



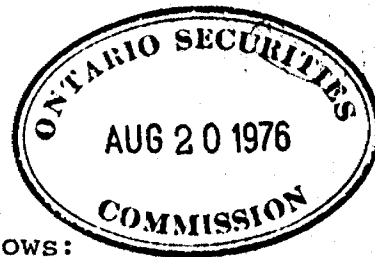
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NO SECURITIES COMMISSION OR OTHER SIMILAR AUTHORITY IN CANADA HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HEREUNDER AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

GREAT BEAR SILVER MINES LIMITED
(An Exploration and Development Company)
Suite 432, 12 Richmond Street East
Toronto, Ontario

P R O S P E C T U S

COMMON SHARES
(without par value)



NEW ISSUE: 375,000 underwritten shares as follows:

	<u>Firmly Underwritten</u>	<u>Price Per Share</u>	<u>Underwriter's Discount</u>	<u>Proceeds to the Company</u>
Per Share -	-	40¢	20¢	20¢
total	375,000	\$150,000	\$75,000	\$75,000

PLAN OF DISTRIBUTION:

The Underwriter, acting as principal, will offer the underwritten shares over-the-counter in the Province of Ontario at the price set forth above. Sales of the underwritten shares may also be made through other registered dealers acting as principals or agents. Registered dealers acting as principals may receive all or any part of the underwriter's discount of 20¢ per share and registered dealers acting as agents may be paid commissions not exceeding 10¢ per share.

PURPOSE OF OFFERING:

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

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

THESE ARE SPECULATIVE SECURITIES. Particular reference should be made to the captions "Speculative Nature of Shares", "Present Property Interests", "Use of Proceeds", "Offering", "Promoter and Interest of Management and Others in Material Transactions".

UNDERWRITER

MARCHMENT & MACKAY LIMITED
Suite 1608, 330 Bay Street
Toronto, Ontario

TABLE OF CONTENTS

	<u>Page No.</u>
HISTORY AND BUSINESS	1
Present Property Interests	1
Eastern Quebec Mining Claims	1
Option Agreement	1
Location and Access	3
History	4
Geophysicist's Report	4
Title	5
Prior Property Interests	6
Edwards Township Mining Claims	6
Redfern Lake Area-British Columbia	7
Reaume Township-Ontario	7
USE OF PROCEEDS	8
OFFERING	9
DESCRIPTION OF CAPITAL STOCK	10
SPECULATIVE NATURE OF SHARES	12
CAPITALIZATION	10
MANAGEMENT	11
REMUNERATION OF MANAGEMENT	12
DIVIDENDS	12
REGISTRAR AND TRANSFER AGENT	12
AUDITORS	12
PRINCIPAL HOLDERS OF SHARES	13
ESCROWED SHARES	13
PROMOTER AND INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	14
MATERIAL CONTRACTS	15
PURCHASER'S STATUTORY RIGHTS OF WITHDRAWAL AND RECISSION	15
FINANCIAL STATEMENTS	16
SIGNATURE PAGE	22

GREAT BEAR SILVER MINES LIMITED

P R O S P E C T U S

HISTORY AND BUSINESS

Great Bear Silver Mines Limited (the "Company") was incorporated under the Corporations Act (Ontario) and Part IV thereof, by Articles of Incorporation dated October 26th, 1967 to engage in the acquisition, exploration, development and operation of mines, mineral lands and deposits. By Articles of Amendment effective May 18, 1971, the 5,000,000 shares with a par value of \$1 each in the capital of the Company were converted into 5,000,000 shares without par value. The head office of the Company is situate at Suite 432, 12 Richmond Street East, Toronto, Ontario, where the Company's records are kept and maintained. Such records will be kept in Ontario at all times. This is also the address of Sprucedale Holdings Limited which provides corporate secretarial services for the Company and also for approximately thirty other public companies. Reference is made to the caption "Remuneration of Management" for further particulars.

All of the properties in which the Company has an interest, are without a known body of commercial ore and any work programs carried out thereon are exploratory searches for ore.

Present Property Interests

Eastern Quebec Mining Claims

Option Agreement

Great Bear Silver Mines Limited (the "Company") has entered into an agreement made as of the 15th day of June, 1976, with Robert Rosenblat, 753 Dynes Road, Burlington, Ontario and Dorothy Shore, Suite 1100, 85 Richmond Street West, Toronto, Ontario, (hereinafter collectively referred to as the "Optionors") whereunder the Optionors granted to the Company, the sole, exclusive and irrevocable right and option of acquiring a 100% undivided interest, free from encumbrance, but subject to a royalty reserved to the Optionors equal to 3% of the Net Value of Metals mined and produced from 8 unpatented mining claims (the "Mining Claims") situate in Bellechasse and Panet Townships in the Province of Quebec. All of the Mining Claims were recorded on October 24th, 1975 in the office of the Local Mining Recorder as follows:

<u>Township</u>	<u>Prospectors Licence</u>	<u>Claim #</u>	<u>Acreage</u>
Bellechasse	358542	2	100
Bellechasse	358542	1	100
Bellechasse	358541	2	100
Panet	358541	1	100
Panet	358540	2	100
Panet	358540	1	100
Panet	358539	2	100
Panet	358539	1	100

Pursuant to the Option Agreement, the option granted to the Company may be kept in good standing for a period of 48 months from the date that the Ontario Securities Commission shall issue its receipt for this prospectus of the Company (the "Acceptance Date"). In order to fully exercise the option and acquire title to the Mining Claims, the Company is required to pay during the currency of the option, the sum of \$43,000 to the Optionors as follows:

- (i) One Thousand Dollars (\$1,000) on execution of the agreement; (which has now been paid)
- (ii) Seven Thousand Dollars (\$7,000) on August 15, 1976; (which has now been paid)
- (iii) Five Thousand Dollars (\$5,000) within 12 months of the Acceptance Date;
- (iv) Five Thousand Dollars (\$5,000) within 24 months of the Acceptance Date;
- (v) Five Thousand Dollars (\$5,000) within 36 months of the Acceptance Date;
- (vi) Twenty Thousand Dollars (\$20,000) within 48 months of the Acceptance Date.

Save with respect to the initial payment in the amount of \$1,000, all of the foregoing payments are option payments only and may be prepaid at any time and from time to time in whole or in part by the Company but need not be made unless the Company wishes to keep the option granted in good standing from time to time and/or to fully exercise the same.

If the option is fully exercised, the Company will thereby acquire a 100% undivided interest in the Mining Claims free from encumbrance and subject only to the payment to the Optionors of a royalty equal to 3% of the Net Value of Metals mined and produced from the Mining Claims. The term "Net Value of Metals" means the actual amount of payments received by the Company from any independent custom smelter, mill, mint or other purchaser of ores, concentrates and minerals (the "Products") mined and extracted from the mining claims and delivered for treatment and/or sale after deducting all charges and penalties for treatment and refining done by such custom smelter, mill, mint or other purchaser and in calculating Net Value of Metals, there shall also be deducted therefrom transportation costs for the Products from the Mining Claims to the independent custom smelter, mill, mint or other purchaser and all sampling and assaying charges made or levied in connection with the sampling and assaying carried out after the Products have left the Mining Claims; marketing costs, insurance premiums for insurance of such Products and any export and import taxes on such Products if such charges or costs are payable out of the proceeds received or shown as deductions therefrom. Payment of such royalty is required to be made in Canadian funds by the 30th day following the receipt by the Company of financial settlement or advances from a smelter, mill, mint or other purchaser of the Products.

The Option Agreement also contains provisions entitling the Company, its employees, agents and nominees, to have the exclusive right during the currency of the option, to enter upon the Mining Claims and to carry out exploration and development work thereon. The Company is also obligated to maintain appropriate accounting records, to maintain the Mining Claims in good standing and file particulars of all expenditures performed on the Mining Claims as assessment work. The Option Agreement also contains other provisions relating to the Company's obligations in performing its work which are usual to agreements of this type. Title to the mining claims has been transferred into the name of the Company and in the event the option is not fully exercised or the agreement is terminated, the Company will deliver to the Optionors, transfers to enable them to deal with title thereto.

Location and Access

The Mining Claims are located in the Province of Quebec, some 46 miles east-southeast of Quebec City and about 9 miles west of the border with the State of Maine. A good gravel road lies on the northern boundary of the Mining Claims

and leads in from the Village of Ménard, 2½ miles to the southwest. Ménard lies on the paved highway leading north to Quebec City. The nearest railway is 5 miles to the southeast.

History

In the autumn of 1951, a nickel-copper discovery was made near St. Fabien de Panet, some 5 miles due north of the Mining Claims and within a short time, the area to the south of the discovery became a scene of an intensive search for mineral deposits. The discovery at St. Fabien was subsequently developed by Eastern Metals Corporation Limited who by 1955 had outlined a zone of base metal mineralization of over 300,000 tons averaging 1.05% nickel plus a number of lenses of mineralization containing approximately 1.5% copper, 0.3% zinc and 0.2% nickel. This property was not put into production.

During the exploration work south of the Eastern Metals property, a number of copper-nickel-zinc discoveries were made both at surface and by diamond drilling. One of the more important of these lies 300 feet north of the north boundary of the Mining Claims. This mineral occurrence was developed by Panet Metals Corporation which ultimately outlined a 300,000 ton mineralized zone grading 2.68% zinc, 0.4% copper, 0.45% lead and small amounts of gold and silver. This property fell short of recovered size and grade to be mined and was not put into production.

In 1960 and 1961, Wendell Mineral Products Limited of Montreal, carried out magnetic and electromagnetic surveys on the Mining Claims and discovered a number of highly conductive bedrock zones, some of which were strongly magnetic. Recommendations were made at this time for a diamond drilling program to investigate these anomalies, but there is no record that this work was carried out. In October, 1975, the Mining Claims were staked by Robert Rosenblat and on December 16th and 17th, 1975, Mr. Rosenblat and Roger K. Watson, B.A. Sc., P.Eng. geophysicist, referred to herein under the caption "Geophysicist's Report" visited the Mining Claims. Snow cover made it difficult to carry out much geological inspection but electromagnetic and magnetic traverses were run over several of the anomalies found in the 1961 survey and these were confirmed both by location and by intensity.

Geophysicist's Report

The following is management's summary of a report prepared by Roger Knox Watson, B.A. Sc., P.Eng., Geophysicist, dated April 30, 1976 whose full report is available for inspection

in the public files of the Ontario Securities Commission, 555 Yonge Street, Toronto, Ontario. Mr. Watson concludes that from his examination of the Mining Claims that:

1. The early exploration work in the general area of the Mining Claims consisting of geological mapping, geophysical surveying and drilling on selected targets indicates that the Mining Claims lie on rock types which are favourable hosts for base metal sulphide deposits and;

2. The electromagnetic and magnetic surveys carried out in 1959-1960 located a number of excellent anomalies. Mr. Watson believes that these surveys are accurate and may be used to set up a drilling program although additional survey work is necessary to relocate the positions of the conductors to be drilled since all evidence of the early survey lines have disappeared. This should be done by resurveying the picket lines which are to be drilled to establish the exact position of the anomalies on the ground and at the same time, their strike length should be continued into lots 43 and 42 so as to complete the survey on the claim group.

Mr. Watson recommends a program be undertaken to explore the Mining Claims to consist of resurveying some of the original lines with horizontal loop electromagnetic and magnetic equipment and to continue the survey to the east to cover lots 43 and 42 (north half) on lines 300 feet apart. This would be followed by the drilling of 5 holes. Mr. Watson's costs estimates are as follows:

Magnetic and electromagnetic survey	
3 line miles: line cutting, surveying, and report	\$ 1,600
Drilling: 2100 feet @ \$12 per foot	25,200
Supervision and report	5,000
Contingencies, 10%	<u>3,200</u>
	\$ 35,000

Title

Title to the Mining Claims which form 1 contiguous block, is the usual title to unpatented mining claims enjoyed in the Province of Quebec. To keep the claims in good standing, expenditures of \$2 per acre for the first year and \$4 per acre for subsequent years must be incurred. Required work consists of such items as prospecting and determining

economic feasibility, bulldozing, diamond drilling, geological, geophysical and geochemical surveying, sampling and testing. Rental is payable at the rate of 25¢ per acre per year for an aggregate of \$200 in respect of the Company's acreage. At the end of the first year, application is made for the issuance of development licences covering claims. The total acreage covered per development licence may not exceed 225 acres although groupings of 200 acres are more likely. The Mining Claims are in good standing until October 24th, 1976, by which date assessment work amounting to \$1,600 will be required to have been performed to maintain the Mining Claims for the next year. In lieu of the performance of assessment work, the Company may pay to the Department of Natural Resources of Quebec, an amount equal to the cost of the work which would otherwise have had to be done.

So far as the Company is aware, no person or Company has received or is entitled to receive a greater than 5% interest in the consideration accruing to Robert Rosenblat or Dorothy Shore in respect of the option agreement between them and the Company, more particularly referred to under the caption "Option Agreement". No work has been performed by the Company to date on the Mining Claims and so far as the Company is aware, no underground exploration or development of the Mining Claims has been carried out and the only surface exploration and development thereof is the work referred to herein under the caption "History". There is neither surface nor underground plant or equipment located on the Mining Claims.

Prior Property Interests

Edwards Township Mining Claims

The Company entered into an option agreement dated July 18, 1973 with Walter Andrew Carter, P.O. Box 417, Colborne, Ontario, whereunder Mr. Carter granted to the Company, an option to acquire a 100% undivided interest in 34 unpatented mining claims situate in Edwards Township, Larder Lake Mining Division of the Province of Ontario. The Company carried out 2,117 feet of diamond drilling in 4 holes with negative results on 4 conductive zones located by prior surveys. The option was accordingly permitted to lapse. The cost of exploration and development expenditures to date on the Edwards Township mining claims amounted to the sum of approximately \$41,431 which together with option payments paid to Mr. Carter totalling \$5,000 have been written off to deficit.

So far as the Company is aware, no person or company has received or is entitled to receive from Mr. Carter, a

greater than 5% interest in the consideration paid to him in respect of his option to the Company of the Edwards Township mining claims.

Redfern Lake Area - British Columbia

The Company entered into an agreement made the 9th day of July, 1972 with Stephen Yanik, 9340-146th Avenue, Edmonton, Alberta, whereunder the Company agreed to pay Mr. Yanik the sum of \$10,000 by way of a grubstake and Mr. Yanik staked 52 contiguous unpatented mining claims in the Redfern Lake area of the Province of British Columbia. The claims were acquired strictly as a location bet and no work was carried out during the first year after staking. The said mining claims were reviewed from published information and from individuals who worked on adjacent properties with the result that 44 of the mining claims were permitted to lapse after the first year with 8 being retained to cover the possible extension of any potential zones resulting from work being carried out on adjacent properties to the west. Subsequently, at the completion of the second year, the latter 8 mining claims were also permitted to lapse. Expenditures incurred to extend the claims for an additional year amounted to the sum of \$800 which together with acquisition costs of \$10,000, have been written off to deficit.

Reaume Township - Ontario

By memorandum of agreement made as of the 30th day of June, 1972, Maurice Hibbard, 362 7th Avenue, Timmins, Ontario, and Warren Gilman, 422 Murdoch Street, Timmins, Ontario, (hereinafter collectively referred to as the "Optionors") granted to Frank Cadesky, 767 Spadina Road, Toronto, Ontario, the sole, exclusive and irrevocable option of dealing with 10 unpatented mining claims situate in Reaume Township, Ontario. Mr. Cadesky assigned his rights under the agreement to the Company in consideration of the Company paying to him, the sum of \$1,000 in reimbursement of a like sum paid by him to the Optionors.

The Company carried out a geophysical survey over the mining claims which was followed by 2 holes of diamond drilling which returned negative results. In January, 1973 the Company terminated its option on the mining claims. Exploration and development expenditures in the amount of approximately \$10,000 together with option payments aggregating \$2,000 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 \$75,000 prior to deducting the expenses of this issue estimated at approximately \$7,500. The net proceeds will form part of the Company's working capital which amounts to approximately \$24,575 at June 30th, 1976. Administrative expenses during the next year are estimated to be \$6,000. The sum of \$35,000 will be used to implement the recommendations of Mr. Roger K. Watson, Consulting Geophysicist, referred to under the caption "Geophysicist's Report". Depending upon the results achieved and the availability of funds, the Company may make option payments to maintain its interest in the mining claims referred to under the caption "Eastern Quebec Mining Claims" and to carry out further exploration work thereon. Option payments falling due within the next 2 years will amount to the sum of \$10,000.

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

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

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

OFFERING

The Company entered into an agreement (the "Underwriting Agreement") dated July 9, 1976, with Marchmont & Markay Limited (the "Underwriter"), Suite 1608, 330 Bay Street, Toronto, Ontario, whereunder the Underwriter acting solely on its own behalf, agreed to purchase the following shares of the Company, namely:

<u>Number of Shares Underwritten</u>	<u>Price Per Share</u>	<u>Net Proceeds to be received by the Company</u>	<u>Offering Price of these shares to the public</u>
375,000	20¢	\$75,000	40¢

The Underwriter is obligated to take up and pay for all of the underwritten shares if any are taken up within the following times from the date of acceptance for filing this prospectus by the Ontario Securities Commission (such date of acceptance being hereinafter referred to as the "Acceptance Date").

<u>Net Proceeds to be Received by the Company</u>	<u>Time Within Which Payable From Acceptance Date</u>
\$ 30,000	30 days
25,000	60 days
<u>20,000</u>	90 days
\$ 75,000	

The Underwriter may terminate the agreement prior to the Acceptance Date for any reason in its sole discretion or after the Acceptance Date if a stop trading or like order is issued by the Ontario Securities Commission, the issuance of which is not caused or contributed to by any act or omission on the part of the Underwriter.

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

The Underwriter, acting as principal, will offer the underwritten shares over-the-counter in the Province of Ontario at the price set forth above. Sales of the underwritten shares may also be made through other registered dealers acting as principals or agents. Registered Dealers acting as principals may receive all or any part of the Underwriter's markup of 20¢ per share and registered dealers acting as agents, may be paid commissions not exceeding 10¢ per share.

With respect to the shares offered by this prospectus, the Underwriter may be said to realize a profit before expenses in an amount equal to the amount by which the price paid for such shares is less than the price at which said shares are sold to the public.

The following includes the names of every person having an interest directly or indirectly to the extent of not less than 5% of the capital of Marchmont & Mackay Limited: William Roy Marchmont, Robert Pascoe MacKay and Charles Ornstein.

DESCRIPTION OF CAPITAL STOCK

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

CAPITALIZATION

<u>Designation of Security</u>	<u>Amount Authorized</u>	<u>Amount Outstanding at June 30, 1976</u>	<u>Amount Outstanding following the underwriting</u>
Common Shares without par value	5,000,000 (\$5,000,000)	2,037,503 (\$ 238,235) (1)	2,037,503 (2) (\$ 313,235) (3)

- (1) Includes contributed surplus of \$21,151 arising from the prior sale of 187,500 shares of capital stock donated to the Company.
- (2) Includes 487,500 shares of capital stock previously issued for mining claims and donated to the Company. The 375,000 shares to be sold as referred to under the caption "Offering" will be taken from these shares and will give rise to a contributed surplus of \$75,000.
- (3) Includes contributed surplus of \$96,151 arising from the sale of 562,500 shares of capital stock donated to the Company.

MANAGEMENT

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

<u>Name</u>	<u>Address</u>	<u>Position</u>
Frank Cadesky	767 Spadina Road Toronto, Ontario	President and Director
Oswald Frederick Carter	38 Elgin Street Thornhill, Ontario	Director
Arthur John Fortens	47 Thorncliffe Pk.Dr. Toronto, Ontario	Director
Fred Munger	52 Albertus Avenue Toronto, Ontario	Secretary- Treasurer

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

Mr. Cadesky is and has been a broker dealer and is the president, a director and shareholder of Universe Securities Ltd. broker-dealers, Toronto, Ontario.

Mr. Carter is and has been a self-employed consulting engineer. He is also a director or officer of several junior mining companies including Forefront Uranium Mines Limited and Consolidated Summit Mines Limited.

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

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

REMUNERATION OF MANAGEMENT

The aggregate direct remuneration paid or payable by the Company to the directors and senior officers of the Company for the year ended September 30, 1975 and the 9 months ended June 30, 1976 has amounted to the sum of \$2,200 and \$1,750 respectively. The aforesaid sums do not include monies paid to the Company's consulting engineer, Mr. O.F. Carter who has received the sum of \$200 for the 9 months ended June 30, 1976 for providing the Company with services as a consulting engineer. Mr. O.F. Carter will be paid for professional services rendered to the Company at the usual rates for such services as prescribed by the Association of Professional Engineers of Ontario. A monthly fee of up to \$300 will be paid to Sprucedale Holdings Limited, Suite 432, 12 Richmond Street East, Toronto, Ontario, for providing the Company with head office accommodation, accounting, administration and secretarial services. Fred Munger, the Secretary-Treasurer of the Company is the sole director and shareholder of Sprucedale Holdings Limited. Fees paid to Sprucedale Holdings Limited for the year ended September 30, 1975 and the 9 months ended June 30, 1976 have amounted to the sums of \$2,400 and \$1,800 respectively.

DIVIDENDS

No dividends have been paid to date by the Company.

REGISTRAR AND TRANSFER AGENT

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

AUDITORS

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

SPECULATIVE NATURE OF SHARES

None of the properties in which the Company has an interest contains a known body of commercial ore and the funds to be received by the sale of the shares offered by this prospectus are to be used to explore the Company's mining properties referred to under the caption "Use of Proceeds". If the programs recommended therein are successful, additional funds will be required in excess of those provided by the present offering for further exploration work to establish whether any ore body exists on the claims and, if economic, to bring it to production.

PRINCIPAL HOLDERS OF SHARES

Set forth below are particulars of the present principal holders of common shares of the Company and being shares without par value:

<u>Name and Address</u>	<u>Type of Ownership</u>	<u>No. of Shares</u>	<u>Percentage of Class</u>
Glandfield & Co. Limited, Suite 129, 17 Queen St. East, Toronto, Ontario	Of Record but not Beneficial	349,750	17.16 (1)

Set forth below are particulars of shares of the Company beneficially owned by directors and senior officers:

<u>Designation of Class</u>	<u>Percentage of Class</u>
Capital Stock Without par value	Less than 1%

(1) Calculated on the basis of there being 2,037,503 shares issued and outstanding before the offering.

ESCROWED SHARES

At the present time, certificates representing 112,500 shares of the Company are held in escrow by Guaranty Trust Company of Canada, 88 University Avenue, Toronto, Ontario, subject to release only on the written consent of the Company and the Ontario Securities Commission and subject further to sale, transfer, assignment, hypothecation, alienation or other dealing only with the written consent of the Ontario Securities Commission. The escrowed shares are also subject to such similar escrow provisions as may be required from time to time by any other regulatory authority having jurisdiction and so designated by the Company.

Prior to the present offering 487,500 shares of the Company were held in escrow and beneficially owned equally by Frank Cadesky and Stephen Yanik 9340-146th Street, Edmonton, Alberta. Since the mining claims for which the escrowed shares were originally issued have been permitted to lapse the aforesaid shares were all donated back to the Company. Of the said 487,500 shares, 375,000 have been released from escrow and will be offered for sale as more particularly referred to under the caption "Offering" and "Capitalization".

<u>Capital Stock</u>	<u>Number of Shares Held in Escrow</u>	<u>Percentage of Class</u>
Common Shares Without Par Value	112,500	5.52 (1)

- (1) Calculated on the basis of there being 2,037,503 shares issued and outstanding before the offering.

PROMOTER AND INTEREST OF MANAGEMENT
AND OTHERS IN MATERIAL TRANSACTIONS

Frank Cadesky, 767 Spadina Road, Toronto, Ontario, the President and a director of the Company is also its promoter. Reference is made to the caption "Reaume Twonship - Ontario" for particulars concerning the assignment by Frank Cadesky to the Company at his cost of his interest in an option agreement covering 10 unpatented mining claims situate in Reaume Township, Ontario.

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

The Company entered into an agreement dated July 25, 1972 with Glandfield & Co. Limited ("Glandfield") whereunder the Company, through the agency of Glandfield, offered 1,000,000 common shares for sale to the public at the prevailing market price for shares of the Company. During the course of the offering a total of 275,000 shares of the Company were sold. The net proceeds received by the Company from the sale of these shares amounted to \$30,733 after deducting commissions payable to Glandfield in the amount of \$10,228. Frank Cadesky was a co-owner of Glandfield during the course of the said offering.

Reference is made to the caption "Escrowed Shares" for particulars of the donation by Frank Cadesky to the Company of 243,750 escrowed shares previously owned by him which shares will form part of the shares sold and referred to under the caption "Offering".

MATERIAL CONTRACTS

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

1. Agreement between the Company and Marchmeny & Mackay Limited dated July 9th, 1976 pursuant to which Marchment & Mackay Limited agreed to purchase 375,000 shares of the Company at the price of 20¢ per share, more particularly referred to herein under the caption "Offering".
2. Agreement made as of the 15th day of June, 1976 between the Company and Robert Rosenblat and Dorothy Shore, pursuant to which the Company acquired an option on 8 unpatented mining claims situate in Bellechasse and Panet Townships of the Province of Quebec as more particularly referred to under the caption "Eastern Quebec Mining Claims".

A copy of the aforesaid agreements may be inspected during ordinary business hours at the head office of the Company, Suite 432, 12 Richmond Street East, Toronto, Ontario, during the distribution of the securities offered by this prospectus.

PURCHASER'S STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

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

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

or the date on which such prospectus or amended prospectus is received or is deemed to be received by him or his agent.

Reference is made to Section 64 and 65 of the Securities Act (Ontario) R.S.O. 1970, Chapter 426, for the complete text of the provisions under which the above-mentioned rights are conferred.

AUDITORS' REPORT

To the Directors of
Great Bear Silver Mines Limited

We have examined the balance sheet of Great Bear Silver Mines Limited as at September 30, 1975, and the statements of deferred exploration and administrative expenditures, deficit and changes in financial position for the five years then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at September 30, 1975, and its activities and the changes in financial position for the five years then ended, in accordance with generally accepted accounting principles applied on a consistent basis.

Toronto, Ontario
December 10, 1975

LAVENTHOL & HORWATH
Chartered Accountants

GREAT BEAR SILVER MINES LIMITED
(Incorporated under the laws of Ontario)

BALANCE SHEET

	<u>June 30,</u> 1976 (Unaudited)	<u>September 30,</u> 1975
ASSETS		
Current:		
Cash and short-term deposits with bank	\$19,046	\$24,991
Miscellaneous receivable	323	651
Marketable securities at cost less \$2,363 provision for decline in market value (1975 provision \$700)	<u>6,650</u>	<u>8,312</u>
	<u>26,019</u>	<u>33,954</u>
Mining claims and deferred expenditures:		
Option to acquire mining claims (Note 2)	1,000	-
Deferred exploration	<u>210</u>	-
	<u>1,210</u>	-
	<u>\$27,229</u> =====	<u>\$33,954</u> =====
LIABILITIES		
Current:		
Accounts payable	<u>\$ 1,444</u>	<u>\$ 1,510</u>
SHAREHOLDERS' EQUITY		
Capital stock:		
Authorized:		
5,000,000 shares, no par value		
Issued:		
1,287,503 shares for cash	179,584	179,584
750,000 shares for mining claims		
<u>2,037,503 (since abandoned)</u>	<u>37,500</u>	<u>37,500</u>
	217,084	217,084
Deficit	<u>212,450</u>	<u>205,791</u>
	4,634	11,293
Contributed surplus, arising from sale of 187,500 shares of capital stock donated to the company	<u>21,151</u>	<u>21,151</u>
	<u>25,785</u>	<u>32,444</u>
	<u>\$27,229</u> =====	<u>\$33,954</u> =====

(See accompanying notes)

On behalf of the Board:

Frank Cadesky (Director)

A.J. Fortens (Director)

GREAT BEAR SILVER MINES LIMITED

STATEMENT OF DEFERRED EXPLORATION AND ADMINISTRATIVE EXPENDITURES

	Nine Months Ended June 30		Years Ended September 30				
	1976 (Unaudited)	1975	1975	1974	1973	1972	1971
Exploration expenditures:							
Engineering fees and expenses	\$ 200	\$ 1,370	\$ 1,370	\$ 3,890	\$ 2,401	\$ 300	
Geophysical survey					1,340		
Diamond drilling		5,000	5,000	24,386	6,756		
Salary		700	700	2,355			
Government fees and miscellaneous	10	407	440	711	1,212	221	
Travelling expenses		193	193	1,734			
Examination of property prospects	163	472	677	1,810	500		
	<u>373</u>	<u>8,142</u>	<u>8,380</u>	<u>34,886</u>	<u>12,209</u>	<u>521</u>	
Administrative expenditures:							
Legal and audit fees, including fees in connection with the preparation of prospectus	675	950	1,550	1,475	6,850	5,850	\$1,460
Accounting and corporate services	900	900	1,200	1,200	1,200	1,200	1,200
Office rent	900	900	1,200	1,200	1,200	1,200	1,200
Directors' fees and officers' remuneration	1,750	1,750	2,200	2,150	950	850	350
Annual meeting costs & shareholders' reports	1,117	1,179	1,179	843	328	241	242
Prospectus printing				150	1,079		
Transfer Agent's fees and expenses	496	496	496	1,280	700	509	552
Government fees and taxes	77	125	125	314	394	435	205
Miscellaneous	110	229	234	644	257	871	45
	<u>6,025</u>	<u>6,529</u>	<u>8,184</u>	<u>9,256</u>	<u>12,958</u>	<u>11,156</u>	<u>5,254</u>
Less interest income	<u>1,192</u>	<u>1,764</u>	<u>2,225</u>	<u>6,241</u>	<u>843</u>	<u>848</u>	<u>1,123</u>
	<u>4,833</u>	<u>4,765</u>	<u>5,959</u>	<u>3,015</u>	<u>12,115</u>	<u>10,308</u>	<u>4,131</u>
Total net expenditures for period	5,206	12,907	14,339	37,901	24,324	10,829	4,131
Balance deferred at beginning of period	-	44,168	44,168	9,077	10,829	-	-
	<u>5,206</u>	<u>57,075</u>	<u>58,507</u>	<u>46,978</u>	<u>35,153</u>	<u>10,829</u>	<u>4,131</u>
Deduct expenditures written off to deficit	<u>4,996</u>	<u>57,075</u>	<u>58,507</u>	<u>2,810</u>	<u>26,076</u>	<u>-</u>	<u>4,131</u>
Balance deferred at end of period	\$ 210	\$ -	\$ -	\$44,168	\$ 9,077	\$10,829	\$ -
	=====	=====	=====	=====	=====	=====	=====

GREAT BEAR SILVER MINES LIMITED

STATEMENT OF DEFICIT

	Nine Months Ended June 30		Years Ended September 30				
	1976 (Unaudited)	1975	1975	1974	1973	1972	1971
Balance at beginning of period	\$205,791	\$145,834	\$145,834	\$133,024	\$104,448	\$105,121	\$ 96,179
Additions during period:							
Cost of mining claims abandoned				10,000			1
Option payments on mining property abandoned		5,000	5,000		2,000		
Exploration and administrative expenditures written off	4,996	57,075	58,507	2,810	26,076		4,131
Increase (decrease) in provision for decline in market value of marketable securities held at end of period	1,663	(2,250)	(3,550)		500	(2,325)	4,575
Loss on sale of marketable securities						1,652	235
	<u>6,659</u>	<u>59,825</u>	<u>59,957</u>	<u>12,810</u>	<u>28,576</u>	<u>(673)</u>	<u>8,942</u>
Balance at end of period	<u>\$212,450</u> =====	<u>\$205,659</u> =====	<u>\$205,791</u> =====	<u>\$145,834</u> =====	<u>\$133,024</u> =====	<u>\$104,448</u> =====	<u>\$105,121</u> =====

GREAT BEAR SILVER MINES LIMITED
STATEMENT OF CHANGES IN FINANCIAL POSITION

	<u>Nine Months Ended June 30</u>		<u>Years Ended September 30</u>				
	<u>1976</u> (Unaudited)	<u>1975</u>	<u>1975</u>	<u>1974</u>	<u>1973</u>	<u>1972</u>	<u>1971</u>
Source of financial resources:							
Sale of capital stock:							
Treasury shares				\$45,000	\$38,062	\$ 1,519	
Donated shares						21,151	
Decrease in provision for decline in market value of marketable securities	\$ 2,250		\$ 3,550			2,325	
	<u>2,250</u>		<u>3,550</u>	<u>45,000</u>	<u>38,062</u>	<u>24,995</u>	
Application of financial resources:							
Acquisition of mining claims						10,000	
Option payments on mining claims	\$ 1,000				6,000	1,000	
Loss on sale of marketable securities						1,652	\$ 235
Increase in provision for decline in market value of marketable securities	1,663				500		4,575
Exploration and administrative expenditures	5,206	12,907	14,339	37,901	24,324	10,829	4,131
	<u>7,869</u>	<u>12,907</u>	<u>14,339</u>	<u>37,901</u>	<u>30,824</u>	<u>23,481</u>	<u>8,941</u>
Increase (decrease) in working capital	(7,869)	(10,657)	(10,789)	7,099	7,238	1,514	(8,941)
Working capital at beginning of period	<u>32,444</u>	<u>43,233</u>	<u>43,233</u>	<u>36,134</u>	<u>28,896</u>	<u>27,382</u>	<u>36,323</u>
Working capital at end of period	<u>\$24,575</u>	<u>\$32,576</u>	<u>\$32,444</u>	<u>\$43,233</u>	<u>\$36,134</u>	<u>\$28,896</u>	<u>\$27,382</u>

GREAT BEAR SILVER MINES LIMITED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1976

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 expenditures, net of sundry income, incurred during such a period are written off to deficit.

2. Option to acquire mining claims:

Pursuant to an agreement dated June 15, 1976, the company paid \$1,000 to acquire an option to purchase eight unpatented mining claims in the Townships of Bellechasse and Panet, Province of Quebec. To exercise the option the company must pay the optionors an additional \$42,000 as follows:

- \$7,000 on the earlier of the acceptance date or August 15, 1976
- 5,000 within 12 months of acceptance date
- 5,000 within 24 months of acceptance date
- 5,000 within 36 months of acceptance date
- 20,000 within 48 months of acceptance date

The acceptance date is the date that the Ontario Securities Commission issues a final receipt for this prospectus.

Should the company acquire the mining claims, the optionors would retain a royalty interest equal to 3% of the net value of metals mined and produced from the mining claims.

There are no other material facts.

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

DATED this 18th day of August, 1976

FRANK CADESKY
Chief Executive Officer

FRED MUNGER
Chief Financial Officer

ARTHUR JOHN FORTENS
Director

OSWALD FREDERICK CARTER
Director

PROMOTER

FRANK CADESKY

UNDERWRITER

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

DATED this 18th day of August, 1976.

MARCHMENT & MACKAY LIMITED

Per: Robert Pascoe Mackay