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Statement of Material Facts  
Ternont Mines Ltd.

1971

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NEITHER THE ONTARIO SECURITIES COMMISSION NOR THE TORONTO STOCK EXCHANGE HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HEREIN AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

63.2951  
TEXMONT MINES LIMITED  
Suite 4006  
Toronto-Dominion Bank Tower  
Toronto-Dominion Centre  
Toronto, Ontario

STATEMENT OF MATERIAL FACTS

NEW ISSUE

OFFERING OF COMMON SHARES WITHOUT PAR VALUE IN THE CAPITAL OF THE COMPANY BY MEANS OF AN OPEN MARKET DISTRIBUTION THROUGH THE FACILITIES OF THE TORONTO STOCK EXCHANGE:

- A. A sufficient number of common shares to provide the Company with a sum of \$200,000 net, following which:
- B. The Company may also offer an additional number of common shares to provide it with up to a further sum of \$200,000 net.

The total number of common shares offered by the Company hereunder (the "Offered Shares") shall not exceed an aggregate of 1,000,000 shares.

Texmont Mines Limited (the "Company") through St. Lawrence Securities Limited (the "Agent"), offers the Offered Shares by way of an open market distribution through the facilities of The Toronto Stock Exchange (the "Exchange"). The offering will commence on a date (the "Effective Date") fixed by the Company in consultation with the Exchange and announced by the Exchange during a period of not less than 5 business days and not more than 21 business days after the date of mailing of this Statement. The offering will continue for a period of 6 months from the Effective Date or until all of the Offered Shares have been sold, whichever shall first occur. None of the Offered Shares will be sold to net the Company less than a base price fixed with the approval of the Exchange (the "Base Price"). The commissions of the Agent on the sale of the Offered Shares will be paid by R.G. Crompton Enterprises Limited (the "Underwriter-Guarantor") at the rates prescribed by the Exchange. If at the end of 6 months from the Effective Date the Underwriter-Guarantor takes down treasury shares of the Company in accordance with its guarantee agreement with the Company, such shares may be offered by the Underwriter-Guarantor under this Statement of Material Facts in the way of an open market distribution at prevailing market prices in which case the Company will file an Amendment to this Statement of Material Facts.

During the course of the distribution of the shares offered hereunder, the Underwriter-Guarantor may purchase and sell shares of the Company on the open market (excluding the Offered Shares) for the purpose of maintaining an orderly market for the shares of the Company in accordance with Sections 11.11 and 11.26 of Exchange General By-law. For full details of the offering reference is made to items 3 and 9.

ST. LAWRENCE SECURITIES LIMITED  
Suite 2315 - 401 Bay St.  
Toronto, Ontario

THE SHARES OFFERED HEREBY ARE SPECULATIVE SECURITIES.

15% of all such moneys from the Offered Shares sold between \$2.01 and \$5.00 per share; and

10% of all such moneys from the Offered Shares sold at a price above \$5.00 per share.

Provided that the fees payable by the Company to the Underwriter-Guarantor with respect to the said guarantee will, if necessary, be reduced so that in no case will the Company receive less than the Base Price with respect to each share sold by it.

Provided further that the said fees shall be paid by the Company only with respect to:

- (i) the number of its common shares sold initially to provide the Company with \$200,000 net after payment of the said fees; and
- (ii) the number of its common shares sold thereafter to provide the Company with an additional \$200,000 net after payment of the said fees; provided, however, that no fees shall be paid with respect to any shares sold as provided in this sub-paragraph (ii) exceeding the number of shares sold under the immediately preceding sub-paragraph (i).

During the 90-day period prior to the date of this Statement the common shares of the Company trade on the Exchange at a low of 37¢ and a high of 64¢.

4. State the principal purposes for which the estimated net proceeds to be derived by the issuer from the sale of the shares to be offered are intended to be used and the approximate amount intended to be used for each such purpose. If any material amounts of other funds are to be used in conjunction with the proceeds, state the amounts and sources of such other funds.

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It is presently planned that moneys of the Company on hand, together with those raised by the offering referred to herein, will be used for the following purposes:

- (a) The Company and Sturdy Mines Limited plan to carry out development work on the Sturgeon Lake area claims referred to in item 12 in implementation of the recommendations contained in the Report of Tom Gledhill, P. Eng., dated September 23, 1971, a copy of which has been filed with and is available for inspection at the offices of the Ontario Securities Commission and the Exchange. The following summary of his report has been prepared by Mr. Gledhill.

" The property comprising 72 claims is located six and one-half miles northeast of Mattabi Mines Limited. The western two-thirds of the property has been covered by ground geophysical surveys. The entire property was flown with airborne IMPUT and magnetic surveys. The ground surveys located four conductive zones within the volcanics.

It is recommended that the ground geophysics be completed on the more promising eastern portion of the property. At the same time a 2000-foot diamond drill programme should be planned to test the four known conductive zones and any new zones outlined by the proposed surveys. A proposed budget for this programme is \$35,000.

Should the results of the additional geophysical surveys and of the diamond drilling programme prove to

be encouraging, it is anticipated that a further programme of 5,000-10,000 feet of diamond drilling (conservatively) would be required. This would necessitate an additional budget of \$50,000-\$100,000."

The Company is responsible for one-half of the cost of the programmes outlined by Mr. Gledhill. Accordingly, \$17,500 will be required initially and an additional \$25,000 to \$50,000 will be required if the further diamond drilling programme is carried out. As a result, the Company will reserve \$67,500 for these programmes.

- (b) The Company has for a number of years been actively engaged in general exploration and development programmes. Using funds on hand and which are to be made available from the offering referred to in this Statement, the Company plans to enlarge the scope of its activities in exploring for minerals and, if circumstances are appropriate, hydro-carbons. This will basically entail programmes of prospecting, acquiring, staking and developing either alone or in consort with others, properties in an endeavour to locate deposits of economic significance. Based upon the average amounts expended by the Company during the past six years for exploration and development expenses, the Company estimates that its budget for the current year will be approximately \$300,000 for exploration and development expenditures in addition to the development work on the Sturgeon Lake area claims. No material amount will be spent for the acquisition of properties or in carrying out work thereon without an Amendment to this Statement of Material Facts being filed with the Exchange and the Ontario Securities Commission if the Offered Shares are then in the course of distribution to the public.
- (c) Subject to the rules and regulations of the Exchange, to purchase securities in other corporations.
- (d) General administrative expenses estimated at \$50,000 for the current year based upon the average amount expended by the Company during the past six years for administration.

5. State the laws under which the issuer was incorporated and whether incorporated by letters patent or otherwise or under a particular part of an incorporating statute dealing with mining companies and the date thereof.

\*\*\*\*\*

The Company was incorporated under Part IV of The Corporations Act, 1953 (Ontario) by Articles of Incorporation dated May 4, 1956 under the name Fatima Mining Company Limited. The Articles of Incorporation were amended on May 20, 1964 when the Company's name was changed to Texmont Mines Limited and its capital structure reorganized on a 1 for 2 basis resulting in the Company's authorized capital being 5,000,000 shares with a par value of \$1.00 each. The Articles of Incorporation were further amended on January 6, 1970 when the Company's authorized capital was increased from 5,000,000 to 7,500,000 shares with a par value of \$1.00 each and the Articles of Incorporation were further amended on November 5, 1971 when the authorized capital of the Company was changed from 7,500,000 shares with a par value of \$1.00 each to 7,500,000 common shares without par value.

6. Give names, addresses and chief occupations for the past five years of the officers and directors of the issuer.

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<u>Name</u>	<u>Position Held</u>	<u>Principal Occupation</u>
EDWARD FRANKLIN CARR Doncrest Drive Thornhill, Ontario	President & Director	Mining Executive, self-employed and associated with various companies including the Company, Midrim Mining Company Limited, Multi-Minerals Limited and Sturdy Mines Limited.
HARRY ALEXANDER PEARSON 258 Dawlish Avenue Toronto, Ontario	Vice-President & Director	Consulting Geologist to the Company and other Companies sharing the same office space and common management.
M. OSBORNE, C.A. 200 Park Home Willowdale, Ontario	Secretary- Treasurer & Director	Chartered Accountant employed by various mining companies, including the Company, Midrim Mining Company Limited, Multi-Minerals Limited and Sturdy Mines Limited.
B. NIXON APPLE, Q.C. 171 St. Leonards Avenue Toronto, Ontario	Director	Partner in the firm of Salter, Reilly, Jamieson & Apple, Solicitors, Toronto
R.P.K. COUSLAND 19 Glenview Avenue Toronto, Ontario	Director	Partner in the firm of Salter, Reilly, Jamieson & Apple, Solicitors, Toronto
JOHN M. CARR 26 Livingston Road Scarborough, Ontario	Assistant Secretary- Treasurer	Employed by various mining Companies sharing the same office space and common management.

7. State the share capitalization of the issuer showing authorized and issued capital.

\*\*\*\*\*

Authorized: 7,500,000 common shares without par value

Issued: 5,160,003 common shares have been issued for a total consideration of \$2,625,753 (after giving effect to the issue of 250,000 common shares to Sheridan Geophysics Limited valued at \$125,000). Reference is made to item 12.

8. Give particulars of any bonds, debentures, notes, mortgages, charges, liens or hypothecations of the issuer.

\*\*\*\*\*

None. Reference is made however to item 12 for particulars of moneys payable to Sheridan Geophysics Limited before the Company becomes entitled to receive a share of the profits from its producing nickel mine near Timmins, Ontario.

Outline briefly the manner in which the shares being offered are to be distributed, giving particulars of any outstanding or proposed underwriting or option agreement, including the name and address of each underwriter or optionee. Give similar particulars of sub-underwriting or sub-option agreements outstanding or proposed to be given and particulars of any assignments or proposed assignments of any such agreements.

\*\*\*\*\*

The Company through its Agent, St. Lawrence Securities Limited, will offer common shares without par value in its capital by way of an open market distribution through the facilities of The Toronto Stock Exchange. R.G. Crompton Enterprises Limited has guaranteed the receipt by the Company of a minimum of \$200,000 with respect to the offering.

Full particulars of the offering are set forth in items 2 and 3 hereof.

There are no sub-underwriting or sub-Option agreements outstanding or proposed to be given.

- 10. Give name and address of any person or company who beneficially owns, directly or indirectly, in excess of 10% of the shares of any company named in answer to item 9 hereof and the number and percentage of equity shares so owned.

\*\*\*\*\*

The following persons beneficially own in excess of 10% of the total issued shares of the Agent.

<u>Name</u>	<u>Address</u>	<u>Percentage of Issued Shares Owned</u>
John Lawrence Goad	34 Bayview Wood Toronto 12, Ontario	30%
Frank Taylor Clifton	126 St. Leonard's Ave. Toronto 12, Ontario	20%
Wayne Henry Walter Latta	31 Normandale Cresc. Willowdale, Ontario	20%

The following persons beneficially own in excess of 10% of the total issued shares of the Underwriter-Guarantor:

<u>Name</u>	<u>Address</u>	<u>Percentage of Issued Shares Owned</u>
R.G. Crompton	1269 Acadia Road Vancouver 8, B.C.	86%
R.B. Stapells	35 Maple Avenue Toronto 5, Ontario	10%

11. Give particulars of any payments in cash or securities of the issuer made or to be made to a promoter or finder in connection with the proposed underwriting.

\*\*\*\*\*

None. Reference is made to items 3 and 9 for particulars of the fee to be paid by the Company to the Underwriter-Guarantor.

12. Give brief particulars of important properties owned, leased, held under option or operated or presently intended to be owned, leased, held under option or operated by the issuer.

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TIMMINS NICKEL PROPERTY:

The Company owns 26 mining claims (the "Claims") which straddle the boundary of Bartlett and Geikie Townships in the Province of Ontario. The Company entered into an agreement by way of a lease dated May 6, 1970 (the "Production Agreement") with Sheridan Geophysics Limited ("Sheridan"), 4 King Street West, Toronto, Ontario, and J. Arthur Bowen ("Bowen") of Milton, Mass., U.S.A., which provides for the leasing of the Claims to Sheridan for a term of 20 years with a right to renew for a further term of 20 years, and the following are the principal provisions thereof:

1. Sheridan was required to, and did, advance all moneys necessary to bring the Claims into production so that a mill is operating on the Claims and treating at least 500 tons of ore per day. Sheridan is also to use its best efforts, as economically and practicably as possible, to increase the mining capacity and rate of milling operations to 1,000 tons per day.
2. The agreement defines:
  - (a) "exploration expenditures" as all moneys spent on the properties by the Company and Canadian Nickel Company Limited ("Canico"), Toronto-Dominion Centre, and estimated at approximately \$1,994,835;
  - (b) "production date" as the last day of the first 4-week period during which a mill operating on the claims has been continuously treating ore at a rate of at least 500 tons per day, which date is now in effect;
  - (c) "operating expenses" as all costs of operations incurred subsequent to the production date;
  - (d) "production expenditures" as all moneys expended by Sheridan to the production date. Production expenditures may not exceed \$3,000,000. A final determination of production expenditures will require an auditor, but the Company estimates same to be slightly less than \$3,000,000;
  - (e) "net profits" as the gross receipts from the sale of concentrates after deducting all production expenditures, operating expenses and moneys payable to Bowen on account of Bowen's net profit.

Production expenditures and operating expenditures include interest at the prime bank rate on the portions thereof unrecovered by Sheridan from time to time;

- (f) "Bowen net profit" as the gross receipts from the sale of concentrates after deducting all exploration expenditures, production expenditures and operating expenses.
3. Net profits, after payment of 10% of Bowen net profits, when applicable, are to be divided equally between Sheridan and the Company, and the Company will pay to Canadian Nickel Company Limited ("Canico"), Toronto-Dominion Centre, Toronto, Ontario, 15% of all net profits received by the Company as Canico holds a 15% interest in the Claims.
  4. At any time after the Company is entitled to receive net profits, it may appoint H.A. Pearson, Geologist, a director and Vice-President in charge of explorations of the Company, or other technically competent engineer satisfactory to the Company and Sheridan, to manage operations of the Claims in place of Sheridan.
  5. As further consideration for Sheridan entering into the agreement, the Company agreed to and did allot and issue to Sheridan 250,000 fully paid and non-assessable shares of the Company after Sheridan had expended \$1,000,000 on the Claims. The Company also agreed to allot and issue to Sheridan a further 250,000 fully paid and non-assessable shares of the Company when the production date is reached, which shares have now been allotted and issued. The Company has received from Canico the sum of \$41,250 in full settlement of Canico's contribution to the shares issued to Sheridan.

Sheridan has agreed that all shares of the Company, the voting of which it can influence, will for a period of 20 years be voted as in writing directed by E.F. Carr, the President and a director of the Company, his administrators and executors.

6. The agreement contains additional operative provisions, including a force majeure clause and a provision enabling the Company on 6 months' written notice, to terminate the lease if Sheridan, for reasons other than the uneconomic feasibility of the operation is not, following the production date, milling an average of 500 tons per day, each working day of any calendar month, but Sheridan may rectify its default during such 6-month period by restoring operations to such extent as may be required to meet the aforesaid tonnage milling requirement and continuing its operations continuously at such capacity for a period of 6 months.

The Company owns 86 mining claims in Bartlett and Geikie Townships in addition to the aforesaid 26 mining claims leased to Sheridan.

#### STURGEON LAKE PROPERTY

The Company and Sturdy Mines Limited ("Sturdy") share equally an 81% interest in 72 mining claims in the Sturgeon Lake Area, Patricia Mining Division, Ontario. The Company and Sturdy plan to carry out development work on the Claims as set out in item 4(a). Reference is also made to item 15.



TULLY TOWNSHIP PROPERTY

The Company owns 11 mining claims in Tully Township, Ontario.

INTEX PROPERTIES

The Company holds a 90% interest in Intex Mining Company Limited ("Intex") the remaining 10% interest being held by Canico.

By agreement dated May 18, 1970 the Company assigned to Intex all of its interest in certain mining claims in Prosser and Tully Townships, Ontario. Intex subsequently staked further mining claims in these Townships and now owns 20 mining claims in Prosser Township and 83 mining claims in Tully Township.

Under the said agreement of May 18, 1970 the Company assigned to Intex an option from Benoit Gagne, Moffet, Quebec, to purchase 17 mining claims in Devlin-Brodeur Township in the Province of Quebec.

To exercise the option fully, Intex must make a final option payment of \$37,000 by May 18, 1972 and issue by November 18, 1972, 200,000 shares (90% of which will be escrowed) of a new company to be formed to acquire the mining claims. By the direction of the Optionor, the last option payment is to be made to Zacharie Gagne as to 90% and to Romeo Champagne as to 10% and the shares of the new company are to be issued to Zacharie Gagne as to 85% and to Romeo Champagne as to 15%.

13. Indicate whether any property referred to in item 12 is without a known body of commercial ore or reserves of recoverable oil and gas.

\*\*\*\*\*

The only property of the Company or in which it has an interest with a known body of commercial ore is the Company's Timmins nickel property referred to in item 12.

14. Give brief particulars of the exploration and development work of the issuer during the past year and the results thereof.

\*\*\*\*\*

During the past year the development work on the claims owned by the Company in Bartlett and Geikie Townships was carried out by Sheridan Geophysics Limited under the provisions of the Agreement dated May 6, 1970. Reference is made to item 12. In addition, geophysical surveys were carried out on certain claims in Bartlett and Geikie Townships.

In 1970 the western two-thirds of the Sturgeon Lake Area Claim Group was surveyed with ground magnetic and electromagnetic surveys and 4 conductive zones were located in the area of volcanics. No conductors were located within the syenite. In January 1970, airborne IMPUT and magnetic surveys

covered the property which did not locate any conductors nor the four conductive zones previously located on the ground but the magnetic survey reflected and confirmed the known geology as well as the ground magnetic survey.

The Company also carried out general prospecting in the Provinces of Ontario and Quebec.

15. Give brief particulars of property proposed to be acquired by the issuer or any affiliate or acquired by the issuer or any affiliate within the previous three years, including the name and address of the vendor and the cost or proposed cost thereof to the issuer or any affiliate, and if any such vendor is or was an insider or promoter of the issuer or an associate or affiliate of any insider or promoter of the issuer, so state and indicate the nature of the relationship.

And

17. If the property referred to in item 15 was or is to be paid for by the issuance of shares of the issuer or any subsidiary, give (a) the number of shares of the issuer and any subsidiary issued to or to be issued to the vendor after giving effect to such transaction and (b) the number and, if more than 5% of the shares presently outstanding, the percentage of shares of the issuer and any subsidiary owned or to be owned, by the vendor after giving effect to the transaction. If the vendor is a company, give the names and addresses of the insiders of the company.

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Properties acquired by the Company during the past three years are as follows:

1. The Company and Sturdy Mines Limited, Suite 4006, Toronto-Dominion Bank Tower, Toronto, Ontario (the "Purchasers") entered into an agreement dated November 10, 1969 with Lorne K. Smith, 1374 Broadmor Avenue, Port Credit, Ontario, and Edward O. Dearden, 11 Tallforest Crescent, Etobicoke, Ontario, (the "Prospectors") whereunder, in consideration of the payment to the Prospectors of \$36,000 paid equally by the Purchasers, the Purchasers acquired a 90% interest held equally by them in 72 mining claims in the Sturgeon Lake area in the Province of Ontario, and comprising claims PA213424 to and including PA213441; PA227210 to and including PA227211; PA227216 to and including PA227219; PA227223 to and including PA227269; PA227620 to and including PA227637; and PA246751 to and including PA246762. The Prospectors also granted the Purchasers an option until November 9, 1972 of purchasing the Prospectors' retained 10% interest in the claims for the sum of \$250,000. The Purchasers have exclusive possession of the claims and the sole right to carry out developing work thereon. The Purchasers entered into an agreement between themselves dated November 10, 1969 respecting the claims, which provides that all development programs shall be approved by both of them, that they each have the right to pay \$125,000 or any part thereof to purchase the residual 10% interest of the Prospectors in the claims, and if one party does not pay its entire share thereof, the other may make up any deficiency so that if the residual 10% interest of the Prospectors is acquired by the Purchasers, same shall be owned by them in proportion to the moneys respectively paid by them in the purchase thereof. The

Company does not presently plan to make any payments in this regard, but if it should elect to do so, an Amendment to this Statement will be filed if the securities offered hereunder are then in the course of distribution to the public. In January 1971 the Company arranged for Selco Mining & Development Limited ("Selco") to carry out an airborne electro-magnetic survey of the claims, for which Selco acquired a 9% interest in the claims. In December 1971 Selco assigned this interest to an associated corporation, South Bay Mines Limited. Consequently the Purchasers presently hold an 81% interest in the claims.

2. In May 1970, the Company staked 11 claims in Tully Township, Ontario, at the approximate cost of \$600.

16. State the name of any person or company who is or has been a promoter of the issuer within the preceding two years and, if not disclosed in item 15, the nature and amount of anything of value (including money, property, contracts, options or rights of any kind) received or to be received by each promoter.

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There is and has been no promoter of the Company during the last two years.

18. Give the number, and if more than 5%, the percentage of the shares of the issuer held in escrow or in pool and a brief statement of the terms of the escrow or pooling agreement.

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No shares of the Company are held in escrow or in pool.

19. Give the number of shares of the issuer owned of record or beneficially, directly or indirectly, by each person or company who owns of record, or is known either by the issuer or the selling shareholder to own beneficially, directly or indirectly, more than 5% of such shares, in each case within ten days from the date hereof. Show separately whether the shares are owned both of record and beneficially, of record only, or beneficially only and show the respective amounts in percentages owned in each such manner.

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The following are the names of every holder of common shares owing of record or known by the Company to own beneficially either directly or indirectly more than 5% of the Company's



TEXMONT MINES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 1969 TO 1971 (audited)

AND FOR THE SIX MONTHS ENDED DECEMBER 31, 1971 (unaudited)

1. The company leased the 26 lease-patented claims in the Porcupine Mining Division, Ontario to Sheridan Geophysics Limited for 20 years commencing May 6, 1970. Under the terms of the agreement the company allotted Sheridan 250,000 of the company's shares on condition that Sheridan expend \$1,000,000 on the mining property and 250,000 shares on condition that they achieve a minimum milling rate of 500 tons per day on this property. The company will receive an annual rental of \$100 and will share profits and losses from this property equally with Sheridan after deducting expenditures, up to a maximum of \$3,000,000, necessary to bring the mine into production. Under the terms of a previous agreement Canadian Nickel Company Limited is entitled to 15% of the company's share of the net profits.

During the year ended June 30, 1971 the company was advised that Sheridan had expended in excess of \$1,000,000 on the property and accordingly 250,000 shares valued at fifty cents per share were issued to Sheridan. The value (\$125,000) attributed to these shares less \$26,250 received from Canadian Nickel Company Limited, under the terms of a previous agreement, has been included in deferred exploration and development expenses.

During the six months ended December 31, 1971 the company was advised that Sheridan had achieved the minimum milling rate of 500 tons per day on this property and accordingly 250,000 shares valued at fifty cents per share shall be issued to Sheridan. The value (\$125,000) attributed to these shares less \$15,000 received from Canadian Nickel Company Limited, presently shown as an advance from that company, shall be included in deferred exploration and development expenses.

2. The company has acquired an option to purchase mining claims and mineral rights. In order to fully exercise the option, the company will be required to make a further payment of \$37,000 by May 18, 1972 and form a new company to acquire the claims. The vendors are entitled to receive shares in the new company.
3. Marketable securities owned by the company consist of 2,000 shares of Cominco Ltd. and have been pledged against the bank indebtedness.

TEXMONT MINES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 1969 TO 1971 (audited)

AND FOR THE SIX MONTHS ENDED DECEMBER 31, 1971 (unaudited)

4. During the six months ended December 31, 1971 the company received a Certificate of Amendment of Articles by which the common shares were changed from having a par value of \$1 each to having no par value.
5. In accordance with a shareholders' resolution a retroactive adjustment was made to write-off the deficit of the company at June 30, 1971 to contributed surplus.

By the same resolution it was decided that all future accumulated deficits shall be written off until all such contributed surplus has been written off the books of the company. By December 31, 1971 all such contributed surplus had been written off.

6. The aggregate direct remunerations paid by the company to the directors, officers and senior employees of the company as defined by The Business Corporations Act, 1970, was \$30,113 for the year ended June 30, 1971, and \$22,788 for the six months ended December 31, 1971.

up to

7. The company has agreed to offer for sale up to 1,000,000 shares of its capital stock by way of an open market distribution through the facilities of the Toronto Stock Exchange effective on a date to be set by the company with the approval of the Toronto Stock Exchange which offer will continue for a period of six months from the date set or until all of the offered shares have been sold. The company has received a guarantee that it will receive a minimum of \$200,000 in respect to the offering and has agreed to pay a fee to the guarantor based upon the price of the offered shares sold during the offering period in accordance with the rates prescribed by the Toronto Stock Exchange. Should the sales of capital stock not yield \$200,000 the guarantor may request that the company issue and allot to the guarantor such number of shares at a price to be agreed upon which when added to the receipts from the sales will equal \$200,000.

TEXMONT MINES LIMITED  
CONSOLIDATED SCHEDULE OF MINING CLAIMS  
AS AT JUNE 30, 1971 (audited)  
AND AS AT DECEMBER 31, 1971 (unaudited)

	<u>(Unaudited)</u> December 31, 1971	<u>(Audited)</u> June 30, 1971
PORCUPINE MINING DIVISION, ONTARIO		
26 Lease-patented claims in the Bartlett-Geikie Townships, acquired for a cash consideration of \$75,000 (Note 1)	\$ 75,000	75,000
86 Claims, at cost	4,320	4,320
OTHER AREAS		
40-1/2% Interest in 72 claims in Sturgeon Lake Area, Ontario, at cost	18,000	18,000
114 Claims in Tully, Jessop and Prosser Townships, Ontario, at cost	5,665	5,665
Option on 17 claims in Devlin and Brodeur Townships, Quebec, at cost (Note 2)	10,000	10,000
Excess of cost of claims, over value assigned by subsidiary	<u>25,174</u>	<u>25,174</u>
	<u>\$ 138,159</u>	<u>138,159</u>

TEXMONT MINES LIMITED

CONSOLIDATED STATEMENT OF EXPLORATION AND DEVELOPMENT EXPENSES  
 FOR THE YEARS ENDED JUNE 30, 1969 TO 1971 (audited)  
 AND FOR THE SIX MONTHS ENDED DECEMBER 31, 1971 (unaudited)

	(Unaudited) Six Months Ended December 31, 1971	(Audited)		
		Years Ended June 30,		
		1971	1970	1969
EXPENDED DURING THE PERIOD				
On property retained at December 31, 1971				
Bartlett-Geikie Townships, Ontario	\$ 9,545	133,022	12,453	42,570
Tully, Prosser and Gowan Townships, Ontario	323	3,230	76,592	189,583
Optioned property - Devlin and Brodeur Townships, Quebec	79	7,238	954	9,228
Sturgeon Lake Area, Ontario	115	220	12,590	-
On property not retained				
Other areas and general	34,646	41,530	81,557	56,131
General exploration	1,927	-	-	-
	46,635	185,240	184,146	297,512
Funds received from Canadian Nickel Company Limited	-	-	-	97,786
	46,635	185,240	184,146	199,726
Exploration and development expenses at beginning of period	2,192,174	2,080,390	1,952,542	1,752,816
	2,238,809	2,265,630	2,136,688	1,952,542
Less				
Expenditures on abandoned properties not recovered and written off to deficit	34,646	73,456	56,298	-
EXPLORATION AND DEVELOPMENT EXPENSES AT END OF PERIOD	\$ 2,204,163	2,192,174	2,080,390	1,952,542



DATED at Toronto this 23rd day of February, 1972.

CERTIFICATE

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Statement of Material Facts.

(Signed) E.F. CARR

Chief Executive Officer

(Signed)

M. OSBORNE

Chief Financial Officer

On behalf of the Board of Directors

(Signed) H.A. PEARSON

Director

(Signed)

R.P.K. COUSLAND

Director

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 Statement of Material Facts.

ST. LAWRENCE SECURITIES LIMITED

(Signed) J.L. GOAD

President

R.G. CROMPTON ENTERPRISES LIMITED

(Signed) R.B. STAPELLS

Secretary

63.2951  
Report A



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SUMMARY REPORT  
OF  
RESULTS OF ALL EXPLORATION  
ON  
ALL PROPERTIES  
HELD BY  
INTEX MINES LIMITED

September 27, 1971

SUMMARY REPORT  
OF  
RESULTS OF ALL EXPLORATION  
ON  
ALL PROPERTIES  
OF  
INTEX MINES LIMITED

HISTORY AND SUMMARY

Intex Mines Limited holds a total of 120 unpatented mining claims, 103 of which are in one area of Ontario and 17 in one area of Quebec. The Quebec claims comprise the Gagne Copper-Nickel Property under option from the prospector, and the Ontario claims were acquired by company staking except for four claims acquired for a small cash payment plus an interest to original vendor.

These claims were originally acquired by the parent company, Texmont Mines Limited, during the course of an exploration-financing agreement with International Nickel Mines Limited. Inco retains a defined interest in Intex through their financial participation.

Detailed electromagnetic and magnetic surveys were carried out over 90% of the 103 claims as well as some geochemical (soil sampling) survey over part of the Gagne Option.

Twenty diamond drill holes, totalling 10,923 feet, were bored on the Gagne Copper-Nickel Property resulting in a substantial tonnage addition to the known showings.

Twenty eight diamond drill holes, totalling 18,635.5 feet, were bored on the Ontario claims resulting in the discovery of a gold bearing zone in Tully Township.

Additional drilling is required to further test the economic possibilities of both the copper-nickel zone and the gold zone as well as to test other designated geophysical and geological features.



I N T E X   M I N E S   L I M I T E D

SUMMARY AND RESULTS OF ALL EXPLORATION WORK COMPLETED

UP TO

AUGUST 31, 1971

CLAIMS HELD AS OF AUGUST 31, 1971

(a)	17 claims held under Gagne Option	- 1192 acres
(b)	<u>103 claims</u> acquired by staking	- <u>4120 acres</u>
<b>TOTAL</b>	<b>120 claims</b>	<b>5312 acres</b>
	<u>=====</u>	<u>=====</u>

GEOPHYSICAL AND GEOCHEMICAL SURVEYS COMPLETED

(a)	Magnetometric Surveys	206.7 line miles
(b)	Electromagnetic Surveys	23202 line miles
(c)	Geochemical (Soil Sampling) Surveys	16.0 line miles

DIAMOND DRILLING

A total of 29,558.5 feet of drilling was completed on all projects in 48 holes by the present holders.

PROPERTIES DATA

Gagne Copper-Nickel Option, Laforce, Quebec Property

The Gagne Option consists of 17 mining claims as follows:

	<u>Claim No</u>	<u>Cert. No</u>	<u>Acres</u>	<u>Township</u>
	1 to 5	137710	200	Devlin
	1 & 2	137712	192	Brodeur
	1 & 2	252442	200	"
	1 to 4	252443	200	"
	1 & 2	252444	200	"
	1 & 2	252445	200	"
<b>TOTALS</b>	<u>17 claims</u>		<u>1,192 acres</u>	

### Location

The property straddles the north part of the common north-south boundary between Devlin and Brodeur Townships, south of the town of Laforce in the Belleterre Mining Area of Quebec, some 65 miles south-east of the city of Noranda, Quebec.

### Accessibility

Access is easily made by paved highways east from New Liskeard, Ontario, for 60 miles to Latulipe, Quebec, and by good gravel road for 28 miles north-east to Laforce, Quebec and the property.

### Geophysical and Geochemical Surveys

Incomplete coverage was made over the claim group by these surveys by exploring the more important geological features.

Line miles Magnetometric Surveys	- 37.0
Line miles Electromagnetic Surveys	- 19.0
Line miles Geochemical (Soil Sampling) Surveys	- 16.0

### Diamond Drilling

Previous operators drilled a total of 63 bore holes, mostly to shallow depths and including 9 "packsack drill" holes, resulting in the blocking out of 90,000 tons grading 1.16 Ni and 0.45% Cu in the main zone, and 30,000 tons grading 0.76% Ni and 0.40% Cu in a smaller zone to the north-east.

Present operators drilled 20 bore holes totalling 10,923 feet resulting in a total "blocked out" tonnage of some 295,000 tons grading 0.88% Ni and 0.44% Cu in the two sulphide zones along a strike-length of 600 feet. The north-east zone is open to the east and north-east and requires further drilling.

The favourable geological contact continues in an easterly - south-easterly trending arc for an additional strike length of some 5,000 feet.

There is a possibility that production from this property could be undertaken in conjunction with the probable development of the Midrim Mining Company copper-nickel-platinum property, 43 miles to the south-west and linked by existing roads.

Tully and Prosser Township Claims, Timmins Area, Ontario

Property

Total of all claims of this project number 103 of approximately 40 acres each, totalling 4,120 acres in six groups. Three groups are in Prosser Township and are designated as P-I, P-III and P-IV. Three groups are in Tully Township and are designated as T-I, T-II and T-III. Group T-I in Tully Township is contiguous with Group P-III in Prosser Township.

The claims lists are as follows:

Prosser Township (a surveyed township)

Group P-I consists of 4 contiguous claims numbered P88529-30-31 and 32.

Group P-III consists of 8 contiguous claims numbered P96227, P96228, P96271-72-73-74-75 and 76.

Group P-IV consists of 8 contiguous claims numbered P101698-699-700-701-702 and 703 and P102364 and 65.

Tully Township (a surveyed township)

Group T-I consists of 22 contiguous claims (adjoining Prosser Group P-III to the west) numbered P97938-39-40-41-42-43-44-45-46-47-48-49; P99286-87-88-89; P100437-38-39-40-41 and 42.

Group T-II consists of 55 contiguous claims numbered P96209-10; P96215-16-17-18-19-20-21-22-23-24-25-26; P101423-24-25-26-27-28-29-30-31-32; P101690-91-92-93-94-95-96-97; P102349-50-51-52-53-54-55-56-57-58-59-60-61-62-63; P102366-67-68-69-70-71-72 and 73.

Group T-III consists of 6 contiguous claims numbered P102434-35-36-37-38 and 39.

Location

The geographical centre of the 103 claims is at a point 21 air miles north-east of the town of Timmins in the Porcupine Mining Division of Ontario, or 10 miles north-east of the Kidd Creek Mine of Texas Gulf Sulphur which is situated in the north east corner of Kidd Township.

Accessibility

Access to most of the claims in Tully Township is made by fair gravelled township and private lumber road for 20 miles north and west from a point 18 miles east of the Town of Timmins, off Hwy. 101. The remainder of the claims in Tully and Prosser are reached by helicopter in summer. All claims are readily accessible under winter conditions using motorized snow vehicles.

Geophysical Surveys

Detailed magnetic and electromagnetic surveys were conducted over all of the claims except for claims P101690-91-92-93-94-95-96 and 97 in Group T-II in Tully Township resulting in the detecting of several magnetic anomalies and electromagnetic conductors. The best of the latter were tested by diamond drilling leaving a number of weaker conductive features untested being of least interest plus non-designated drill targets in Prosser Group P-IV.

Line miles magnetometric survey completed by groups is as follows:

<u>Township</u>	<u>Group No</u>	<u>Miles Mag.</u>	<u>Miles E.M.</u>
Prosser	P-I	Nil	6.50
"	P-III	16.0	19.82
"	P-IV	15.8	15.80
	SUB-TOTALS	31.80	42.12
		=====	=====
Tully	T-I	44.5	60.40
"	T-II	81.9	99.20
"	T-III	11.5	11.30
	SUB-TOTALS	137.90	170.90
		=====	=====
	TOTAL LINE MILES	169.70 Mag.	213.02 E.M.
		=====	=====



Diamond Drilling

A number of E.M. conductors, some with coincident magnetic anomalies, were drilled resulting in the discovery of a conductive gold bearing structure on Group T-I, Tully Township. This conductive structure continues for a continuous strike length of 4,000 feet and extends south-west into Group P-III, Prosser Township.

Sixteen holes totalling 10,476 feet were bored by diamond core drilling on this conductive structure delineating a gold zone some 500 feet long and open. Average width of this gold zone is 10 feet averaging 0.22 oz. Au/ton. Lower, but possibly significant, gold values were intersected in parallel structures in Group T-I and also in Group P-III, Prosser Township, 2,000 feet south-west of the main gold zone. Additional drilling is required to test the gold zone conductor.

Additional drilling is also required to test non-designated but possible drill targets in Group P-IV, Prosser Township and weaker but possibly important conductive features south of the gold zone in Group T-I, Tully Township.

Footages Drilled

<u>Township</u>	<u>Group No.</u>	<u>No. of Holes Drilled</u>	<u>Total Footages</u>
Prosser	P-I	2	1,201.5
"	P-III	2	1,303.0
"	P-IV	2	<u>1,104.0</u>
	SUB-TOTALS	6	<u>3,608.5</u>
Tully	T-I	17	11,534.0
	T-II	5	3,494.0
	T-III	Nil	Nil
	SUB-TOTALS	22	<u>15,027.0</u>
TOTAL ALL DRILLING		28 holes	<u>18,635.5 feet</u>



Respectfully submitted,

*C. F. Desson*

C.F. DESSON, P.Eng.  
Exploration Manager

CERTIFICATE

I, Carmen F. Desson, of the Town of Winona, in the Province of Ontario, do hereby certify that:

1. I am a Registered Professional Engineer and a member of the Association of Professional Engineers of Ontario.
2. I am an Honours Graduate of the Provincial Institute of Mining, Haileybury, Ontario, and have been practicing my profession for over 20 years.
3. I have an intimate knowledge of the work done as declared in this report as it was all done under my supervision plus a good knowledge of the geological and geophysical features and conditions having worked in these areas on various exploration projects previously over a period spanning several years.

Dated at Toronto this 27th day of September, 1971



*C.F. Desson*

C.F. DESSON, P.Eng.



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63.2951  
Report B

030




TEXMONT MINES LIMITED

BARTLETT AND GEIKIE TOWNSHIP PROPERTY

B. TD. A 14672

Derry, Michener & Booth  
Toronto, Ontario  
October 15, 1971

  
Orville E. Leigh, P.Eng.

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(to accompany this report)

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1	Location Map	Follows Page 3
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TEXMONT MINES LIMITED

BARTLETT AND GEIKIE TOWNSHIP PROPERTY

Summary

On October 6th and 7th, Derry, Michener & Booth visited the property of Texmont Mines Limited, located in Bartlett and Geikie Townships 22 miles south of Timmins, Ontario. Sheridan Geophysics Limited, under the terms of an "Agreement of Lease" with Texmont dated May 6, 1970, is currently developing the "A" and "C" zones for production.

In 1959 and 1960, Texmont sank a three-compartment shaft to 790 feet and completed 3,000 feet of lateral development and 19,690 feet of drilling on the 3rd and 5th levels. Sheridan has developed the 1st, 2nd and 4th levels and in October commenced preparation of blast hole production stopes above the 3rd and 5th levels.

Production to date has been entirely from development work and we were informed verbally that mill heads have been running about 0.95% Ni from this source.

The flotation mill with a rated capacity of 1,000 tons per day commenced operations during the first week of July and has been treating on an experimental basis just under 500 tons per day. Recoveries were reported to be in the order of 70% to produce concentrates grading 15 to 17% nickel. Better recoveries are expected when the mill is properly run in. All concentrates produced to date are stockpiled on the property. (Test work on the property is also in progress on methods to up-grade the concentrates).

Underground development is largely within the "A" zone, one of several ore grade lenses which occur in a mineralized zone in a north-south trending peridotite mass. Mineralization consists almost entirely of disseminated pentlandite.

In the course of preparing this report we estimated the "A" zone contains approximately 1,000 tons per vertical foot to a depth of 740 feet (i.e. 5th level) grading 0.96% nickel. This estimate is based on underground drilling by Sheridan and using a cut-off grade of 0.70% nickel.

Previous surface drilling indicates that this zone continues to 1,600 feet and one deep hole, 65-18, intersected 0.77% Ni over 78.5 feet (core length) at approximately 1,850 feet below surface.

The south zone, the second largest zone, has been outlined largely by surface drilling. This zone has an indicated average width of 30 feet, a length of up to 400 feet and has been intersected to a depth of 1,340 feet.

Several deep intersections between the "A" and the South Zones have returned ore grade nickel mineralization over mineable widths but further underground drilling is required to prove continuity of mineralization between these zones.

A summary of our review of proven and drill-indicated ore reserves is as follows:

	<u>Tons</u>	<u>Grade % Ni</u>
"A" Zone - Proven (30'-740')	730,000	0.96
- Drill-indicated (740'-1600')	860,000	(as above)
South Zone - Drill-indicated (0'-1600')	<u>1,600,000</u>	<u>0.89</u>
Total	3,190,000	0.92

### Introduction

At the request of Mr. E. F. Carr, President of Texmont Mines Limited, Derry, Michener & Booth visited the Texmont property on October 6th and 7th, 1971. The purpose of the visit was to report current developments on the property and any changes in the ore reserve picture resulting from the continued underground development by Sheridan Geophysics Limited who are currently putting the property into production.

### Property - Location and Access

The 26 claim property of Texmont Mines Limited, under lease to Sheridan Geophysics Limited, is situated along the Bartlett-Geikie Township boundary in the Porcupine Mining Division of Ontario (Map 1). All of these patented claims which are tabulated in Appendix I are held by "Mining Leases".

The property is located approximately 22 miles by air south of Timmins and is accessible by a four mile mine road which connects with the Timmins-Matachewan secondary road at a point about 28 miles south of Timmins.

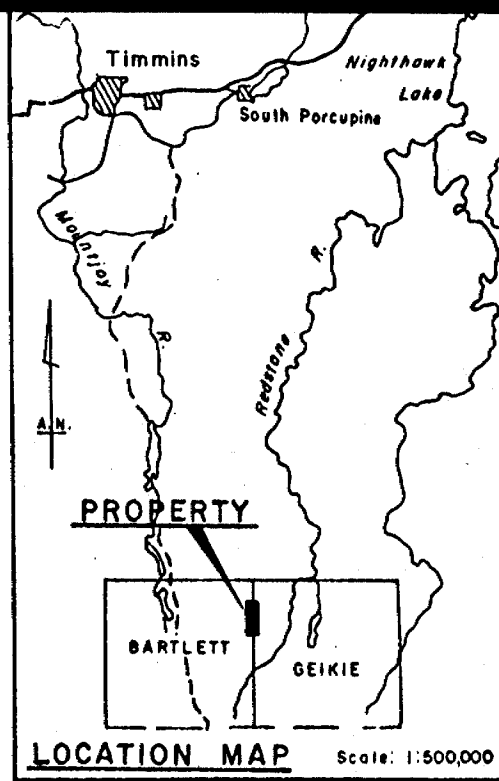
### History of the Property

Pentlandite was first discovered on the property in 1951 by the Dominion Gulf Company who had staked the property the previous year as an asbestos prospect. By the end of 1956 following an extensive exploration program of prospecting, geological mapping and geophysical surveys, Dominion Gulf drilled 23 holes totalling 6,231 feet of diamond drilling on several anomalies and one mineralized showing.

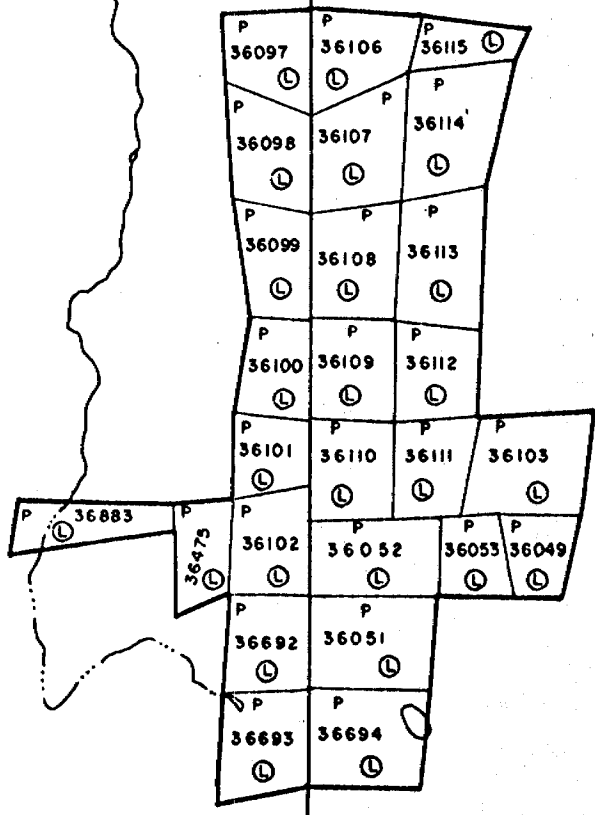
The claims were optioned and subsequently purchased by Fatima Mining Company in 1957 and by November 1959 had carried out a further 27,044 feet of surface diamond



A. N.



1 MI.



TWP.  
TWP.  
3 Mile  
BARTLETT  
GEIKIE



DERRY, MICHENER & BOOTH		
TEXMONT MINES LTD.		
LOCATION MAP		
Scale: 1"=2640'	By: O. E. Leigh	Map No.

drilling in 37 drill holes. Exploration was resumed in 1961 and a further 6,387 feet of drilling was completed along with metallurgical tests, together with geophysical and geochemical surveys.

In 1959, a three-compartment shaft was sunk to a depth of 790 feet with stations established at the 150 foot, 300 foot, 450 foot, 600 foot and 742 foot elevations. In 1960, work consisted of 1,550 feet of drifting and cross-cutting on the 450 foot or 3rd level, 1,450 feet of lateral work with 250 feet of raising on the 742 foot or 5th level. At the same time a total of 19,690 feet of underground diamond drilling was completed in 165 holes.

In 1964, Fatima Mining Company Limited was renamed Texmont Mines Limited and the new company continued to hold the 26 patented claims. In 1965 and 1966 this company in partnership with the Canadian Nickel Company (a wholly-owned subsidiary of The International Nickel Company of Canada) undertook a further 95,347 feet of diamond drilling in 74 surface holes. During this period the Canadian Nickel Company acquired a 15% interest in the property. All together to the end of 1966 a total of 135,009 feet of surface drilling in 152 holes had been completed in addition to the underground development and drilling on two levels.

In May 1970, Texmont Mines Limited negotiated a lease of the property to Sheridan Geophysics Limited for a term of 20 years with the right of a further renewal to 20 years provided that Sheridan would bring the property into production by June 30th, 1971 at a minimum mill rate of 500 tons of ore per day and to use its best efforts to increase the mill rate to 1000 tons per day. After recovery of development capital, not to exceed \$3,000,000, to Sheridan Geophysics, profits as defined are split as to 10% to Bowen et al under the terms of the Kellogg agreement, 45% to Texmont and 45% to Sheridan. Caninco receive 15% of Texmont's portion of profits under the terms of a prior agreement. A copy of this agreement is attached as Appendix II and is taken from Texmont Mines Limited, Information Circular, dated May 21st, 1970.

At the time of our visit the surface plant was operating and underground lateral development on the 1st, 2nd and 4th levels had been virtually completed as well as extending development within the "A" zone on the 3rd and 5th levels. Scram drifts had been partially completed above the 3rd and 5th levels and stope preparation on these levels is underway.

To date, all mill feed has been from development work.

### Plant and Equipment

#### (1) Services

Electric power is currently supplied to the plant by diesel powered generators located on the property. The water supply is obtained from the Redstone River about 1.5 miles east of the property.

The total current labour force consists of approximately 65 persons and accommodations for over 100 single men in two bunk houses is available on the property. A small trailer camp has also been established on the property for married personnel.

#### (2) Mine Plant

The underground workings are serviced from a three-compartment shaft sunk to a depth of 790 feet with the deepest or 5th level located at an elevation of 742 feet below surface. Hoisting facilities consist of one 3 1/2 skip in balance with the service cage. The ore loading pocket and the primary crusher are both located on the 5th level. Underground work by Sheridan Geophysics consisted of establishing the 1st, 2nd and 4th levels (the 3rd and 5th had previously been developed), the 4th scam drift and sublevel, and the 5th sublevel, together with stope preparation on the 3rd and 5th levels. Percussion and diamond drilling has continued throughout this development period to further detail the "A" or "Main Zone" and the footwall "C" zone.

(3) Mill

The mill commenced operations during the first week of July at a rated capacity of approximately 1,000 tons per day. Underground development has been largely in the ore zone and muck from this source is the sole mill feed supply. The mill is currently treating just under 500 tons per day.

During our visit the mill was "off limits" because of new facilities being installed and tested, presumably hydrometallurgical equipment, to further up-grade the final concentrate. However, we were informed that the mill consists essentially of a secondary crusher, one ball mill, flotation cells, a thickener and disc filter. A second ball mill will be required in order to have the mill achieve its rated capacity as fine asbestos, presumably originating from the serpentinite veinlets, is retarding the grinding time and increasing power consumption. All concentrates produced to date are being stockpiled on the property.

Although no mill flowsheet or milling statistics were available for us to examine, we were informed that the average concentrate grade has been approximately 15-17% nickel and the tailings are averaging about 0.25 to 0.30% nickel. The lowest tailings assay obtained has been 0.21% nickel. Recoveries have fluctuated considerably and appear to be dependent on the grind but have been averaging in the neighbourhood of 70%. A fine grind appears to increase the concentrate grade but gives a lower recovery and a coarser grind gives a higher recovery and lower concentrate grade. By reducing the grade of concentrate produced better recoveries could be achieved.

The company plans to install a small cyclone in the cleaner tailings circuit and regrind the heavy product in order to reduce the tailings grade to about 0.20% nickel.

Nickel assays for samples from both the mine and mill are carried out in a laboratory on the property.

### General Geology

A steeply dipping, north-south, lenticular body of peridotite, partially serpentized, is located centrally on the property. The ultrabasic body which is approximately 7,000 feet long and up to 1,000 feet wide occurs along the contact between Archean andesitic lavas and granite on the east and iron formation with associated sediments on the west side.

All of these formations are intruded by fine to medium-grained, dark, unmineralized, diabasic dykes which in the ore zone trend east-west and dip steeply north. One of the larger dykes that was examined underground on the second level is up to 25 feet wide and has narrow shear zones along the contacts with the peridotite host rock.

### Ore Zone and Mineralization

Near the south-central part of the peridotite body disseminated pentlandite mineralization, outlined by surface and underground work, occurs in a zone up to 190 feet wide over a length of approximately 1,900 feet. The mineralized zone cuts across the peridotite mass at approximately N20 to 25°E and dips approximately 75° east. The "C" zone as defined underground suggests that there could be a very steep southerly plunge associated with the mineralization.

The peridotite host is a fine-grained, dark, massive rock of fairly uniform texture and is cut by numerous multi-directional calcite-filled serpentized fractures up to 2" wide. These fractures may have some bearing on the localization of mineralization but to date no frequency or orientation studies have been carried out on them to provide any indication of this possibility.

The nickel bearing minerals consist of pentlandite associated with minor amounts of millerite, heazlewoodite and possibly nickeliferous pyrrhotite. The first three minerals have a high nickel content and account for the fact that a high-grade concentrate can be produced.

One analysis of pentlandite associated with millerite and heazelwoodite from the Texmont property and published in a recent paper by Graterol and Naldrett (1) gave 44.2% nickel by weight. The pentlandite occurs generally as disseminated clusters of very fine crystals, each cluster seldom exceeding 0.1" in size. Pentlandite also occurs as smears along the calcite-filled serpentized fractures.

### Ore Lenses

Within the overall mineralized zone several ore lenses have been partially delineated by surface drilling and underground development and drilling. Six lenses have been identified to date as follows: the "A" or Main Zone, "B" Zone, "C" or Footwall Zone, "D" Zone, the "E" or South Zone and the North Zone.

The "A" zone, in which current development is proceeding, is an elongated lense with a maximum strike length of 400 feet on the 3rd level. This zone trends north-south and dips approximately 75° easterly. However, on the 3rd and 4th levels it has developed a very definite curvature, concave to the west, in plan view. Cross-sections 49+00N, 49+75N and 50+00N, accompanying this report, illustrate the horizontal and vertical continuity of this lense down to the 5th level. Sheridan Geophysics have concentrated their underground drilling program on defining the "A" zone from surface down to the 5th sublevel. Ore below this sublevel would have to be mined after either deepening the shaft and developing lower levels or by load-haul-dump equipment as the crusher is located on the 5th level. In most instances, the ore outline is defined by assay cut-offs. Recent detailed underground drilling is revealing a more uniform horizontal limit to the lense than previous work had indicated which may simply be the result of a more closely controlled underground drilling program from development headings.

The "C" zone (refer 3rd Level Plan and Section 50+75) is situated from 5 to 30 feet below the footwall of the main or "A" zone and has been outlined from surface to just below the 3rd level.

The "B" and "D" zones have been partially delineated on the 3rd level but the vertical continuity of these zones has not been tested from underground.

The South Zone has been defined by a number of surface diamond drill holes and long hole drilling from the south face of the main drift on the 3rd and 5th levels. Sheridan Geophysics drilled three holes, S-1, S-2, S-3, from the 5th level (refer to 5th Level Plan) to more accurately locate the zone at this horizon. This zone extends from surface to at least the 1340 foot horizon, strikes approximately N25°E and dips steeply to 75° easterly. It has an indicated length of 400 feet and an approximate horizontal width of 30 feet.

The North Zone is located on section 59+50N approximately 700 feet north of the "A" zone. Surface holes 66-49 and 66-59 intersected 1.04% nickel over 55 feet at a depth of 940 feet and 0.59% nickel over 45 feet of core at a depth of 670 respectively. Hole 66-51 on section 60+60N intersected 0.60% nickel over 25 feet at a depth of 850 feet indicating that the zone of mineralization is open in this direction.

Holes 776, 781 and 783 all drilled from the 5th level encountered encouraging mineralization in what may be a new lense between the "A" and the South Zone. (Refer 5th Level Plan).

Two other deep holes which intersected mineralization below 1600 feet are 65-15 and 65-21. The former intersected 0.54% nickel over 5 feet at a depth of approximately 1725 feet and the latter obtained 0.87% nickel over 20 feet, a depth of approximately 2050 feet. These intersections are both south of the "A" zone.

#### Ore Reserves

Drill-indicated ore reserves to a vertical depth of 1600 feet are given in the 1971 Annual Report of Texmont Mines Limited as follows:

	<u>Tons</u> <u>(Short)</u>	<u>Grade*</u> <u>% Ni</u>
"A" (Main Zone)	2,500,000	-
South Zone	<u>1,300,000</u>	<u>-</u>
Total	3,800,000	1.0

\* After dilution

The above reserves for the "A" zone, to a depth of 742 feet, which is the lowest developed level, are based on surface diamond drilling and underground work on the 3rd and 5th levels completed by Texmont Mines Limited. Between the 742 and 1,600 foot elevations the drill-indicated reserves are based essentially on deep surface diamond drilling. Reserves for the South Zone, except for several long holes from the south face of both the 3rd and 5th levels, is based also on surface diamond drill holes.

In addition, Texmont states there is a potential of 1,000,000 tons between the 1,600 and 2,000 foot elevations and the downward extension below 2,050 feet is untested. (Refer to hole 65-21 on page 9).

Derry, Michener & Booth, while not requested to recalculate the ore reserves undertook, as a routine matter, a quick check of the "A" zone reserves down to the 5th level and drill-indicated reserves in the south zone. The partially developed and proven reserves in the "A" zone, over a vertical height of 710 feet, after allowing 30 feet for overburden and crown pillar, and before dilution, are estimated to be approximately 730,000 tons grading 0.96% nickel. This is equivalent to 1,000 tons per vertical foot and excludes the diabase dyke located close to section 50+00N and described earlier.

These proven reserves are based on a cut-off grade of 0.70% nickel over a continuous mineable width using only assays from holes drilled on section by Sheridan Geophysics Limited except for the 5th level where assays from previous




operations provide most of the data. In some instances mineable sections grading less than 0.70% nickel were included where these intersections represent the strike and/or dip continuity of the mineable zone.

Surface drilling has indicated that the "A" zone continues down dip to the 1,600 foot elevation (deepest intersection at 1,885 feet). Assuming that the average dimensions of the zone persist to 1,600 feet, the additional drill-indicated reserves from 740 to 1,600 feet would be 860,000 tons of the same grade.

The South Zone with a possible indicated length of 400 feet and an average width of 30 feet would also develop ore at approximately 1,000 tons per vertical foot. Drilling from the 3rd and 5th levels underground and surface holes have intersected the zone at various elevations between 400 feet and 1,340 feet. Thus if we assume a vertical continuity of 1,600 feet, as in the "A" zone, 1,600,000 tons is indicated.

Total tonnage and grade of the "A" and South Zones is summarized as follows:

	<u>Tons</u>	<u>Grade % Ni</u>
"A" Zone - Proven (30'-740')	730,000	0.96
- Drill-indicated (740'-1600')	860,000	(as above)
South Zone - Drill-indicated (0'-1600')	<u>1,600,000</u>	<u>0.89</u>
Total	3,190,000	0.92

*Orval E. Leigh*  
Orval E. Leigh, P. Eng.  


October 15, 1971

REFERENCES

- (1) Mineralogy of the Marbridge No. 3 and No. 4 Nickel-Iron Sulphide Deposits with some comments on Low Temperature Equilibration in the Fe-Ni-S System - M. Graterol and A. J. Naldrett, Economic Geology, Volume 66, Number 6.
- (2) O.D.M. Map 2046 - Scale 1" = 4 mi.
- (3) O.D.M. Miscellaneous Paper No. 44 - Distribution of Copper, Nickel, Cobalt and Sulphur in Mafic Intrusive Rocks of the Kamiskotia-Whitesides Area.

APPENDIX I

<u>Claim Numbers</u>	<u>No. of Claims</u>	<u>Township</u>
36475	1	Bartlett
36097-36102	6	"
36692-36693	2	"
36883	<u>1</u>	"
Sub-total	10	

36049	1	Geikie
36051-36053	3	"
36103	1	"
36106-36115	10	"
36694	<u>1</u>	"
Sub-total	16	

Total number of claims - 26

October 8, 1971