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63-4178

Date of Prospectus, July 18th, 1978.

No Securities Commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

SPANEX RESOURCES LIMITED

(incorporated under the laws of the Province of Ontario)

NEW ISSUE

375,000 underwritten common shares without par value

	<u>Price to Public</u>	<u>Underwriter's Mark-up(i)</u>	<u>Proceeds to the Corporation</u>
Per Share	40¢	20¢	20¢
Total	\$150,000	\$75,000	\$75,000

(i) In addition the Corporation has agreed to bonus the Underwriter under certain conditions as referred to under the heading "PLAN OF DISTRIBUTION".

The purpose of this issue is to provide funds to carry out exploration work on the Corporation's properties and to secure funds for working capital purposes, all as referred to under "USE OF PROCEEDS" on page 2.

SECONDARY OFFERING

119,000 common shares without par value

Shares comprising the secondary offering will be offered at prices arbitrarily fixed by the Underwriter. It is planned that such shares will initially be offered for sale in the 55¢ to 70¢ price range. The shares will not be offered for sale until after the underwritten shares have been sold. The proceeds from the sale of these shares will not accrue to the Corporation. See "PLAN OF DISTRIBUTION" on page 2.

The following table reflects the distribution of the proceeds received from the sale of the shares comprising the secondary offering assuming an average selling price of 60¢ per share:

	<u>Amount</u>
Received by Underwriter	\$71,400

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

THESE SHARES ARE SPECULATIVE. See "SPECULATIVE NATURE OF THE SECURITIES" on page 4.

We, as principals, conditionally offer these shares, subject to prior sale, if, as and when accepted by us, in accordance with the conditions contained in the underwriting agreement referred to under "PLAN OF DISTRIBUTION" on page 2, and subject to the approval of all legal matters on behalf of the Corporation and on our behalf by C. Marshall Hames, Q.C.

J. APPLEBY SECURITIES LIMITED





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HEAD OFFICE

The Head Office of SPANEX RESOURCES LIMITED (hereinafter referred to as the "Corporation") is Suite 2914, 390 Bay Street, Toronto, Ontario.

HISTORY AND BUSINESS

The Corporation was incorporated under The Business Corporations Act, 1970, by Articles of Incorporation dated September 24, 1973 as Adanac Gas & Oil Incorporated to engage in the acquisition, exploration, development and operation of mines, mineral lands and deposits and petroleum and natural gas wells. By Articles of Amendment dated August 2, 1974 the Corporation's name was changed to Spanex Resources Limited. By Articles of Amendment dated June 12, 1978 the issued share capital was decreased by the cancellation of 675,000 issued common shares which were Vendors' Shares, then the authorized share capital was increased to 5,000,000 common shares and 2,000,000 preference shares with a par value of 1/10¢ per share. The Corporation commenced business on the 20th day of August, 1974. Between that date and the date of the acquisition of the Stellar Group set out below under the sub-heading "Stellar Group" under the heading "PRESENT PROPERTY INTERESTS", the Corporation acquired claims in Playfair Township which it returned to the vendor without performing any work thereon and the vendor returned the share consideration to the Corporation, and 15 claims in Vauquelin Township, Abitibi-East County, Province of Quebec were acquired for 750,000 common shares, on which claims the Corporation performed work but subsequently permitted the claims to lapse due to lack of results of such work on the advice of its mining consultant. 675,000 of the 750,000 Vendors' common shares were the aforementioned shares cancelled. The remaining 75,000 common shares were distributed to the public.

PRESENT PROPERTY INTERESTS

Stellar Group

Acquisitions

By agreement in writing dated the 26th day of June, 1978, Arcadia Explorations Limited (n.p.l.), Suite 1300, 1090 West Georgia Street, Vancouver, British Columbia, (hereinafter called "Arcadia") and Ed-Vic Explorations Limited, Fort Frances, Ontario, (hereinafter called "Ed-Vic") who respectively beneficially owned a 51% and 49% undivided, assessable interest in 11 unpatented mining claims in the mining division of Kenora, Ontario, covering approximately 440 acres, sold a 60% interest therein to the Corporation, Arcadia as to an 11% undivided assessable interest and Ed-Vic as to a 49% undivided assessable interest in the above claims in consideration of 100,000 common shares of the Corporation allotted and issued as follows:

Arcadia	18,333 shares
Ed-Vic	81,667 shares

Provided Spanex agreed to carry out an exploration program thereon not to exceed \$60,000 as recommended by its consulting engineer, (which it has so agreed) Spanex shall have a 60% undivided interest in the claims and Arcadia would have a 40% undivided assessable interest in the claims.

Within 6 months of the date of the termination of the exploration program set forth above the Corporation is to notify Arcadia in writing of a plan to further explore or develop all or part(s) of the Stellar Group and deliver to Arcadia a detailed report of its recommendations for mining operations including a budget relating thereto which report and budget shall be approved in writing by Arcadia, provided such report is approved by an independent firm which is acceptable to Spanex and Arcadia.

Arcadia shall have 60 days, from the delivery to it of a budget, to notify Spanex of its election to participate in such program, either as to its proportionate share hereof or not at all. In order to fully support its election to so participate, Arcadia must, within the said 60 day period, produce evidence satisfactory to Spanex and, if necessary, also satisfactory to any financing agency that Arcadia is financially capable of participating in and contributing to the cost of the said program as estimated by Spanex to the full extent of its aforesaid proportionate interest in the Stellar Group. If Arcadia elects not to participate in any such program or if it elects to so participate but fails to satisfy Spanex of its capability to contribute its full share or fails to contribute its full proportionate share of the cost of such program, then the right of Arcadia to participate in the program shall terminate forthwith. If Arcadia does not elect to participate in, or if electing, Arcadia fails to contribute its full proportionate cost of any such program, then its interest in the Stellar Group shall decrease and Spanex's interest in the Stellar Group shall correspondingly increase, and the said decrease and increase shall be based on the total expenditures of any such program so that for each 2.5% of Arcadia's portion of such expenditures to which Arcadia does not contribute, the interest of Spanex will be increased by 1% and the interest of Arcadia will be decreased by 1% respectively of the total interest in the Stellar Group. This provision for the abatement in favour of Spanex of Arcadia's interest in the Stellar Group shall not apply so as to increase the interest of Spanex therein to more than 80% and reduce the interest of Arcadia to less than 20% of the total interest in the Property and this 20% interest shall be a non-assessable interest in the Stellar Group.

The provisions set out above shall apply to each succeeding program recommended by Arcadia within 6 months of the completion of the last program until all or part(s) of the Stellar Group are in commercial production.

The Corporation may abandon its interest at any time provided at such time the claims so abandoned are in good standing.

Arcadia Explorations Limited is a public company and the principal shareholders thereof are as follows:

Riverside Investments Ltd. c/o 9th floor, 900 West Hastings Street Vancouver, B.C.	437,500 free <u>112,500</u> escrow 550,000 shares
Vancouver Stock Exchange Service Corp. 536 Howe Street, Vancouver, B.C.	832,749 shares

Riverside Investments Ltd. is a British Columbia company owned and controlled by Robert J. Sansone and owns 13.7% of the outstanding shares of Arcadia as of April 14, 1978.

The Company is not aware of the beneficial owners of the shares recorded in the name of Vancouver Stock Exchange Service Corporation which owns 20.8% of the said outstanding shares.

Ed-Vic Explorations Limited is a private company incorporated under the laws of the Province of Ontario and the following are shareholders owning 5% or over, of its outstanding shares: Reino W. Pitkanen, R.R. #1, Fort Frances, Ontario; Kenneth Carlson, 1104 Third Street East, Fort Frances, Ontario; Adrien LaFreniere, 225 Fourth Street West, Fort Frances, Ontario; Albert George Huber, 846 Second Street East, Fort Frances, Ontario and Samual Duggan, 833 Armit Avenue, Fort Frances, Ontario.

**History and Other Relevant Information
Including Engineers' Recommendations**

1. The property comprises 11 contiguous, unpatented mining claims situated in the Grassy Lake Area (Ontario M.N.R. Plan M-2474), District of Rainy River, Ontario. Total area of the property is approximately 440 acres (178 hectares). Details of the claims are as follows:

<u>Claim no.</u>	<u>Staked</u>	<u>Recorded</u>	<u>Days ass. Wk. repth.</u>	<u>Good until</u>
K 418305	10.8.76	7.9.76	29	7.9.78
K 418310	12.2.77	28.2.77	20	28.2.79
K 418311	12.2.77	28.2.77	20	28.2.79
K 418312	12.2.77	28.2.77	20	28.2.79
K 418313	13.2.77	28.2.77	20	28.2.79
K 418314	13.2.77	28.2.77	20	28.2.79
K 418332	29.1.77	25.2.77	20	25.2.79
K 418333	7.2.77	25.2.77	20	25.2.79
K 418334	7.2.77	25.2.77	20	25.2.79
K 418429	25.8.77	26.9.77	--	26.9.78
K 475096	21.5.78	31.5.78	--	31.5.79

Note: An additional 348 days of assessment credits will be due when diamond drilling already carried out is reported. This will be more than sufficient to keep all the claims in good standing until 1979.

In order to keep the claims in good standing, during the first year after recording 20 days' work must be performed and recorded, 40 days' work performed and recorded yearly for the next three years and 60 days' work performed and recorded in the fifth year. Thereafter, and after surveying, claims are required to be brought to a 21 year lease in the ensuing year, with annual rentals of \$1.00 per acre during the first year, and 25¢ per acre annually thereafter. If a lease is for mining rights only, the second and subsequent years' rental are at the rate of 10¢ per acre. Such lease is renewable for succeeding 21 year terms.

2. The property is situated on the north shore of Bad Vermilion Lake, about 260 km. west of Thunder Bay, and 60 km. east of the town of Fort Frances. The small community of Mine Centre, which is served by the C.N.R. Thunder Bay-Winnipeg line, is about 5 km. north-east of the property, and the Trans-Canada Highway (Prov. Hwy. 11) runs about 1 km. north of the property. An all-weather gravel road which serves a number of cottages on Bad Vermilion Lake crosses the claims. The Fort Frances-Atikokan power line of Ontario Hydro runs about 2 km. away.

3. The following is a summary of the report of C.R. Bowdidge, M.A., Ph.D., whose full report dated June 23rd, 1978, is in the public files of the Ontario Securities Commission.

The "Stellar" property comprises 11 unpatented mining claims on the north shore of Bad Vermilion Lake, 60 km. east of Fort Frances, in north-western Ontario. Access is by an all-weather gravel road. Rail service and hydro-electric power are available in the immediate area.

In 1934, a shallow shaft was sunk by Stellar Gold Mines Limited on a narrow, high grade gold-bearing quartz vein known as the Rainbow Vein and was abandoned and operations suspended at a depth of 20 metres. Recent work performed by Ed-Vic Explorations Limited has consisted of extensive stripping, trenching, prospecting and two diamond drill holes were completed with no significant mineralization, and a third very short diamond drill hole was drilled on the Rainbow Vein which returned low gold assays.

Geologically, the main features of the property are two sills, one of granite, and the other of gabbro and anorthosite, both of which have been mapped for 25 km. along strike.

Gold values are found in quartz veins occupying shears and fractures in the granite, although one vein cuts chlorite schist. The veins carry varying amounts of pyrite, galena, sphalerite, and chalcopyrite. Widths are up to 2.1 metres. Assay results on chip samples range from nil up to 0.57 ounces of gold per ton, over 60 cm. in Trench 2. The Rainbow Vein carried free gold and has given assays up to 2.46 ounces of gold per ton over 60 cm.

It is concluded that an exploration programme is warranted by the widespread occurrence of gold values on the property. Recommendations are made for a programme of line-cutting, geological mapping, geophysical and geochemical surveying, bulk sampling, and diamond drilling, for an estimated cost of approximately \$52,445.

4. A provisional budget for the proposed programme is as follows:

STAGE I:

(a) Line cutting, 31 km @ \$100/km	\$3100	
(b) Geological mapping, 20 days @ \$150/day ..	3000	
(c) Magnetic survey, 31 km @ \$50/km	1550	
(d) VLF-EM survey, 31 km @ \$75/day	2325	
(e) Geochemical survey, sample collection ...	1500	
analysis, 620 samples @ \$4.00	2480	
(f) Trenching	1000	
(g) Bulk sampling and test milling,		
100 t @ \$100	10000	
Travel and accommodation	2500	
TOTAL STAGE I	27455	27455

STAGE II:

Diamond drilling (500 m. @ \$50/m., inclusive of supervision and assaying	25000	<u>25000</u>
TOTAL STAGES I AND II		<u>52455</u>

5. The Corporation intends to carry out the above recommendations. Reference is made to the summary as to the evidence of mineralization on the mining claims. Therefore, the foregoing program represents an exploratory search for ore. To the knowledge of the Corporation there is no surface or underground plant or equipment on the mining claims. The summary refers to the only previous surface or underground work performed on them. To the date hereof, the Corporation has done no work on the mining claims.

USE OF PROCEEDS

The net proceeds to the Corporation from the sale of the underwritten shares will be \$75,000. The costs of this issue are estimated at \$8,000. The selling shareholder will pay its proportionate share thereof of approximately \$2,000. The balance of \$6,000, being the Corporation's share, will be paid by the Corporation or its Promoter and any monies advanced by the Promoter will be reimbursed to him in cash by the Corporation. The net proceeds less the Corporation's portion of the estimated costs in the amount of \$6,000, namely \$69,000, will form the working capital of the Corporation and will be used for general corporate purposes and to implement the recommendations of Colin R. Bowdidge, referred to under the sub-heading "History and Other Relevant Information Including Engineers' Recommendations" under the heading "PRESENT PROPERTY INTERESTS" respecting carrying out exploration work at the Property and estimated to cost \$52,455. Depending upon the results achieved, the Corporation may carry out additional work on the Property.

The Corporation's administrative expenses for the next 12 months are estimated at \$10,800 plus reasonable fees paid to professional persons for services rendered, the Corporation's Registrar and Transfer Agent, and fees of the Directors for meetings attended or resolutions signed, which cannot be estimated at this time.

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

Monies not immediately required for the Corporation'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 will be deposited outside Canada or be advanced or disbursed in any way to other companies or persons, except to the extent necessary to enable the Corporation to implement and complete the exploration and development programs as set forth in this Prospectus and Amendments thereto. No part of the proceeds will be used to invest in securities other than securities in which a company registered under Part III of the Canadian and British Insurance Companies Act may invest its funds without availing itself for that purpose of the provisions of Sub-section 63(4) of the said Act. If the Corporation wishes to use the proceeds for purposes other than those set out in this Prospectus, it will obtain the prior consent of the shareholders and will provide 21 days prior notice to the Ontario Securities Commission.

PLAN OF DISTRIBUTION

Underwritten Shares

Prusuant to an agreement dated June 26, 1978 between the Corporation and J. Appleby Securities Limited, Suite 102, 837 Eglinton Avenue West, Toronto, Ontario (the "Underwriter"), the Corporation agreed to sell and the Underwriter has agreed to purchase 375,000 common shares (the "underwritten shares") of the Corporation offered by this Prospectus for an aggregate price of \$75,000, all subject to the terms and conditions set forth in the said agreement and subject to compliance with all necessary legal formalities. Under this agreement the purchase is firm if this prospectus is accepted for filing by the Ontario Securities

Commission and the date thereof is the effective date and the shares must be purchased as follows:

- (a) the sum of \$30,000 within 30 days of the effective date;
- (b) the sum of \$25,000 within 60 days of the effective date;
- (c) the sum of \$20,000 within 90 days of the effective date;

provided that the Underwriter may, within the said 90 day period take down and pay for the shares as they are sold by it, but always subject to the payments aforesaid being made within the time stipulated.

The Corporation has agreed that until one year from the date of acceptance of this Prospectus by the Ontario Securities Commission the Underwriter will have the first right of refusal to undertake future financing planned by the Corporation.

The Corporation has also agreed that should the Underwriter purchase a further \$75,000 worth of common shares from the Corporation within the period aforesaid, that it will bonus the Underwriter 15 shares for every 100 shares purchased by the Underwriter including the common shares purchased under the above Underwriting Agreement.

Secondary Offering

There is a secondary offering of 119,000 common shares owned by the Underwriter which will not take place until such time as all the shares underwritten have been distributed to the public. Of these shares, 19,000 common shares thereof have been purchased by the Underwriter from members of the public at a total cost of \$1,150 and these shares were acquired during May, 1976 and June, July, August and November, 1977, at prices from 4¢ to 10¢.

The remaining 100,000 common shares will be purchased at 20¢ per share from the vendor of the Stellar Group as set out under the sub-heading "Acquisitions" under the heading "PRESENT PROPERTY INTERESTS" on page 1, subject to certain conditions being satisfied including the sale and payment therefor of the underwritten common shares.

As set out on the Cover the secondary offering will be sold to the public and the proceeds therefrom will accrue to the Underwriter and not the treasury of the Corporation. Although there is no present intention to do so, the secondary common shares may be offered at prices lower than those set forth on the cover of this Prospectus. If a material change occurs in the affairs of the Corporation that justifies an increase in the then current offering price for the secondary common shares, an amendment to this Prospectus will be filed before implementation of such increase.

The underwritten and secondary common shares may be sold to other registered dealers acting as principals for resale by them, or such secondary common shares may be offered for sale by registered dealers acting as agents on behalf of the selling shareholder and who will be paid commissions not exceeding 25% of the public offering price, and any such sales would be made within the price ranges set forth above.

Adjustment of Proceeds to the Corporation

By Agreement dated June 26, 1978, the Underwriter has agreed that if the sum of \$75,000 is less than 30% of the public purchase price of the common shares of the Corporation, including the secondary offering, the Underwriter will pay to the Corporation a sum which will cause it to yield 30% of the public purchase price of common shares of the Corporation. For purposes of the foregoing, the public purchase price of common shares of the Corporation means the net total amount, adjusted in accordance with the terms of such agreement, paid by the public to the Underwriter in the purchase of common shares of the Corporation offered under this Prospectus during the course of distribution thereof up to and including the date of the giving of notification by the Underwriter to the Ontario Securities Commission under Section 54(2) of The Securities Act.

CAPITALIZATION

<u>Designation of Securities</u>	<u>Authorized</u>	<u>Outstanding as of March 31, 1978</u>	<u>Outstanding as of June 26, 1978</u>	<u>Outstanding on Completion of this Financing</u>
Common shares without par value	5,000,000	1,050,003 (\$125,003)	475,003 (\$77,503)	850,003 (\$152,503)
Preference shares with a par value of 1/10¢ per share	2,000,000 (\$2,000)	Nil	500,000 (\$500)	500,000 (\$500)

DESCRIPTION OF SECURITIES

Common Shares

Each of the common shares without par value carries one vote at all meetings of shareholders, is entitled to dividends as and when declared by the directors and is entitled upon liquidation to a pro rata share of the assets of the Corporation distributable to the holders of common shares, subject only to the prior right of holders of preference shares. The common shares carry no conversion or pre-emptive rights. Upon completion of this issue, all issued and outstanding common shares will be fully paid and non-assessable. Under its Articles of Incorporation, the Corporation may purchase its common shares.

Preference Shares

Each of the preference shares with a par value of 1/10th of 1¢ per share carries one vote at all meetings of shareholders but is not entitled to receive any dividends or to participate in the assets of the Corporation in the event of its dissolution other than to receive, in priority to the common shares, a sum equal to the par value thereof. The preference shares, or any part thereof, are redeemable at their par value at any time at the option of the Corporation without the consent of the holder(s). See "PROMOTER AND INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS" on page 5, as to the agreement between the Corporation and Mr. Ross specifying when and under what circumstances the Corporation will redeem preference shares. The preference shares are not transferable without the prior written consent of the Ontario Securities Commission and the number of preference shares issued and outstanding at any time will not exceed 500,000 in number. All of the presently issued preference shares are fully paid and non-assessable.

Warrants

The Corporation has authorized the issuance of up to 500,000 warrants entitling the holder thereof, which is the holder of the preference shares, to purchase, until June 30, 1983, one common share of the Corporation for each warrant held. The Corporation will issue, upon receipt of the sum of \$75,000 from the sale of the underwritten shares, warrants entitling Mr. Ross to purchase 187,500 common shares of the Corporation at the price of 25¢ per share. No common shares so purchased will be offered for sale before January of 1979. Warrants may not be transferred without the prior written consent of the Ontario Securities Commission. The warrants will contain anti dilution provisions including, among other things, provisions for appropriate adjustments in the class, number and price of shares issuable pursuant to any exercise of the warrants upon the occurrence of certain events including any subdivision, consolidation or reclassification of common shares, the payment of stock dividends, and the consolidation or merger by the Corporation with or into another corporation or the sale, conveyance, lease or other transfer by the Corporation or all or substantially all of its assets.

SPECULATIVE NATURE OF THE SECURITIES

The Property does not contain a known body of commercial ore and the funds to be received by the sale of the common shares offered by this Prospectus are to be used to explore the Property. If the recommended program is successful, additional funds will be required in excess of those to be provided by the present offering for further exploration work to prove an economic ore body and to bring such ore body to production. The only source of future funds presently available to the Corporation is through the sale of equity capital.

MANAGEMENT

The names and home addresses of the Directors and Officers of the Corporation and the positions presently held by them in the Corporation are as follows:

<u>Name</u>	<u>Address</u>	<u>Position</u>
George Forbes Ross	14 Wilgar Road, Toronto, Ontario	President and Director
Fred Munger	52 Albertus Avenue, Toronto, Ontario	Secretary/ Treasurer
Brian Patrick McDonough	88 Teddington Park Ave., Toronto, Ontario	Director
Gerald Iscove	717-605 Finch Avenue West, Willowdale, Ontario	Director

The principal occupation of the Directors and Officers during the past five years is as follows:

George Forbes Ross B.Sc., P.Eng.	Geologist; Professional Engineer; Mineral Management Consultant; self-employed.
Fred Munger	Accountant; employed since March, 1974 by Sprucedale Holdings Limited and from February, 1972 to March, 1974 by Newtor Holdings Limited; formerly employed by Louda Holdings Limited until 1970 and by Sprucedale Holdings Limited until February, 1972. Mr. Munger is the sole director, officer and shareholder of Sprucedale Holdings Limited which provides the Company with accounting, administration and corporate secretarial services.
Brian Patrick McDonough B.Sc. (metallurgy)	Real Estate salesman with Vern Campbell Real Estate Limited (September 1973 to date); formerly employed as a mining consultant.
Gerald Iscove	Life Insurance Sales Representative.

REMUNERATION OF MANAGEMENT

During the Corporation's last financial year ended September 30, 1977 the Officers and Directors of the Corporation did not receive any remuneration. During the current financial year it is not intended to pay them any remuneration except that the Directors and Secretary-Treasurer of the Corporation will be paid the sum of \$50 for each meeting of the Board of Directors attended or Resolution passed by the Board. The aggregate amount paid for such Director's meetings during the last financial year was \$600.

Mr. Ross, as Technical Co-ordinator for the property is entitled to \$500 per month commencing June 1, 1978 and Sprucedale Holdings Limited, Suite 432, 12 Richmond Street East, Toronto will be paid a sum not exceeding \$300.00 per month for accounting, administration and corporate secretarial services. \$100 per month is paid for head office accommodation.

PROMOTER AND INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

George Ross, the President and a Director of the Corporation, is its Promoter. On the 26th day of June, 1978, pursuant to an agreement of the same date between the Corporation and George Ross, he subscribed for and agreed to purchase 500,000 preference shares of the Corporation at par for the sum of \$500. Pursuant to the said agreement, the Corporation, subject to earlier redemption as hereinafter described, will redeem these preference shares at par on the expiration of 5 years from the date of issue of the said shares, unless such redemption is extended with the written concurrence of the Ontario Securities Commission. The Corporation has agreed to make application to extend the redemption date if requested by Mr. Ross. Said preference shares shall be redeemed at

an earlier date at par on the basis of one share to be redeemed for each common share of the Corporation purchased pursuant to the warrants referred to hereunder. Under the said agreement, the Corporation also agreed to issue warrants to Mr. Ross entitling him to purchase 187,500 common shares of the Corporation (see "WARRANTS" on page 4) at 25¢ per share exercisable not later than 5 years after their date of issue, but any shares purchased pursuant to the said warrants may not be offered for sale until six months after the date of the receipt of the Ontario Securities Commission of this Prospectus. See restrictions placed on the exercise by George Ross of 187,500 warrants under the heading "WARRANTS", page 4 hereof. The Corporation has also agreed with Mr. Ross that to the extent the Corporation hereafter receives funds from the sale of its common shares, exclusive of the common shares being purchased by the Underwriter from the Corporation, to issue to Mr. Ross additional warrants to a maximum of 312,500 warrants entitling him to purchase, not later than 5 years after the date of issue of the said warrants, common shares of the Corporation. Such warrants will be issued on the basis of one warrant for every 4 common shares sold by the Corporation, and the price at which common shares may be purchased thereunder will be equal to 1½ times the price received by the Corporation incidental to the sale of its common shares with respect to which such warrants are issued.

PURCHASER'S STATUTORY RIGHT OF WITHDRAWAL AND RESCISSION

The Securities Act (Ontario) 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) for the complete text of the provisions under which the above-mentioned rights are conferred.

DIVIDENDS

No dividends have been paid to date by the Corporation.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditors of the Corporation are Stern, Lass and Shoom, 801 Eglinton Avenue West, Toronto, Ontario.

The Metropolitan Trust Company, 353 Bay Street, Toronto, Ontario is the Transfer Agent and Registrar with respect to the Corporation's common shares.

The Corporation acts as its own transfer agent with respect to its preference shares and warrants.

The following particularizes the association of the under-named with other junior mining exploration and development companies during the past 10 years. A table at the end explains the meaning of the various symbols. When only one date is mentioned, it is the date upon which the undernamed became an officer or director and the undernamed remains as so described.

With reference to the approximate amount of time the undernamed intend to devote to the affairs of this corporation, it is as follows:

Mr. Ross intends to devote 10% of his time to the Corporation as technical co-ordinator of the coproration's exploration program. Mr. Munger intends to devote 5% of his time with reference to the corporation in keeping the books and records.

With reference to Messrs. Iscove and McDonough, it is ordinarily unnecessary for the Directors to donate more than 5% of their time to managing the affairs of the corporation, however, the Directors are available to carry out their duties and responsibilities whenever the affairs of the coproration require.

Mr. Ross has been a director and/or officer of the following companies: Canada Costa Rica Mines Limited, I, (June 5/72), d; Mount Pleasant Mines Limited, A, Feb.6/78), d&o; Bonnacord Explorations Limited, CC, (May 15/73), d&o; La-Chib Mines Limited, A, (Aug.12;72), d&o; Northern Atlas Explorers Limited, CT, (Feb.19/72), d&o.

Mr. Ross has been promoter of the following companies, and set out below are the Underwriters, underwriting proceeds, field expenses and the date.

Bonnacord Explorations Limited

Underwriter	T.A. Richardson & Co. Ltd.
Underwriting proceeds	\$185,000
Field Expenses	\$82,200
Date	1973-1974

Northern Altas Explorers Limited

Private Placement	251360 Investment Co., Ltd. Principal M. Ross Bear
Best Efforts Distribution	Goodwin Harris, Co. Ltd.
Underwriting Proceeds	\$334,000
Field Expenses	\$237,480
Date	1972

La-Chib Mines Limited

Underwriters	Norwick Investments Limited Rosmar Corporation Limited Durham Securities Corporation Limited
Underwriting proceeds	\$180,000
Field Expenses	\$32,425 (to date)
Date	1977

Mr. McDonough has been director and/or officer of the following mining companies: Aumac Explorations Limited, I, (Mar./77-Mar./78), d; Cable Copper Mines Limited, A, (Mar./77), d; Coulee Lead and Zink Mines Limited, CC, (June/55-Nov./76), d; Headway Red Lake Mines Limited, CC, (June/55-Nov./76), d; La-Chib Mines Limited, A, (Mar/77), d; Multi-Minerals Limited, A, (May/78) d; Ville Marie Explorations Limited, A, (Aug./76), d.

Mr. McDonough was also promoter of Cable Copper Mines Limited. The Underwriter was Universe Securities Limited. This is a current underwriting under which the company is now receiving \$75,000 and since the exploration entailing field expenses has only recently commenced the actual amount of field expenses to date is unknown.

Mr. Iscove has been a director and/or officer of the following mining companies: Aladin Minerals Limited, I, (Oct. 27/75), d&o; Alsorex Developments Inc., I, (May 24/78), d; Artex Mines Limited, IM(3), (May 31/68-June 29/70), d; Babylon Minerals Inc., I, d; Beaver Hill Lake Uranium Mines Limited, AM(1), (Nov. 22/74-Apr. 10/76), d; Boeing Mines Limited, IM(3), (Dec. 13/68-Dec. 13/68), d; Branly Enterprises Limited, I, d; Carday Minerals Inc., I, (July 29/75), d; Chiboug Copper Corporation Limited, I, d; Chicobi Lake Mines Limited, I, d; Consolidated Boeing Holdings & Explorations Limited, I, (Jan. 6/72), d&o; Cyclone Resource Explorations Limited, A, (Dec./77), d&o; Danvers Resource Explorations Limited, A, (Dec./77), d&o; D'Argon Mines Limited, A, (Jan./77), d&o; Deauville Explorations Limited, U, d; Drayton Petroleum Limited, I, d; Equacan Ventures Ltd., A, (Jan./77), d&o; Executive Explorations Limited, IM(3), (Nov.18/68-Dec. 13/68), d&o; Falcon Gold Developments Limited, CC, (Feb. 28/74), d; Firebird Petroleums Limited, I, d; First Canadian Gold Inc., I, (Feb. 12/75), d; Flagstaff Resource Explorations Limited, A, d; Foxdale Mines Inc., AM(1), (Dec. 20/71- Feb.8/72), d; Galex Mines Limited, CC, d; Grand Valley Mining Company Limited, I, (Apr. 26/74), d; Great Eagle Explorations & Holdings Ltd., A, (Apr. 25/78), d&o; Green Valley Mines Limited, U, d; Huddersfield Uranium Mines Limited, A, (Feb. 25/74), d; Hull Explorations Limited, A, (Dec./77), d&o; Jarex Mines Limited; IM(2), (June 1/72-Nov. 26/75), d&o; Jupiter Resource Explorations Limited, A, (May 15/78), d&o; Kallio Iron Mines Limited, A, (July 3/73), d&o; Kamsack Resource Explorations Limited, A, (May 3/78), d&o; Kintu Uranium Mines Limited, I, (Jan. 28/74), d; La-Chib Mines Ltd., I, (Aug. 16/77), d; La France Explorations Limited, A, (Feb. 27/76), d; Lava Minerals Limited, IM(2), (Apr. 10/70-Jan.28/72), d&o; Magi Gold Mines Limited, U, (Apr. 20/74), d; Manbar Explorations Limited, I, d; Marquis Explorations Limited, AM(1), (Apr. 8/71-Nov.22/74), d; Neartic Mines Limited, IM(2), (Oct. 27/72-Nov.26/75), d&o; Nevada Explorations Limited, IM(2), (Oct. 9/73-Nov.26/75), d&o; Newrich Explorations Limited, A, (May/78), d&o; Nu-Rich Explorations Limited, I, (June 27/74), d; Opawica Explorations Inc., I, (Sept. 22/75), d; Oxford Mines Limited, I, d; Pelican Mines Limited, A, (Aug. 19/74), d; Photo Mines Limited, IM(2), (Nov. 23/71-Nov. 26/75), d&o; Prestige Mines Limited, I, (Oct. 18/73), d; Raejac Holdings and Explorations Limited, IM(3), (Aug. 28/68-Mar.26/70), d&o; Raleigh Minerals Limited, I, (June 5/74), d&o; Sherwin Minerals Limited, IM(2), (May 29/73-Nov. 26/75), d&o; Skipper Investments Limited, A, (May/78) d&o; Silmil Explorations Inc., U, (May 15/78) d&o; Solvang Explorations Limited, I, d; Southwind Resource Explorations Limited, A, (Jan./78), d&o; Spar Holdings & Explorations Limited, I, (Jan. 18/72), d&o; Thunderbolt Gas & Oil Explorations Inc., A, (Oct.15/76), d&o; Titus Petroleum Limited, U, d; Viva Explorations Limited, IM(2), (Jan.18/72-Nov.1/72), d&o; Whirlwind Resource Explorations Limited, A, (Jan/78), d&o; Winnebago Mines Limited, IM(2), (Sept.29/70-Jan.18/72), d&o; Wolverine Development Inc., I, (Nov.5/76-Dec.7/77), d; Xtra Development Inc., I, (May 25/72), d; Zahavy Mines Limited, I, (Feb. 8/74), d&o; Zenmac Metal Mines Limited, I, (Mar.19/77), d&o.

Mr. Munger is presently or has been a director and/or officer of the following mining companies during the past 10 years. Cable Copper Mines Limited, A, (Apr./78), o; Canabec Explorations Limited, A, (Nov./75-Apr./77), o; Consolidated Louanna Gold Mines Ltd., A, (Dec./76), o; Consolidated Summit Mines Limited, A, (May/70), o; Deer Horn Mines Limited, CT, (June/71-May/72 and June/73-Sept/77), o; Forefront Consolidated Explorations Limited, A, (Jan./75), o; Frankfield Explorations Limited, A, (Dec./73), o; Frodac Mines Limited, A, (Jan./74), o; Gambit Consolidated Explorations Ltd., A, (Jan./74), o; Gold Ridge Mines Inc., A, (June/73), o; Great Bear Silver Mines Limited, A, (Feb./71), o; Great Pine Mines Limited, CC, (Dec./70-Feb./72), o; Gull Lake Energy Resources Limited, A, (Dec./71-Aug./75 and Oct./75 to date), o; Hubert Lake Ungara Nickel Mines Ltd., I, (Oct./74), d&o; International Marines Resources Ltd., CC, (June/72-Mar./74), o; Mid-West Energy Inc., A, (Apr./75), o; Patricia Silver Mines Limited, CT, (Jul./71-Sept./77), o; Pine Ridge Exploration Company Ltd., CT, (Nov./71-Feb./72), o; Rich Point Mines Limited, A, (May/73), o; Royco Mining Company Limited, A, (Jan./77), d&o; Silver Leader Mines Limited, A, (Oct./75), o; Silver Shield Mines Inc., CT, (May/72-Feb./74), o; Silver Tower Mines Limited, CC, (Oct./68-Mar./76), d&o; Us-Ca-Mex Explorations Limited, A, (Dec./76), o; Zarina Explorations Limited, A, (July/74), o; Claymac Mines Limited, I, (Mar./78), o; Merit Explorations Inc.,

A, (Sept./77), o; Minedel Mines Limited, A, (Sept./77), o; Spina Porcupine Mines Limited, I, (July/78), d&o; North American Rare Metals Limited, A, (Dec./77), o.

- A - Active Exploration Company
- I - Inactive Exploration Company
- CT - Subject to a Cease Trading Order
- CC - Corporate Charter Cancelled
- U - Status Unknown
- AM(1) - Part of merger forming New Force Crag Mines Limited
- IM(2) - Part of Merger forming Spar Holdings and Explorations Limited
- IM(3) - Part of merger forming Consolidated Boeing Holdings & Exploration Limited
- d - director of the company
- o - officer of the company

The above information not being within the knowledge of the Corporation has been furnished by the above-named who have compiled the same to the best of the abilities.

PRIOR SALES OF SHARES

During the past year the Company has sold to George Forbes Ross 500,000 preference shares at the price of \$500.00.

PRINCIPAL AND SELLING SHAREHOLDERS

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

<u>Name and Address</u>	<u>Class of Security</u>	<u>No. of Shares Owned</u>	<u>% of Class</u>	<u>No. of Shares Owned After This Offering</u>	<u>% Owned After Offering</u>
Ed-Vic Explorations Limited Fort Frances	Common	81,667	17.9%(1)	Nil	Nil
J. Appleby Securities Ltd., 102-837 Eglinton Avenue, Toronto, Ont.	Common	119,000	14%(3)	Nil	Nil
George Forbes Ross 14 Wilgar Road Toronto, Ontario	Preference	500,000	100%	500,000	100%

- (1) Calculated before giving effect to the proposed offering of common shares referred to on the facing page.
- (2) Following receipt by the Corporation of the proceeds from the sale of the underwritten shares, Mr. Ross will hold in the aggregate warrants entitling him to purchase 187,500 common shares of the Corporation. See "PROMOTER AND INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS" on page 5.
- (3) Calculated after giving effect to the proposed offering of common shares referred to on the facing page.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only contracts entered into by the Corporation within the two years prior to the date of this Prospectus are the following:

1. Property acquisition agreement between the Corporation and Arcadia Explorations Limited referred to under "Stellar Group - Acquisitions" under the heading "PRESENT PROPERTY INTERESTS" on page 1.
2. Underwriting Agreement between the Corporation and the Underwriter referred to under "PLAN OF DISTRIBUTION" on page 2.
3. Agreement between the Corporation and Mr. Ross respecting his subscription for preference shares of the Corporation and the issuance to him of warrants referred to under "PROMOTER AND INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS", page 5.

STERN, LASS & SHOOM

CHARTERED ACCOUNTANTS

801 EGLINTON AVENUE WEST, SUITE 201
TORONTO, CANADA M5N 1E3
TELEPHONE (416) 787-4592

MERVIN H. LASS, C.A.
SYDNEY SHOOM, C.A.
H. L. WASSERMAN, C.A.

AUDITORS' REPORT

To the Directors
Spanex Resources Limited

We have examined the balance sheet of Spanex Resources Limited as at March 31, 1978 and the statements of deficit, deferred expenditures and changes in financial position for the six months ended March 31, 1978 and for the years ended September 30, 1977 and 1976 and from inception (September 24, 1973) to September 30, 1975. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at March 31, 1978 and the results of its operations and the changes in its financial position for the six months ended March 31, 1978 and the years ended September 30, 1977 and 1976 and from commencement (September 24, 1973) to September 30, 1975, in accordance with generally accepted accounting principles applied on a consistent basis.



Toronto, Canada
June 24, 1978

STERN, LASS & SHOOM
CHARTERED ACCOUNTANTS

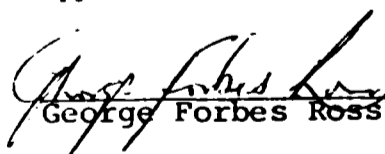
SPANEX RESOURCES LIMITED

BALANCE SHEET

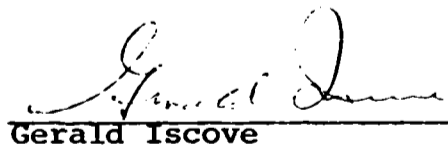
AS AT

	March 31		September 30		
	1978	1977	1977	1976	1975
	(Unaudited)				
<u>ASSETS</u>					
<u>Current</u>					
Cash	\$ 467	\$ 328	\$ 902	\$ 1,108	\$ 1,561
Bank term deposits	4,658	9,878	6,707	11,648	33,720
	<u>5,125</u>	<u>10,206</u>	<u>7,609</u>	<u>12,756</u>	<u>35,281</u>
<u>Mining claims</u>					75,000
<u>Other</u>					
Exploration and administrative expenditures					9,541
Incorporation and organization costs	6,976	6,976	6,976	6,976	6,976
	<u>6,976</u>	<u>6,976</u>	<u>6,976</u>	<u>6,976</u>	<u>16,517</u>
	<u>12,101</u>	<u>17,182</u>	<u>14,585</u>	<u>19,732</u>	<u>126,798</u>
<u>LIABILITIES</u>					
<u>Current</u>					
Accounts payable and accrued liabilities	1,164	1,439	886	960	1,795
<u>SHAREHOLDERS' EQUITY</u>					
<u>Capital stock</u>					
Authorized (note 1). 3,000,000 shares no par value not to exceed \$1,500,000					
<u>Issued (note 2)</u>					
300,003 shares for cash	50,003	50,003	50,003	50,003	50,003
750,000 shares for mining claims	75,000	75,000	75,000	75,000	75,000
	<u>1,050,003</u>	<u>125,003</u>	<u>125,003</u>	<u>125,003</u>	<u>125,003</u>
<u>Deficit</u>	<u>(114,066)</u>	<u>(109,260)</u>	<u>(111,304)</u>	<u>(106,231)</u>	
<u>Total shareholders' equity</u>	<u>10,937</u>	<u>15,743</u>	<u>13,699</u>	<u>18,772</u>	<u>125,003</u>
	<u>\$ 12,101</u>	<u>\$ 17,182</u>	<u>\$ 14,585</u>	<u>\$ 19,732</u>	<u>\$126,798</u>

Approved on behalf of the Board


George Forbes Ross

Director


Gerald Iscove

Director

STERN, LASS & SHOOM
CHARTERED ACCOUNTANTS

SPANEX RESOURCES LIMITED

STATEMENT OF DEFICIT

	6 Months Ended March 31		Year Ended September 30		Inception Sept 24/73 to Sept 30/75
	<u>1978</u>	<u>1977</u>	<u>1977</u>	<u>1976</u>	
		(Unaudited)			
Balance, beginning of period	\$111,304	\$106,231	\$106,231	-	-
Mining claims abandoned				\$ 75,000	
Exploration expenditures written off				22,758	
Administrative expenditures written off	<u>2,762</u>	<u>3,029</u>	<u>5,073</u>	<u>8,473</u>	
Balance, end of period	<u>\$114,066</u>	<u>\$109,260</u>	<u>\$111,304</u>	<u>\$106,231</u>	<u>-</u>

STERN, LASS & SHOOM
CHARTERED ACCOUNTANTS

SPANEX RESOURCES LIMITED

STATEMENT OF DEFERRED EXPENDITURES

	6 Months Ended March 31		Year ended September 30		Inception Sept 24/73
	1978	1977	1977	1976	Sept 30/75
	(Unaudited)				
<u>Exploration</u>					
Diamond drilling				\$ 14,076	
Geophysical surveys				1,830	\$ 2,400
Engineering fees and expenses				2,297	1,918
Sundry				150	87
	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,353</u>	<u>4,405</u>
<u>Administrative</u>					
Directors fees	200	450	450	250	600
Legal and audit	1,700	1,106	2,442	2,001	1,250
Transfer agency fees	244	822	847	222	1,306
Shareholders' information	187	114	174	248	1,532
Head office services	450	900	1,725	1,800	750
Secretarial fees	100	150	150	100	200
Miscellaneous	107	8	81	270	56
	<u>2,988</u>	<u>3,550</u>	<u>5,869</u>	<u>4,891</u>	<u>5,694</u>
Less: Interest income	<u>226</u>	<u>521</u>	<u>796</u>	<u>1,554</u>	<u>558</u>
	<u>2,762</u>	<u>3,029</u>	<u>5,073</u>	<u>3,337</u>	<u>5,136</u>
<u>Total expenditures</u>	<u>2,762</u>	<u>3,029</u>	<u>5,073</u>	<u>21,690</u>	<u>9,541</u>
Balance deferred, beginning of period	<u>2,762</u>	<u>3,029</u>	<u>5,073</u>	<u>9,541</u>	<u>9,541</u>
	<u>2,762</u>	<u>3,029</u>	<u>5,073</u>	<u>31,231</u>	
Less: Written off to deficit	<u>2,762</u>	<u>3,029</u>	<u>5,073</u>	<u>31,231</u>	
Balance deferred, end of period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 9,541</u>

STERN, LASS & SHOON
CHARTERED ACCOUNTANTS

SPANEX RESOURCES LIMITED

STATEMENT OF CHANGES IN FINANCIAL POSITION

	6 Months Ended March 31		Year ended September 30		Inception Sept 24/73 Sept 30/75
	<u>1978</u>	<u>1977</u>	<u>1977</u>	<u>1976</u>	
	(Unaudited)				
<u>Source of funds</u>					
Sale of capital stock	-	-	-	-	\$ 50,003
<u>Application of funds</u>					
Incorporation and organization costs					6,976
Exploration and administrative expenditures	\$ 2,763	\$ 3,029	\$ 5,073	\$21,690	<u>9,541</u>
	<u>2,762</u>	<u>3,029</u>	<u>5,073</u>	<u>21,690</u>	<u>16,517</u>
Increase (decrease) in working capital	(2,762)	(3,029)	(5,073)	(21,690)	33,486
Working capital, beginning of period	<u>6,723</u>	<u>11,796</u>	<u>11,796</u>	<u>33,486</u>	
Working capital, end of period	<u>\$ 3,961</u>	<u>\$ 8,767</u>	<u>\$ 6,723</u>	<u>\$11,796</u>	<u>\$ 33,486</u>

STERN, LASS & SHOOM
CHARTERED ACCOUNTANTS

SPANEX RESOURCES LIMITED

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1978

1. Capital Stock

Under articles of amendment dated June 12, 1978 the authorized and issued capital of the corporation was decreased by cancellation of 675,000 of the issued common shares, which were vendors shares. The authorized capital was then increased by creating an additional 2,675,000 common shares without par value and 2,000,000 preference shares with a par value of 1/10 of 1¢ each.

2. By agreement dated June 26, 1978, the company has agreed to sell 375,000 of its common shares at a price of 20¢ per share, (\$75,000) payable as follows:

\$30,000 within 30 days of the date that the shares are qualified for distribution to the public with the Ontario Securities Commission ("effective date")

25,000 within 60 days of the "effective date"

20,000 within 90 days of the "effective date"

\$75,000

3. By agreement dated June 26, 1978 the company has agreed to purchase a 60% interest in eleven unpatented mining claims in Kenora Mining Division, Province of Ontario, in consideration of the issue of 100,000 common shares of its capital stock.

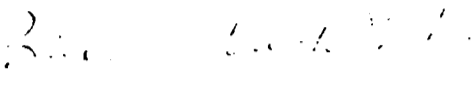
STERN, LASS & SHOOM
CHARTERED ACCOUNTANTS

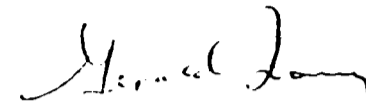
The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by Part VII of The Securities Act, R.S.O. 1970 c.426, as amended, and the regulations thereunder.

DATED the 18th day of July 1978.


"GEORGE FORBES ROSS"
Chief Executive Officer


"FRED MUNGER"
Chief Financial Officer


"BRIAN PATRICK McDONOUGH"
Director


"GERALD ISCOVE"
Director

Promoter


"GEORGE FORBES ROSS"

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, R.S.O. 1970 c.426, as amended, and the regulations thereunder.

Underwriter

J. APPLEBY SECURITIES LIMITED



Per: "JACK APPLEBY", President