARY

Property Interests

The Company has a 63.6% undivided interest in 23 mining claims covering an area of approximately 880 acres held under provincial mining lease in Tully Township, Ontario. The mining properties are held pursuant to a Joint Venture Agreement with Frankfield Explorations Ltd., which holds the remaining 36.4% interest in the mining property. Pursuant to the Joint Venture Agreement, the Company is the Operator, and the Joint Venture participants have the right to contribute to work programs on the mining property to the extent of their undivided interest therein in order to maintain such interest. Failure on the part of the Company or Frankfield to contribute a proportionate share of costs will result in such non-participating party's interest being reduced to the extent of its failure to contribute. In no event may the interest of either party be reduced to less than a 10% interest, which is thereupon deemed to be a fully paid and non-assessable carried interest not subject to any further reduction.

Two gold deposits have been located on the mining properties which are considered as potentially profitable mining operations, provided the work program proposed to be carried out thereon is successful in verifying the grade of the deposits. With the price of gold at over \$600 per ounce Canadian, a program of 11,000 feet of diamond drilling estimated to cost \$220,000 has been recommended to be carried out on the mining property. There is also provision for a limited amount of bulk and channel sampling to be carried out, estimated at \$20,000. The sampling results would constitute the first step in determining the feasibility of a profitable mining operation on the west or Texmont deposit. The total cost of the program, including road construction and contingencies is estimated at \$320,000 and the Company's 63.6% share would amount to \$203,520.

Financing Arrangements

The Company has entered into an underwriting agreement with an underwriter pursuant to which the Underwriter has agreed to purchase 700,000 treasury shares at the price of 70¢ per share net to the Company's treasury so as to provide it

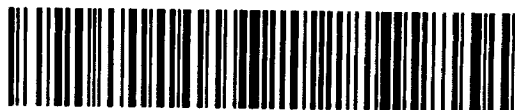
with proceeds of \$490,000 prior to the expenses of this issue. Such shares will be offered to the public at the price of 70¢ per share.

There is a secondary offering of 100,000 shares which will be offered for sale over-the-counter in the Province of Ontario at the prevailing price from time to time for shares of the Company. 70¢ per share of the proceeds from the sale of the secondary shares will accrue to the treasury of the Company. None of the secondary shares will be offered for sale until all of the underwritten shares have been taken down, paid for and sold by the Underwriter.

Risk Factors

The mining property in Tully Township in which the Company has an interest does not at the present time contain mineralized zones proven to constitute a commercial ore body, and the work program proposed to be carried out by the Company thereon is designed to establish whether a commercial and mineable ore body exists thereon. The Company has limited funds available to it, and the only source of future funds presently available is through the sale of equity capital. The shares of the Company being offered by this prospectus should accordingly be considered as an investment involving risk and are speculative. Profit on an investment in the Company's shares will depend upon the success experienced in the work programs to be carried out by the Company on the Tully Township mining property.

There is no market for shares of the Company, and purchasers may not be able to resell them. The Underwriter is not obligated to buy back shares except to the extent that it may have oversold the offering, and the buy-back price may be significantly lower than the original selling price. Shareholders purchasing any of the underwritten shares will suffer an immediate dilution of 49.1¢ per share.



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INTEX MINING COMPANY LIMITED

PROSPECTUS

HISTORY AND BUSINESS

Intex Mining Company Limited (the "Company") was incorporated under The Corporations Act (Ontario) by letters patent dated May 14, 1969 under the name Tully Gold Mines Limited to engage in the acquisition, exploration, development and operation of mines, mineral lands and deposits. By Articles of Amendment effective March 13, 1970, the name of the Company was changed to Intex Mining Company Limited.

The property in which the Company has an interest does not contain a known body of commercial ore, and the proposed exploration and development programs thereon which are more particularly described in this prospectus are exploratory searches therefor. There is neither surface nor underground plant or equipment associated with the Company's property.

The head office of the Company is located at Suite 1500, 4 King Street West, Toronto, Ontario, where the records of the Company are maintained.

Tully Township Gold Prospect

Acquisition

Pursuant to an agreement dated May 18, 1970 made between the Company and New Texmont Explorations Limited ("Texmont"), formerly Texmont Mines Limited, Suite 1500, 4 King Street West, Toronto, Ontario, the Company acquired from Texmont a group of mining claims located on the boundary of Tully and Prosser townships in the Porcupine Mining Division of the Province of Ontario. Of the original group of claims, 22 contiguous unpatented and patented mining claims covering some 880 acres were retained. These claims are recorded in the name of Texmont and are more particularly described herein under the caption "Location, Access and Description". As consideration for the mining claims acquired from Texmont, the Company issued 750,000 common shares to Texmont

to the extent of 90% thereof and to Canadian Nickel Company Limited ("Canico"), P. O. Box 44, Toronto-Dominion Centre, Toronto, Ontario, to the extent of 10% thereof. Reference is made to the caption "Promoter" for further particulars relating to the acquisition by the Company of the said mining claims.

Joint Venture Agreement

The Company entered into an agreement (the "Joint Venture Agreement") made as of the 29th day of January, 1974 with Frank Cadesky, 767 Spadina Road, Toronto, Ontario, who subsequently by agreement made as of the 16th day of May, 1974, assigned his entire right, title and interest in the Joint Venture Agreement to Frankfield Explorations Ltd. ("Frankfield"), Suite 402, 27 Queen Street East, Toronto, Ontario.

Pursuant to the Joint Venture Agreement, Frankfield was granted the option to carry out exploration and development programs on the Tully Township mining claims and by carrying out such expenditures to the extent of over \$90,000 earned an undivided 50% interest in the mining claims with the Company owning the remaining undivided 50% interest. The Joint Venture Agreement provides for the terms and conditions under which Frankfield and the Company shall jointly develop the mining claims. All exploration and development expenditures made subsequent to the acquisition by Frankfield of its 50% interest (acquired during 1974) are to be borne by the parties in accordance with their respective participating interests from time to time, which is equal to their undivided interest in the mining claims.

The Company, by virtue of the agreement dated December 31, 1976 with Canico hereinafter referred to acquired a majority participating interest in the mining claims and accordingly, pursuant to the Joint Venture Agreement is the Operator. It is intended that the parties will generally consult with one another and pool their respective information and ideas and co-operate in the formulation and conduct of the work program. If the non-operator does not participate in the work program, it may still participate in subsequent work programs when plans and a budget are submitted.

The Joint Venture Agreement provides that if through non-participation from time to time the participating interest of either party (the "carried party") in the mining claims is reduced to a 10% interest, then such 10% interest shall be deemed to be a fully paid and non-assessable carried interest and shall not be subject to further reduction.

The initial participating interests of the parties prior to the work carried out by Canico pursuant to the Canico Agreement hereinafter referred to was 50%. Thereafter, the participating interest of each party in the mining claims from time to time equals the percentage calculated from the ratio that the amount of exploration and development expenditures contributed or assumed by such party bears to the aggregate amount of exploration and development expenditures contributed or assumed by both parties to the mining claims and for the purposes of this calculation, both parties were granted an initial work credit of \$100,000 for exploration and development expenditures.

The Joint Venture Agreement also provides that if the technical consultants of the parties agree that there are reasonable indications of the existence of a commercial ore body, the parties shall cause a feasibility study to be made. "Commercial ore body" means an ore body than can economically be brought into production in a given context. The expenses of a feasibility study and the report are to be borne by the parties in proportion to their participating interests, and the expert who shall be making such feasibility study shall be appointed by the parties.

The agreement also contains miscellaneous other provisions usual to agreements of this type. In the event a party should desire to dispose of its interest in the Joint Venture Agreement or the mining claims, then it is required to first offer to transfer its interest in the Joint Venture Agreement and the mining claims to the other party on the same terms and conditions upon which it is proposed to dispose thereof to a third party. This condition, however, does not apply where the parties to the proposed transaction are dealing at arms length and the interest of the other party to the agreement has been reduced to a carried interest.

Canadian Nickel Company Limited ("Canico") entered into an agreement made as of the 31st day of December, 1975, with the Company and Frankfield to provide for the further exploration and development of the mining claims. On October 1, 1976, Canico terminated its interest in the December 31, 1975 agreement and the mining claims having carried out exploration and development work thereon to the extent of \$75,000. Owing to the terms of the said agreement, the Company was credited with the full amount of exploration and development expenditures incurred by Canico and accordingly, exploration and development expenditures credited to the Company amount to \$175,000, and those credited to Frankfield amount to \$100,000. The undivided interest and participating interest of the Company and Frankfield in the mining claims are accordingly 63.6% and 36.4% respectively.

Location, Access and Description

The mining claims which cover an area of approximately 880 acres are recorded in the name of the Company and may be described as follows:

<u>Mining Claim</u>	<u>Description</u>
P100438 and 39, P100441 and P100442	N $\frac{1}{2}$ Lot 10, Concession II
P 99288 and 89, P100437 and P100440	N $\frac{1}{2}$ Lot 11, Concession II
P 97948 and 49	N $\frac{1}{2}$ of S $\frac{1}{2}$ Lot II, Concession II
P 97942 to 47, P 99286 and 87	All Lot 12, Concession II
P 97938 to 41	S $\frac{1}{2}$ Lot 12, Concession II

Sufficient assessment work has been performed and recorded on claims P99286 to P99289 and P100437 to P100442, and Texmont applied for a 21-year lease for surface and mining rights in September, 1979.

Claims P97944 to P97947 were brought to 21-year lease for mining rights only on January 31, 1980.

Claims P97938 to P97943 and P97948 to P97949 were brought to 21-year lease on January 7, 1980 and are for surface and mining rights.

In the province of Ontario, 21-year mining leases bear annual rentals at the rate of \$1.00 per acre during the first year and 25¢ per acre annually thereafter. If a lease is for mining rights only, the second and subsequent years' rental is at the rate of 10¢ per acre.

The mining claims are located in the south-west corner of Tully Township, Ontario, approximately 25 miles north-northwest of Timmins. The mining claims may be reached by a timber road from Connaught on Highway 610, a distance of about 18 miles. The north portion of this road is likely in poor condition because of lack of maintenance. Alternatively, a winter road from Highway 655 in Wark Township is presently being maintained. Highway 655 has been extended north to Highway 11 and passes 5.5 miles west of the mining claims.

Adjacent Properties

About a half mile south of the mining claims, the Nickel Offsets Limited deposit was discovered by McIntyre Mines Limited in 1969 as a result of drilling an east trending vertical loop conductor. A zone over 1,000 feet long was investigated by drilling to a depth of 500 feet and McIntyre reported a potential of 835,000 tons of ore (diluted) grading 0.216 ounces of gold per ton (uncut) to a depth of 500 feet. Nickel Offsets Limited has carried out further drilling recently and is reportedly planning for production.

History and Previous Work

Texmont Gold Discovery

In 1968, the mining claims were covered by magnetic and electromagnetic surveys which resulted in the discovery of the Texmont gold deposit. Starting in 1968, 16 holes totalling 10,364 feet were drilled to investigate the gold zone. The deposit strikes northeast, dips near vertically and displays unusual uniformity in grade and dimensions. The mineralized section is under 10 feet of overburden and is 500 feet long, 250 feet deep and 9 feet wide and contains 93,750 tons indicated by drilling averaging 0.21 ounces gold per ton before dilution. It is reported that the mineralized zone is terminated to the east by faulting and that drilling to depth and to the west intersected lower values.

Frankfield Gold Discovery

In 1974, Frankfield investigated by drilling the apparent faulted extension of the favourable horizon represented by a conductor more than a half mile east. The last hole of a three-hole program in 1974 resulted in the discovery of the Frankfield gold zone. Additional programs in 1975 and 1976 totalled 8,122 feet of drilling in 24 holes on the Frankfield zone. The depth of the intersections varies from 120 to 220 feet below surface, and the deposit is covered by about 45 feet of overburden. The drill indicated tonnage calculation for the Frankfield gold zone assuming a true width of 12 feet, a length of 600 feet and depth of 200 feet is 120,000 tons averaging 0.22 ounces of gold per ton before dilution. Subsequent drilling below the zone encountered generally lower values over narrower widths and similarly, values from drilling along strike tended to be lower or discontinuous. The above 600 feet zone lies 30 to 100 feet south to the north property boundary and dips vertical to steeply south. At a depth of 250 feet the drill indicated host horizon is 110 to 140 feet south of the boundary in the central part of the zone.

Geologist's Report

The following is management's summary of portions of the report of Mr. Ronald J. Bradshaw, P. Eng., Geologist, dated January 26, 1979, and Appendix I to it dated June 19, 1980 whose full report is available for inspection in the public files of the Ontario Securities Commission, 10 Wellesley Street East, Toronto, Ontario, during normal business hours.

It is reported that the similarity of the Texmont, Frankfield and Nickel Offsetts Limited gold deposits is notable. Each of the mineralized zones is located in fragmental volcanic rocks which are favourable host rocks for gold deposits in many areas. The mineralization associated with the gold deposition is weak to moderately conductive, thereby accounting for the discovery of the deposits and that the similarity of mineralization within the quartz-carbonate veining may account for the average grade of the various deposits which is remarkably similar.

At a price of gold exceeding \$600 per ounce, both the Texmont and Frankfield deposits have potential as profitable producers. Each of the deposits is fairly uniform in attitude and sufficiently wide to be amenable to low cost cut and fill mining developed by decline. Contract mining and milling facilities are available locally, and the Frankfield deposit is covered by about 45 feet of overburden, while less than 10 feet covers the Texmont deposit.

Conclusions

The Texmont and Frankfield gold deposits should be considered as potential profitable mining operations, and since less than 10 feet of overburden is present on the Texmont deposit, an open pit can be easily established in order to verify the grade and undertake metallurgical testing. A confirmation of the drill grade would most likely lead to a profitable mining venture with the present price of gold now over \$600 per ounce Canadian. Further development and exploration on the Frankfield deposit would follow.

Recommendations

1. Power equipment be used to establish a pit on the Texmont deposit, having a minimum dimension of 50 by 100 feet to expose the gold mineralization for bulk and channel sampling. Cost of this program is estimated at \$25,000 including excavation, sampling and a feasibility study.
2. A program of diamond drilling is recommended to establish the horizontal limits of the deposits and determine more accurately the average grade of the deposits. Two holes, each 400 feet deep, should be drilled at the west end of the Texmont zone. These holes should be spaced at 500 feet on either side of the most westerly previous hole to probe the near surface strike extension of the gold zone. At the west end of the Frankfield zone, two 400 foot holes are proposed to probe for extensions of mineralization between two previous holes. A total of 7,000 feet including 3,000 feet on the Texmont deposit and 4,000 feet on the Frankfield deposit is recommended to more accurately establish grades for these zones. The holes should be drilled at approximate 50 foot centers for a total program of 8,600 feet estimated to cost \$20 per foot for a total of \$172,000.
3. Four 600 foot holes inclined 50 degrees to the south, are recommended for the exploration of favourable geological features. 2,400 feet of drilling at \$20 per foot costs \$48,000.
4. The sum of \$50,000 should be allocated for probable road construction. Approximately 5 to 6 miles of new road construction is required and since other companies are currently working on gold deposits in the immediate area, there exists the possibility of sharing costs of construction of the road.
5. A contingency fund of \$25,000 should be available for possible follow-up drilling and unforeseen problems with establishment of the pit.

The total of these amounts is \$320,000 and the Company's 63.6% share will amount to \$203,520.

Prior Property Interests

The various mining properties referred to hereunder were all acquired from Texmont pursuant to the terms of the May 18, 1970 agreement more particularly referred to herein under the caption "Promoter".

Devlin-Brodeur Townships

Texmont entered into an agreement dated May 18, 1967, as amended May 11, 1970, with Benoit Gagne, Moffatt, Quebec, whereunder Texmont was granted an option to acquire 17 mining claims located in Devlin-Brodeur townships, Quebec. Texmont paid to Mr. Gagne the sum of \$13,000 and to fully exercise the option was required to pay \$37,000 by May 18, 1974, plus 200,000 shares of a new company to be formed to acquire the claims. The Option Agreement with Benoit Gagne was further amended on June 6, 1972 and May 18, 1973.

During 1967, Texmont diamond drilled 10,928 feet in 20 holes on the mining claims and this work, together with previous work on the property during 1958 to 1960 carried out by Kerr Addison Mines Limited, outlined some 295,000 tons with an average grade of 1.32% combined copper-nickel along a strike length of 575 feet. Geophysical (magnetic and electromagnetic) and geochemical surveys carried out in 1967 by Texmont over the entire group were inconclusive.

During the month of August, 1972, the Company drilled 1,003 feet of diamond drilling in 2 holes in an attempt to pick up the faulted northeasterly extension of the main sulphide zone. One of these holes intersected 200 feet of sulphides which averaged 0.37% copper and 0.56% nickel. The second hole cut 4.4 feet, which assayed 0.18% copper and 0.52% nickel.

Total exploration and development expenditures incurred by Texmont and the Company on the Devlin-Brodeur township mining claims has amounted to \$82,997 for Texmont and \$13,617 for the Company. The Devlin-Brodeur township mining claims were permitted to lapse in 1975, and the Company's expenditures thereon have been written off to deficit.

Guillet Township

The Company acquired from Texmont the assignment of an option to purchase 62 mining claims in Guillet Township in the Sheen Lake area of the Province of Quebec. Geophysical surveys and surface prospecting was carried out on these claims, following which the Company dropped the option. The original option on the claims was acquired by Texmont on June 2, 1969,

for the initial option payment of \$3,000. Exploration expenditures carried out by the Company prior to dropping the claims amounted to \$16,701, which have been written off to deficit. Expenditures carried out by Texmont amounted to \$34,846.

Other Properties

The Company also acquired from Texmont a group of 8 claims in Tully Township some 2 miles north of the property referred to herein under the caption "Tully Township Gold Prospect". Some diamond drilling was performed without encountering mineralization of economic significance, and the claims were permitted to lapse in 1975. Expenditures carried out by the Company prior to dropping the claims amounted to \$25,000, which have been written off to deficit.

USE OF PROCEEDS

The proceeds to be received by the Company from the sale of the underwritten shares will be \$490,000 prior to deducting the expenses of this issue estimated not to exceed the sum of \$15,000. The net proceeds from the offering will form the Company's working capital and will be used to pay current liabilities of the Company amounting to approximately \$11,000 at June 30, 1980. Of the said liabilities, \$5,491 was incurred within the two preceding years of this prospectus for audit fees, capital taxes and advances to permit the Company to reblaze claim lines, re-locate staking posts and paying fees in connection with applications to bring the unpatented claims to lease.

Administrative expenses of the Company are estimated to be approximately \$10,000 per year.

Proceeds from the issue will be used to implement the recommendations of Mr. Ronald J. Bradshaw, Geologist, referred to in his report dated January 26, 1979 and Appendix I thereto dated June 19, 1980 on the Company's Tully Township mining property. Funds will be used for the following purposes:

1. Establishment of pit and sampling on the Texmont gold deposit including a feasibility report	- \$25,000
2. Development drilling on Texmont and Frankfield deposits - 8,600 feet @ \$20 per foot	- 172,000
3. Drilling 2,400 feet for exploration @ \$20 per foot	- 48,000
4. Road construction	- 50,000
5. Contingency fund	- 25,000
	<u>\$320,000</u>

The Company's 63.6% shares will amount to \$203,520.

To the extent that Frankfield Explorations Limited participates in the exploration program, the funds required to be contributed by the Company will be reduced. The continuation of expenditures on the Tully Township property will be dependent upon the results achieved and the availability of funds to the Company.

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, exploring and developing 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.

OFFERING

The Company entered into an agreement (the "Underwriting Agreement") made as of the 16th day of June, 1980 as amended September 15, 1980 with Merit Investment Corporation, Suite 400, 155 University Avenue, Toronto, Ontario (the "Underwriter") 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>
700,000	70¢	\$490,000	75¢

The Underwriter may terminate the agreement prior to the date of acceptance for filing of this prospectus by the Ontario Securities Commission (the "effective date") and for such additional period not exceeding 30 days thereafter until the Underwriter purchases any of the underwritten shares, provided that if the Underwriter purchases some of the underwritten shares, it is thereupon irrevocably bound to take up and pay for all of the 700,000 underwritten shares. Termination by the Underwriter may be made by it based upon its assessment of the financial markets and in the case of certain stated events. Subject to the foregoing, the underwritten shares will all be purchased within 30 days from the effective date.

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

underwritten shares. The Company has agreed with the Underwriter that the Underwriter will have the first right of refusal to undertake any future financing planned by the Company of a public or private nature for the period ended December 31, 1985.

The Underwriter, acting as principal, will offer the underwritten shares over-the-counter in the Province of Ontario at the price set forth above. The underwriting price of 70¢ per share was established by negotiations between the Company and the Underwriter. 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 5¢ per share, and registered dealers acting as agents may be paid commissions not exceeding 5¢ per share.

Secondary Offering - 100,000 shares

The Underwriter offers up to 100,000 shares. In consideration of the underwriting referred to above, the Company has granted to the Underwriter the right to purchase for a period of sixty (60) days from the date of issuance by the Ontario Securities Commission of its receipt for this prospectus of the Company, up to 100,000 shares at the price of 70¢ per share. Such shares are bonus shares, and there is no obligation on the part of the Underwriter to purchase such shares from the Company.

The proceeds from the sale of these shares will accrue to the Underwriter to the extent that the price at which such shares are sold exceeds 70¢ per share. The latter amount will accrue to the treasury of the Company. Sales of shares by the Underwriter may be made by it directly 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 100,000 secondary shares will be offered for sale until all of the 700,000 underwritten shares have been taken down, paid for and sold to the public.

The secondary shares will be offered for sale over-the-counter in the Province of Ontario at the prevailing price

from time to time for shares of the Company. The offering prices of secondary shares may also be arbitrarily determined by the Underwriter at varying prices without considerations necessarily existing to justify any changes in the offering price.

The only persons having an interest, either directly or indirectly, to the extent of not less than 5% of the capital of Merit Investment Corporation are Myron I. Gottlieb, J. Ronald Woods, Angelo B. Comi, Robert F. Rose, Gustav V. Celotti, Barry H. Kasman, H. Barry Kagan, Richard L. Fogler and Robert A. Beder.

DESCRIPTION OF CAPITAL STOCK

The capital of the Company consists of common shares without par value. The owners of common shares are entitled to dividends if, as and when declared by the Board of directors; common shares are entitled upon liquidation, dissolution or winding up of the Company to receive those assets distributable to shareholders and to receive notice of and attend and vote at all meetings of shareholders of the Company. There are no indentures or agreements limiting the payment of dividends, and all common 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 common shares are 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 Out- standing at June 30/80</u>	<u>Amount Out- standing at Aug. 31/80</u>	<u>Amount Outstanding if all securities being offered are sold (1)</u>
common shares without par value	5,000,000 (\$5,000,000)	1,149,352 (\$460,217)	1,149,352 (\$460,217)	1,849,352 (\$950,217)

(1) Gives effect to the issuance of 700,000 underwritten shares more particularly referred to under the caption "Offering". If the Underwriter purchases the 100,000 bonus shares, the number of shares to be outstanding will be 1,949,352 and the consideration paid therefor will be \$1,020,217.

MANAGEMENT

The Board of directors of the Company consists of five directors. The names and home addresses of the directors and officers of the Company and the positions presently held by them in the Company are as follows:

<u>Name</u>	<u>Address</u>	<u>Position</u>
George Elbre	City of Timmins Province of Ontario	President and Director
Michael Osborne	City of Toronto Province of Ontario	Secretary- Treasurer
Harry A. Pearson *	City of Toronto Province of Ontario	Director
Edwin J. Henwood*	City of Peterborough Province of Ontario	Director
George Dimitrieff *	Town of Aurora Province of Ontario	Director
Philippe Roby	Town of Seneterre Province of Quebec	Director

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

Mr. Elbre is a mining engineer employed as Mining Manager of the Sheridan Group of companies.

Mr. Osborne is a chartered accountant employed since June, 1980 by Consolidated Professor Mines Limited. Prior thereto he was employed by Ranworth Explorations Limited.

Mr. Pearson is a professional engineer employed since January, 1977 as an exploration project director for Denison Mines Limited. Prior thereto he was employed as a geologist by several mining companies, including New Texmont Explorations Limited, Multi Minerals Limited, Midrim Mining Company and Sturdy Mines Limited.

Mr. Edwin J. Henwood is a retired business executive.

Mr. Dimitrieff is a mining engineer employed in professional capacity by the Sheridan Group of companies.

Mr. Roby is a prospector.

* Member of the audit committee

It is ordinarily unnecessary for the directors to devote more than 5% of their time to managing the affairs of the Company; however, the directors are available to carry out their duties and responsibilities whenever the affairs of the Company requires. Messrs. Elbre, Dimitrieff and Pearson are all technical directors, and in addition to their duties as part of the management will assist the Company in its exploration and development programs. It is anticipated that during the Company's active period, Mr. Elbre will devote between 10% and 15% of his time to the Company's business and affairs, and Messrs. Dimitrieff and Pearson a lesser percentage not likely to exceed more than 5% of their time.

Reference is made to the caption "History of Management" for further particulars concereing the association of the directors and officers of the Company to other public exploration companies.

REMUNERATION OF MANAGEMENT

The following table sets forth the remuneration which has been paid or is payable by the Company during the year ended June 30, 1980.

	From Office Employment and Employer Contributions	Cost of Pension Benefits	Other
(1) Five Directors			
(a) From Issuer and Wholly owned Subsidiaries:	-	-	-
(b) From Partially Owned Subsidiaries:	-	-	-
TOTAL	NIL	NIL	NIL

cont'd

(11) Five Senior Officers

(a) From Issuer and Wholly owned Subsidiaries:

(b) From Partially Owned Subsidiaries:

TOTAL

-	-	-
-	-	-
NIL	NIL	NIL

Directors and officers of the Company are entitled to receive \$100 for each meeting of the Board attended by them.

DIVIDENDS

No dividends have been paid to date by the Company.

AUDITORS

Mr. Gerald R. Hillsdon, Chartered Accountant, 3080 Yonge Street, Suite 2042, Toronto, Ontario, M4N 3N1, acts as the Company's auditor.

REGISTRAR AND TRANSFER AGENT

Crown Trust Company, Suite 3800, First Canadian Place, Toronto, Ontario, M5X 1G4, acts as the Registrar and Transfer Agent of the Company.

MANAGEMENT STOCK OPTIONS

The Company entered into a memorandum of agreement made as of June 1, 1980 as amended September 15, 1980 with each of the directors, the Secretary-Treasurer of the Company and Paul Perreault, prospector, Seneterre, Quebec. The seven agreements are identical in form and provide for the employment of the

individuals to devote their time and effort to further the interests and business and affairs of the Company. For such purposes, they are to be paid such reasonable remuneration as the Board of directors shall agree upon and to be reimbursed for expenses properly incurred on behalf of the Company. The employment of each person is to commence as of June 1, 1980, and to continue until May 31, 1983 unless earlier terminated by the Company without notice on the happening of certain events or by either of the parties to the agreement on not less than 30 days written notice.

Each of the employment agreements also grants to the employee a non-assignable stock incentive option entitling the employee to purchase common shares of the Company as presently constituted at the price of 70¢ per share. The said options may be exercised at any time and from time to time, either in whole or in part, up to and including the close of business on May 31, 1983.

The options granted to each of the employees cease 10 days following termination of employment by the Company and in the event of death, the estate of the deceased person is entitled for a period of 6 months thereafter to exercise any option which the deceased would have been entitled to exercise if then alive but in any event not after May 31, 1983.

Each of the employees are entitled to purchase 20,000 shares, making a total of 140,000 common shares under option as aforesaid. There is no market for shares of the Company and there was no trading in the Company's shares on June 1, 1980 nor September 15, 1980 nor for the 30 days preceding such dates. No shares of the Company have been purchased to date by any of the employees pursuant to the options held by them.

The option also contains provisions for adjustment in the number of shares which may be purchased pursuant to the exercise thereof in the event the Company shall declare a dividend or dividends in stock of the Company or in the case of any reorganization or recapitalization of the Company, consolidation, merger, sale or other transfer pursuant to which shares of the Company's capital are split up or combined or are changed into or become exchangeable for other shares or stock.

RISK FACTORS

The mining claims in Tully Township in which the Company has an interest do not contain mineralized zones suffi-

ciently extensive to constitute a commercial ore body, and the work program proposed to be carried out by the Company thereon is designed to extend the known mineralized zones in an endeavour to establish a commercial and mineable ore body. The Company has limited funds available to it, and the only source of future funds presently available to the Company is through the sale of equity capital. The shares of the Company being offered by this prospectus should accordingly be considered as an investment involving risk and are speculative. Profit on an investment in the Company's shares will be dependent upon the success experienced in the work programs to be carried out by the Company on the Tully Township mining claims.

Reference is made to the caption "Promoter" and "Principal Shareholder" for particulars concerning the ownership by New Texmont Explorations Limited ("Texmont") of shares of the Company. Following the completion of the offering of shares referred to herein, Texmont will beneficially own 1,034,417 shares, representing 55.9% of the Company's issued capital. Following completion of the underwriting, the Underwriter will have the option to purchase 100,000 shares at the price of 70¢ per share for a period of 60 days from the effective date of this prospectus. Such shares will be offered for sale as a secondary offering as described herein under the caption "Secondary Offering".

There is no market for shares of the Company, and purchasers may not be able to resell them. The Underwriter is not obligated to buy back shares except to the extent that it may have oversold the offering, and the buy-back price may be significantly lower than the original selling price.

As at June 30, 1980, the Company had a working capital deficiency of \$11,042. Assuming the sale of the 700,000 underwritten shares, the number of shares of the Company which will be issued will be 1,849,352 shares. The net tangible book value of the Company at that time will be \$478,958 or 25.9¢ per share. Accordingly, shareholders purchasing any of the underwritten shares will suffer an immediate dilution of 49.1¢ per share.

ESCROWED SHARES

Certificates representing 750,000 shares of the Company are held in escrow by Crown Trust Company, Suite 3800, First Canadian Place, Toronto, Ontario (the "Trustee"). The terms escrow provide that the shares and the beneficial ownership or any interest in them and the certificates representing them (including any replacement share or certificates) shall not be sold, assigned, hypothecated, alienated, released from escrow, transferred within escrow or otherwise in any manner dealt with without the express consent, order or direction in writing of the Ontario Securities Commission being first had and obtained.

Pursuant to the policies of the Ontario Securities Commission, the escrowed shares are subject to surrender for the benefit of the Company if the mining claims referred to under the caption "Tully Township Gold Prospect" are abandoned upon the recommendation of an independent engineer or geologist. The Company entered into an agreement dated as of August 31, 1973, with the Trustee and New Texmont Explorations Ltd. establishing and confirming the foregoing provisions and conditions attaching to the 675,000 escrowed shares owned by it.

<u>Designation of Class</u>	<u>Number of Shares Held in Escrow</u>	<u>Percentage of Class</u>
common shares	750,000	65.2 (1) 40.6 (2)

- (1) Calculated on the basis of there being 1,149,352 shares issued and outstanding before the offering.
- (2) Calculated on the basis of there being 1,849,352 shares issued and outstanding following the offering.

PROMOTER

New Texmont Explorations Ltd. (formerly Texmont Mines Limited) ("Texmont"), referred to throughout this prospectus, is the Promoter and received 675,000 of the 750,000 escrowed shares issued by the Company to acquire the various mining properties under the agreement dated May 18, 1970 and referred to in this prospectus under the captions "Tully Township Gold Prospect" and "Prior Property Interests". The 750,000 shares were issued by the Company for an aggregate consideration of \$380,536, being the amount theretofore expended by Texmont on and in connection with the various mining properties sold by it to the Company pursuant to the said agreement dated May 18, 1970. These monies had been advanced to Texmont under an agreement dated June 30, 1966 (the "June, 1966 agreement") between Texmont and Canadian Nickel Company Limited ("Canico") whereunder Canico advanced monies to be expended by Texmont in carrying out exploration and development work on certain mining properties then owned by it and other mining properties which might thereafter be acquired. Pursuant to the June, 1966 agreement, 75,000 of the escrowed shares accrued to Canico. So far as the Company is aware, no person or company beneficially owns, directly or indirectly, more than 5% of the issued shares of Texmont except J. P. Sheridan, 4 King Street West, Toronto, Ontario, who the Company understands to beneficially own 532,000 shares of Texmont, representing 29.4% of its issued shares.

Under the June, 1966 agreement, Texmont agreed to use its reasonable best efforts to cause a nominee of Canico to be elected to the Board of directors of the Company. So long as Canico owns not less than 10% of the voting securities of the Company, Canico is to have the privilege of participating up to 50% in any public financing undertaken by the Company, which right Canico has waived with respect to the financing referred to in this prospectus. Canico is also entitled to a first right of refusal to purchase any shares of the Company which Texmont proposes to sell.

All of the directors of the Company, with the exception of Philippe Roby, are also directors of Texmont, and the number of shares of Texmont owned by each of such directors is as follows:

G. Dimitrieff	1,000
G. Elbre	Nil
M. Osborne	8,287
H.A. Pearson	4,537
E.J. Henwood	88,250

PRIOR SALE OF SHARES

No shares of the Company have been issued during the 12 months preceding the date of this prospectus. All shares of the Company other than the 750,000 shares referred to herein under the caption "Tully Township Gold Prospect" were purchased by Texmont to the extent of a 90% interest and by Canico to the extent of a 10% interest for cash during the period May, 1970 through April, 1973. The Company understands that all of the issued shares of Canico are beneficially owned by International Nickel Company Limited.

PRINCIPAL SHAREHOLDER

Set forth below are particulars of the present principal holders of shares of the Company whose ownership is direct, of record and beneficial.

<u>Name and Address</u>	<u>Class of Shares</u>	<u>Number of Shares</u>	<u>Percentage of Class</u>
New Texmont Explorations Ltd. Suite 1500 4 King Street West Toronto, Ontario	common	1,034,417	90.0 (1) 55.9 (2)

Canadian Nickel Company	common	114,935	10.0 (1)
Post Office Box #44			6.2 (2)
Toronto-Dominion Centre			
Toronto, Ontario			

- (1) Calculated on the basis of there being 1,149,352 common shares issued and outstanding before the offering.
- (2) Calculated on the basis of there being 1,849,352 common shares issued and outstanding after the offering.

Set forth below are the number of common shares of the Company beneficially owned, directly or indirectly, by all of directors and senior officers of the Company as at the date hereof.

<u>Designation of Class</u>	<u>Percentage of Class</u>
common shares without par value	1.3%

SELLING SHAREHOLDER

Reference is made to the caption "Secondary Offering" for particulars of the offering of up to 100,000 common shares of the Company. The said shares, if offered, will be offered as follows:

<u>Name and Address</u>	<u>No. of Shares Owned</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>
Merit Investment Corporation Suite 400 155 University Ave. Toronto, Ontario	100,000 (1)	100,000	0	0%

- (1) This figure assumes that Merit Investment Corporation exercises its right to purchase up to 100,000 common shares as a bonus at the price of 70¢ per share, all as more particularly referred to herein under the caption "Secondary Offering".

PURCHASER'S STATUTORY RIGHTS
OF WITHDRAWAL AND RESCISSION

Sections 70, 126 and 135 of The Securities Act, 1978, (Ontario) provide in effect that when a security is offered in the course of a distribution or a 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 dealer from whom the purchaser purchased the security not later than midnight on the second business day after the prospectus and any amendment to the prospectus offering such security is received or deemed to be received by the purchaser or his agent; and

(b)

if a prospectus together with any amendment to the prospectus contains a misrepresentation, a purchaser who purchases a security offered thereby during the period of distribution to the public shall be deemed to have relied on such misrepresentation, if it was a misrepresentation at the time of purchase, and, subject to the limitations set forth in the Act,

- (1) has a right of damages against:
 - (i) the issuer or a selling security holder on whose behalf the distribution is made;
 - (ii) each underwriter required to sign the certificate required by Section 58 of the Act;
 - (iii) every director of the issuer at the time the prospectus or amendment was filed;
 - (iv) every person or company whose consent has been filed pursuant to a requirement of the regulations under the Act but only with respect to reports, opinions or statements made by them, and
 - (v) every other person or company who signed the prospectus or the amendment,

but no action to enforce the right can be commenced by a purchaser more than the earlier of 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action or three years after the date of the transaction that gave rise to the cause of action, or

(2) where the purchaser purchased the security from a person or company referred to in (i) or (ii) above or from another underwriter of the securities, he may elect to exercise a right of rescission against such person, company or underwriter, in which case he shall have no right of action for damages against such person, company or underwriter, but no action to enforce this right can be commenced by a purchaser more than 180 days after the date of the transaction that gave rise to the cause of action.

Reference is made to the aforesaid Act for the complete texts of the provisions under which the foregoing rights are conferred, and the foregoing summary is subject to the express provisions thereof.

MATERIAL CONTRACTS

The Company has entered into the following material contracts within the two years prior to the date hereof which are still in effect:

1. Underwriting agreement made as of the 16th day of June, 1980 as amended September 22, 1980 between the Company and Merit Investment Corporation more particularly referred to herein under the caption "Offering".
2. Employee stock option agreements between the Company and certain of its employees made as of June 1, 1980 as amended September 15, 1980 more particularly referred to herein under the caption "Management Stock Options".

Copies of the foregoing agreements may be inspected at the head office of the Company, Suite 1500, 4 King Street West, Toronto, Ontario, during normal business hours during the distribution of the securities being offered herein, and at the offices of the Ontario Securities Commission, 10 Wellesley Street East, Toronto, Ontario, during and subsequent to the distribution of the securities being offered herein.

HISTORY OF PROMOTER

New Texmont Explorations Ltd., which is the Company's Promoter, has not acted as promoter or underwriter for any other public company.

HISTORY OF MANAGEMENT

The principal occupations of the directors and officers for the past 10 years are as follows:

Mr. Elbre is presently associated as a director and/or officer of the following junior resource companies, namely: Anyox Metals Ltd., Belleterre Quebec Mines Ltd., Consolidated Maybrun Mines Ltd., Diepdaume Mines Ltd., Intex Mining Company Limited, New Texmont Explorations Ltd., Shield Development Company Ltd., St. Lucie Exploration Company Ltd., Dengas Exploration Company Ltd. and Boston Bay Mines Ltd. Mr. Elbre is no longer associated with one other junior resource company.

Mr. Osborne is presently associated as a director and/or officer of the following junior resource companies, namely: Intex Mining Company Limited, New Texmont Explorations Ltd., Consolidated Professor Mines Ltd., Silver Eureka Corporation, Duport Mining Company Ltd., Beauchastel Copper Mines Ltd., Jorex Ltd and Pominex Ltd. Mr. Osborne is no longer associated with 5 such companies.

Mr. Pearson is presently associated as a director and/or officer of the following junior resource companies, namely: Consolidated Summit Mines Limited, Forefront Consolidated Explorations Ltd., Gambit Consolidated Explorations Ltd., Gold Ridge Mines Inc., Talisman Mines Limited and Texmont Mines Limited and Vetina Energy Resources Ltd. Mr. Pearson is no longer associated with 4 such companies.

Mr. Dimitrieff is presently associated as a director and/or officer of the following junior resource companies, namely: Anyox Metals Ltd., Belleterre Quebec Mines Ltd., Consolidated Maybrun Mines Ltd., Dipedaume Mines Ltd., Intex Mining Company Limited, New Texmont Explorations Ltd., Shield Development Company Ltd., St. Lucie Exploration Company Ltd. and Dengas Exploration Company Ltd. Mr. Dimitrieff is no longer associated with one other junior resource company.

Mr. Roby is presently associated as a director and/or officer of the following junior resource companies, namely: Belleterre Quebec Mines Ltd., Consolidated Maybrun Mines Ltd., Intex Mining Company Limited, St. Lucie Exploration Company Ltd. and White Star Copper Mines Ltd. Mr. Roby has not been associated with any junior resource companies other than those listed above.

Mr. Henwood is presently associated as a director and/or officer of the Company and New Texmont Explorations Ltd. Mr. Henwood is no longer associated with two other junior resource companies.

GERALD R. HILLSDON
CHARTERED ACCOUNTANT

TELEPHONE 488-2558
AREA CODE 416

3080 YONGE STREET
SUITE 2042
TORONTO, CANADA
M4N 3N1

AUDITOR'S REPORT

To the Shareholders
Intex Mining Company Limited

I have examined the balance sheet of Intex Mining Company Limited as at June 30, 1980 and June 30, 1979 and the statements of income, deficit and changes in financial position for the five years ended June 30, 1980. 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, 1980 and June 30, 1979 and the results of its operations and the changes in its financial position for the five years ended June 30, 1980, in accordance with generally accepted accounting principles applied on a consistent basis.

"Gerald R. Hillsdon"

July 9, 1980

Chartered Accountant

BALANCE SHEET

INTEX MINING COMPANY LIMITED

June 30, 1980

	<u>ASSETS</u>	<u>1980</u>	<u>1979</u>
Current Assets			
Cash		\$ -	\$ 139
Mining claims - Note 2		1	1
		<u>\$ 1</u>	<u>\$ 140</u>

LIABILITIES

Current Liabilities			
Accounts payable and accrued		\$ 2,155	4,241
Due to parent company		8,887	4,173
Total Current Liabilities		<u>11,042</u>	<u>8,414</u>
Deficiency In Assets - Note 3			
Capital Stock - no par value			
Authorized 5,000,000 shares			
Issued 1,149,352 shares		460,217	460,217
Deficit		471,258	468,491
		<u>(11,041)</u>	<u>(8,274)</u>
		<u>\$ 1</u>	<u>\$ 140</u>

Approved on behalf of the Board:

"G. Elbre" Director

"G. Dimitrieff" Director

STATEMENT OF INCOME AND DEFICIT

INTEX MINING COMPANY LIMITED

Year ended June 30, 1980

	<u>1980</u>	<u>1979</u>	<u>1978</u>	<u>1977</u>	<u>1976</u>
Income	\$ -	\$ -	\$ -	\$ 100	\$ 8,151
Expenses					
Exploration	2,517	504	-	205	(529)
Audit	200	-	200	500	1,035
Taxes, licenses and fees	50	234	-	-	-
General	-	2	80	392	266
Salaries	-	-	-	-	2,956
	<u>2,767</u>	<u>740</u>	<u>280</u>	<u>1,097</u>	<u>3,728</u>
Net Income (Loss)	(2,767)	(740)	(280)	(997)	4,423
Deficit at beginning of year	468,491	467,751	170,088	169,296	173,190
Add (Deduct):					
Cost of mining claims written down to \$1.00	-	-	262,692	-	-
Exploration expenses previously deferred	-	-	34,691	(205)	529
Deficit at end of year	<u>\$ 471,258</u>	<u>\$ 468,491</u>	<u>\$ 467,751</u>	<u>\$ 170,088</u>	<u>\$ 169,296</u>

CHANGES IN FINANCIAL POSITION

INTEX MINING COMPANY LIMITED

Year ended June 30, 1980

	<u>1980</u>	<u>1979</u>	<u>1978</u>	<u>1977</u>	<u>1976</u>
Source of Funds					
Net Income	\$ -	\$ -	\$ -	\$ -	\$ 4,423
Application of Funds					
Net Loss	2,767	740	280	997	-
Increase (Decrease) in Working Capital Deficiency	2,767	740	280	997	(4,423)
Working capital deficiency at beginning of year	8,275	7,535	7,255	6,258	10,681
Working capital deficiency at end of year	\$ 11,042	\$ 8,275	\$ 7,535	\$ 7,255	\$ 6,258

Represented by:

Current assets	\$ -	\$ 139	\$ 191	\$ 471	\$ 968
Current liabilities	11,042	8,414	7,726	7,726	7,226
	\$ 11,042	\$ 8,275	\$ 7,535	\$ 7,255	\$ 6,258

NOTES TO FINANCIAL STATEMENTS

INTEX MINING COMPANY LIMITED

June 30, 1980

1. Significant Accounting Policies:

Mining claims

The cost of mining claims has been written down to a nominal value of \$1.00.

Exploration Expenses

Exploration expenses are being charged to operations as incurred.

2. Mining Claims:

Tully Township, Ontario

	<u>1980</u>	<u>1979</u>
63.6% interest in 22 claims	<u>\$ 1.00</u>	<u>\$ 1.00</u>

3. Capital Stock:

Capital stock has been issued for the following consideration

	<u>No. of Shares</u>	<u>Consideration</u>
Cash	399,352	\$ 79,681.35
Mining claims	<u>750,000</u>	<u>380,536.00</u>
	<u>1,149,352</u>	<u>\$ 460,217.35</u>

On June 1, 1980, as amended September 15, 1980, incentive stock options were granted to the management of the company which entitles them to purchase up to a total of 140,000 treasury shares at 70¢ per share on or before May 31, 1983.

4. Other Statutory Information:

The aggregate remuneration paid or payable by the company to its directors and senior officers as defined by The Business Corporations Act was nil in 1980 and nil in 1979.

5. Subsequent Event:

The company proposes to raise a net amount of \$490,000 by a public offering of 700,000 treasury shares at a net price to the company of 70¢ per share. The underwriters will receive an option to purchase an additional 100,000 treasury shares at 70¢ per share for a period of 60 days from the effective date of the Prospectus.

There are no other material facts.

The following constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part XIV of The Securities Act, 1978, and regulations thereunder.

DATED this 15th day of September, 1980.

GEORGE ELBRE (Signed)
Chief Executive Officer

MICHAEL OSBORNE (Signed)
Chief Financial Officer

HARRY A. PEARSON (Signed)
Director

GEORGE DIMITRIEFF (Signed)
Director

PROMOTER

NEW TEXMONT EXPLORATIONS LTD.

Per: MICHAEL OSBORNE (Signed)

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 XIV of The Securities Act, 1978, and the regulations thereunder.

DATED this 15th day of September, 1980.

MERIT INVESTMENT CORPORATION

Per: Myron I. Gottlieb (Signed)