

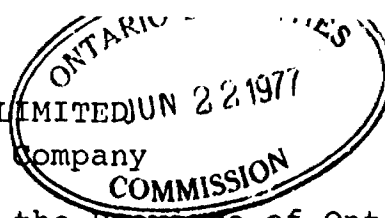
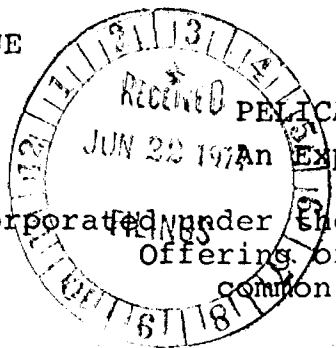
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NEW ISSUE



PELICAN MINES LIMITED
An Exploration Company

Incorporated under the laws of the Province of Ontario
Offering of 375,000 underwritten
common shares as follows

Shares	Price per Share to the Corporation	Net Proceeds to the Corporation	Maximum Offering Price per Share to the Public
375,000	20¢	\$75,000	40¢

The purpose of this issue is to provide the Corporation with sufficient funds to implement the recommended exploratory program as described in the heading "Use of Proceeds" on the Corporation's claims described in the heading "The Ewart Township Claims".

SECONDARY OFFERING

100,000 shares, the proceeds of which will accrue to the selling shareholder, Gordon-Daly Grenadier Limited, and not to the treasury of the Corporation, which shares will be offered following the offering and sale of the underwritten shares. See "Secondary Offering" on page 11.

There is no public market in shares of the Corporation; for several months the only trading in shares of the Corporation was trading by the underwriter or its associates.

THESE SHARES ARE SPECULATIVE SECURITIES
PURCHASERS MAY NOT BE ABLE TO SELL THEIR SHARES

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

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



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THE CORPORATION

PELICAN MINES LIMITED (hereinafter called "the Corporation") was incorporated under the laws of the Province of Ontario by Articles of Incorporation dated the 19th day of August, 1974, with an authorized capital of 3,000,000 shares without nominal or par value, provided that the said shares may not be issued for a consideration exceeding the sum of \$1,500,000 in the aggregate without payment of the necessary additional fees required by the Treasurer of Ontario. As of the date hereof 1,000,010 shares have been issued and are outstanding as fully paid. The head office is located at Suite 1014, 111 Richmond Street, West, Toronto, Ontario, M5H 2G4.

HISTORY AND BUSINESS

The Corporation was incorporated for the general purpose of mining exploration and recently acquired as its second venture, eight contiguous mining claims in Ewart Township, Kenora Mining Division, Ontario, more particularly described below. The claims are without known bodies of commercial ore, and the proposed work program described herein is only exploratory in nature.

The first venture of the Corporation was the acquisition and exploration of a group of mining claims in MacBeth Township, District of Sudbury, Ontario. The MacBeth Township property was acquired for 750,000 shares, and the Corporation expended \$42,000 in exploration work. The results

were negative, and as a result the property and its exploration expenditures were written off to deficit in the books of the Corporation, and 675,000 of the 750,000 shares issued for the property were donated to the Corporation and are now held for the benefit of the treasury.

THE EWART TOWNSHIP CLAIMS

The eight mining claims held by the Corporation (herein called the "Ewart Township Claims") form a contiguous block and cover about 320 acres in Ewart Township, Kenora Mining Division of Ontario. The property is about 24 miles west of the Town of Kenora, Ontario. The property is readily assessable by Highway 17 to a point 1.5 miles north of the property and by the Shoal Lake road from Highway 17 in to the claims group. The claims are officially designated as claims numbers 417482, 417483 and 474546 to 474551 inclusive. Claims Nos. 417482 and 417483 are in good standing until December 13, 1977; the remaining 6 claims are in good standing until January 18, 1978.

The Corporation's title to the claims is the usual title to unpatented mining claims in Ontario, namely the right to proceed under The Mining Act to explore and/or develop the claims and eventually to convert them into mining leases. This requires the performance of a total of 200 days' work per claim, and the carrying out of a survey. Subject to extension orders which may be obtained from time to time, twenty days' work per claim must be performed and recorded within the first year from

the date of recording and forty days' work per claim must be performed and recorded yearly thereafter for the next three years and sixty days' work per claim must be performed and recorded in the fifth year. Thereafter and after land surveying, the claims are to be brought to a twenty-one year lease in the ensuing year with annual rentals of \$1.00 per acre for the first year and 25 cents per acre thereafter. If the lease is for mining rights only, rentals for the second and subsequent years are at the rate of 10 cents per acre. Mining leases are renewable generally for succeeding twenty-one year terms.

The following is a summary of the report dated February 28, 1977, as amended by an addendum dated April 5, 1977, by Mr. James D. McCannell, Consulting Geologist, on the Ewart Township Claims. The report is available for inspection at the offices of the Ontario Securities Commission, 555 Yonge Street, Toronto.

Mr. McCannell reports that the two westerly claims of the group formerly formed part of a 44 claim group held by Electrum Lake Gold Mines Limited, and that the area has attracted exploration interest for several years largely because of numerous known gold occurrences as well as showings of copper and molybdenum. One of several zones with indications of sulphide mineralization and some gold values located by Electrum Lake Gold Mines Limited is located on what is now the Ewart Township Claims and is referred to as the arsenic zone.

During the latter part of 1960, Electrum Lake Gold Mines Limited carried out a program of diamond drilling to test the arsenic zone. Twelve short diamond drill holes were put down along a strike length of 650 feet for a total footage of 1,737 feet. The holes were all inclined at angles varying from 30 to 50 degrees and were drilled to depths of from 80 to 247 feet. Six of the holes showed traces to very low values in gold but the other six returned some reasonably encouraging values in gold such as 0.26 ounces for a core length of 5.2 feet, 0.18 oz. for 5.0 feet, 0.21 ounces for 4.0 feet, 0.08 ounces for 5.0 feet and 0.035 ounces for 9.0 feet. A hole located in the central part of the drilled area, returned two intersections each extending for core lengths of 10.0 feet and averaging 1.09 and 0.44 ounces of gold per ton respectively.

The six most easterly claims of the current block of eight claims were held by the Hoey Grubstake Syndicate in 1960 which was reported to have been financed by McIntyre Porcupine Mines Limited, Conwest Exploration Company Limited and Northern Canada Mines Limited. The east boundary of the Electrum Lake Gold Mines Limited property, prevented that Company from tracing the arsenic zone to the east, but the Hoey Grubstake Syndicate is reported to have drilled three holes totalling 1,076 feet, along the assumed easterly strike of this zone. No gold values of any significance were encountered in the three holes. Electrum Lake Gold Mines Limited experienced financial difficulties in 1961 and ceased all exploration work on their property.

The limited diamond drilling carried out on the arsenic zone did indicate some reasonably encouraging gold values in some of the holes, but Mr. McCannell states that more drilling is required to fully test the possible economic merits of this zone. He further states that the gold values are associated with silicification carrying variable amounts of pyrite, pyrrhotite and arsenopyrite, and feels that there are sufficient amounts of these sulphides present to give a readily detectable response to a V.L.F. electromagnetic instrument. Reports of the Electrum Lake Gold Mines Limited work mention magnetometer work in the area but there is no indication to Mr. McCannell that electromagnetic work was carried out over this zone.

An electromagnetic survey using a VLF instrument, carried out at a cost of \$1,550.00 by the Corporation in March, 1977 in order to comply with assessment work requirements, indicated a conducting zone coinciding well with the gold-bearing zone indicated by previous drilling. In addition, a second and parallel zone was indicated by a strong conductor 1,200 feet to the south in the southern part of Claim 417483.

It is the opinion of Mr. McCannell that this property warrants a more detailed investigation and he recommends that Pelican Mines Limited undertake a program of work to include

line cutting at 200 foot intervals, an electromagnetic survey using a V.L.F. instrument, detailed geological mapping and a minimum of 2,500 feet of diamond drilling. The estimated cost of this proposed work is as follows:

Line cutting 26 miles @ \$150.00 per mile	\$3,900.00
Electromagnetic survey 26 miles @ \$130.00 per mile	3,380.00
Geological mapping	4,000.00
Diamond drilling 2,500 feet @ \$16.00 per foot	<u>40,000.00</u>
	\$51,280.00

Further drilling beyond the minimum of 2,500 feet will be considered depending on the results obtained in the above recommended work program.

The claims were acquired by the Corporation from William Donald MacLean, 291 Riverside Drive, Oakville, Ontario, under agreement dated February 28, 1977, in consideration of 100,000 fully-paid shares in the capital of the Corporation, free of escrow, which the Corporation proposes to cause to be transferred to him out of shares presently held for the benefit of the treasury of the Corporation, all of which are presently escrowed. Mr. MacLean acquired the said claims on January 7, 1977 from Mr. Rodd Knappett, a prospector of Kenora and Red Lake, Ontario, at a cost of \$2,500, of which \$2,000 was the purchase price for 2 claims already held by Knappett, and \$500 was payment to Knappett for the

staking of the 6 additional claims. The directors of the Corporation have valued the 100,000 shares at \$2,500, equal to the cost of the claims to Mr. MacLean, based on accounting principles and the short period of time between their acquisition by MacLean and his sale to the Corporation. Such valuation does not necessarily bear any relation to the actual worth of the property.

William Donald MacLean has agreed to sell the said 100,000 shares to Gordon-Daly Grenadier Limited, the Underwriter referred to in this prospectus, at the price of 20 cents per share, payable to him by Gordon-Daly as to \$3,000.00 forthwith upon the issuance of a final receipt for this prospectus by the Ontario Securities Commission and as to the balance at the same time as Gordon-Daly Grenadier Limited completes its purchase of Underwritten shares under the agreement of February 28, 1977 described herein under the heading "Offering." The said 100,000 shares constitute the secondary offering described in this prospectus.

CAPITALIZATION

The Corporation has one class of stock authorized namely, 3,000,000 shares without par value. Of these, there are at present issued 1,000,010 shares, all fully paid. 675,000 of said shares are held for the benefit of the Corporation. All shares carry fully voting rights of one vote for each share and rank equally as to dividends and participation in assets. The shares when purchased by the Underwriter are not subject to further calls or to assessment. There are not conversion rights, special liquidation rights, pre-emptive rights or subscription rights. No dividend has been paid to date nor is it expected that any dividend will be paid in the foreseeable future.

<u>Security</u>	<u>Authorized</u>	<u>Outstanding as of Febru- ary 28 ,1977, the date of the Financial Statements</u>	<u>Outstanding as of March 1, 1977</u>	<u>Amount Outstanding if all Securities are Sold</u>
Common without par value	3,000,000 (not to exceed \$1,500,000)	1,000,010 (\$69,010)	1,000,010 (\$69,010)	1,000,010 (\$69,010)

Note: The dollar figures in the above chart represent the amounts attributed to the issued shares above each dollar figure. Since the proceeds from the sale or issue of donated shares are credited to contributed surplus, these figures do not reflect the consideration received for the 100,000 donated shares paid for property, nor the consideration to be received for the 375,000 underwritten shares. In addition, the dollar figures do not reflect the reduction of the Corporation's capital resulting from the deficit account.

ESCROWED SHARES

Certificates representing 675,000 shares of the capital stock of the Corporation registered in the name of the President are held by The Metropolitan Trust Company in escrow, subject to release only on the prior written consents of the Board of Directors of the Corporation and the Ontario Securities Commission, and subject to transfer, hypothecation

or other alienation within the escrow only on the prior written consent of such Commission. It is proposed, in accordance with current corporate practice when dealing with shares held for the benefit of the treasury, to use the said 675,000 shares first to meet the requirements of the Corporation for shares to satisfy the terms of agreements for the acquisition of properties and underwriting agreements. Accordingly, 100,000 of such shares are proposed to be released from escrow and transferred to William D. MacLean as the purchase price for the Ewart Township claims; and 375,000 shares are proposed to be released from escrow and transferred to Gordon-Daly Grenadier Limited against payment pursuant to the underwriting agreement. Please refer to information contained under the headings "the Ewart Township Claims" and "Offering".

<u>Designation of Class</u>	<u>Number of Shares Held in Escrow</u>	<u>Percentage of Class</u>
Common	675,000	67.5%

OFFERING

Treasury Shares

Pursuant to an agreement dated the 28th day of February, 1977 between the Corporation and Gordon-Daly Grenadier Limited, 326 Adelaide Street, West, Fifth Floor, Toronto, Ontario (sometimes referred to as the "Underwriter"), the Corporation

agreed to sell, and the Underwriter agreed to purchase, 375,000 shares at 20¢ per share payable as to \$30,000 within 30 days of the "effective date" (the date of a final receipt for this prospectus which qualifies this offering for public sale); as to a further \$25,000 within 60 days of the effective date, and as to the final \$20,000 within 90 days of the effective date.

The underwriting agreement gives the underwriter a right of first refusal for five years to provide financing on the same terms as may be offered by any other person, and the additional right during the first year, if the Corporation elects to obtain additional financing, to provide \$75,000 by means of a further underwriting.

The Underwriter (a security dealer) entered into the aforesaid agreement on its own behalf. The only persons having a greater than 5% interest in the Underwriter are Stanley Mourin, 131 Bloor Street, West, Apartment 1101, Toronto, Ontario, and Harry P. Bregman, 175 Dunvegan Avenue, Toronto, Ontario.

There are no sub-underwritings or options outstanding by the Underwriter or proposed to be given at this time; however, the Underwriter has advised that during the course of distribution to the public of the Corporation's shares, it may grant sub-underwritings or options to registered security dealers

who may engage in distribution to the public at a price not exceeding one cent per share in excess of the price to be paid by the Underwriter under the provisions of the underwriting agreement aforesaid.

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

In addition to the underwritten shares any shares acquired by the Underwriter in connection with distribution of the underwritten shares by way of market support will also be offered and sold under this prospectus.

Secondary Offering

100,000 Shares held by Gordon-Daly Grenadier Limited are also to be offered under this prospectus under any of the selling plans set forth in this prospectus or through any registered security dealer who will be acting as agent, at the usual and customary commission rates authorized by The Toronto Stock Exchange for the sale of mining shares. However,

the Corporation's undertaking will be furthered by the sale of its shares to the public only to the extent that the shares are purchased from the Corporation by the Underwriter pursuant to the aforementioned underwriting agreement. Proceeds of sale from the 100,000 shares will not go into the treasury of the Corporation. The said 100,000 shares will be offered only after the underwritten shares have been taken down and paid for. The said 100,000 shares were issued by the Corporation to William D. MacLean as consideration for the Ewart Township Claims and sold by William D. MacLean to the Underwriter at the price of 20¢ per share.

USE OF PROCEEDS

The Corporation is assured of receiving \$75,000 from the firm underwriting of 375,000 shares at 20¢ per share. The proceeds from this offering will be used:

- (1) to pay the costs of this offering estimated at \$6,000 (of which the Corporation will be reimbursed the pro-rata portion by Gordon-Daly Grenadier Limited in respect of the secondary offering);
- (2) to pay administration expenses for approximately one year estimated at \$6,000, assuming normal exploration and corporate activities; and

- (3) to carry out the exploration program on the Ewart Township Claims recommended by James D. McCannell consisting of line-cutting, electromagnetic surveying, geological mapping and diamond drilling at an estimated cost of \$51,280.

Excess moneys will form part of the general working capital of the Corporation, to be used for general operating expenses. While the Corporation has no plans in this regard at the present time, moneys in its treasury, as available, may also be used to defray programs of acquiring, staking, exploring and developing other properties, either alone or in concert with others, and to generally carry out exploration programs as opportunity and finances permit. However, moneys will not be expended to acquire or work on new properties, moneys will not be advanced to other corporations except to the extent necessary to enable the Corporation to implement the foregoing proposed programs, and moneys will not be invested in securities other than those in which insurance companies registered under Part III of the Canadian and British Insurance Companies Act (Canada) may invest their funds without availing themselves of the provisions of Section 63(4) of such Act without an amendment to this prospectus being filed if the securities of the Corporation are then in the course of distribution to the public.

DIRECTORS, OFFICERS AND MANAGEMENT

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

President and Director	<u>WILLIAM DONALD MacLEAN</u> , 291 Riverside Drive, Oakville. Professional Engineer employed in part as an agent by Municipal Tax Land Disposal Agency, 110 Church Street, Toronto. Also self-employed in professional practice at Suite 201, 29 Colborne Street, Toronto. Officer and/or Director of several mining companies including Jelex Mines Limited, McFinley Mines Limited and Middle River Mines Limited.
Secretary-Treasurer and Director	<u>IAN ALBERT MACNAUGHTAN</u> , 242 Kingslake Road, Willowdale, Ontario. Accountant and Corporate Secretary. Officer and/or Director of several mining companies including Golden Bounty Mining Company Limited, Great Eagle Explorations and Mill Creek Explorations Limited.
Director	<u>GERALD ISCOVE</u> , 650 Eglinton Avenue, West, Apartment 401, Toronto, Ontario. Insurance Agent of Paul Revere Life Insurance Company. Director of several mining companies including Newrich Explorations Limited, Grand Valley Mining Company Limited and La France Explorations Limited.
Director	<u>WALTER ANDREW CARTER</u> , P. Eng., P.O. Box 417, Colborne, Ontario, for the past five years has been self-employed as a Consulting Engineer. Is an officer and/or director of several mining companies including Hartland Mines Limited, Kayak Explorations Limited and Steppingstone Explorations Limited.

Director

IRWIN ARTHUR WALLACE, 2500 Bathurst Street, Toronto, Ontario, is a self-employed Notary Public and Insurance and Real Estate Broker, 330 Bay Street, Toronto, and also acts as an officer and/or director of several mining companies including Dean Lake Mines Ltd., Northumberland Mines Limited and Huddersfield Uranium Mines Limited.

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

\$400 was paid to Directors for fees for meetings attended during the financial year ended July 31st, 1976, and \$650 during the period to February 28th, 1977, on the basis of a fee of \$50 per Director per meeting attended. No other remuneration is paid or proposed to be paid to directors, and officers are not paid as such. The Corporation has retained Shlesinger Corporate Services (1975) Ltd., Suite 1014, 111 Richmond Street, West, Toronto, to provide head office, administrative, accounting and secretarial services at a monthly fee not to exceed \$350.

PROMOTER

William Donald MacLean, 291 Riverside Drive, Oakville, Ontario, is the promoter of the Corporation. By a letter agreement dated February 28th, 1977, MacLean offered to sell the Ewart Township Claims to the Corporation provided he would become "Promoter-Entrepreneur" in relation to the Corporation. The Corporation agreed to place before its shareholders for approval

at its next annual meeting, which must be held between July 31, 1977 and January 31, 1978, an amendment to its articles creating 500,000 "promoter's" non-participating redeemable voting preference shares to issue such 500,000 preference shares to MacLean at one-tenth of one cent per share, and to attach thereto warrants to subscribe for common shares of the Corporation on a warrant-for-share basis, such warrants to be exercisable upon payment of 1.5 times the price received by the Corporation for its shares pursuant to the underwriting agreement, to an extent not exceeding one-quarter of the common shares issued for cash.

MacLean is to receive 100,000 common shares of the Corporation for the Ewart Township Claims valued at the cost of same to MacLean, which was \$2,500.

The only company with which Mr. MacLean has been associated directly or indirectly as a promoter during the past five years is McFinley Mines Limited. Under his direction McFinley raised approximately \$100,000 by way of a rights issue to shareholders and embarked upon a joint venture for the exploration and development of its old property in Red Lake, Ontario. Over \$200,000 has been spent on that joint venture, and both McFinley and its property are presently in good standing. Mineralization has been established, and further development of the property will depend upon the price of gold and other economic factors. McFinley is also active in the Province of New Brunswick as part of a syndicate holding a substantial group of

mineralization rights which are presently being explored by a syndicate headed by Metallgesellschaft Canada Limited.

The proposed preference shares with a par value of 1/10 of 1¢ per share will not be entitled to dividends at any time; will be entitled in the event of liquidation, dissolution or winding up of the Corporation to receive, in priority to the common shares, a sum equal to the par value thereof; but will not be entitled to any further participation in the assets of the Corporation; will be redeemable by the Corporation at the par value thereof upon the expiration of five years from the date of issuance thereof and will be earlier redeemable by the Corporation as warrants are exercised and in the same ratio; will not be transferrable without the prior written consent of the Ontario Securities Commission, and will entitle the holders thereof to receive notice of all meetings of shareholders and to one vote for each preference share held. The number of issued preference shares outstanding at any time will be limited to 500,000, and the proposed issue of preference shares will be as fully paid and accordingly, not subject to call or assessment.

Conditional upon the required approval of shareholders to the creation of the said preference shares, the Corporation has authorized the creation of warrants to accompany the said preference shares. Not more than 500,000 warrants may be outstanding at any given time. The warrants may be exercised on

the basis described above, and as warrants are exercised, the underlying preference shares must be redeemed by the Corporation on the basis of one preference share for each warrant exercised. Upon the expiry of a five-year period, the right to exercise the warrants will terminate and any remaining underlying preference shares must be redeemed by the Corporation. As with the preference shares, warrants may not be transferred except with the prior written consent of the Ontario Securities Commission.

INTEREST OF MANAGEMENT

William D. MacLean, the President and a director of the Corporation, is also the promoter and has material interests in the transactions described herein under the headings "The Ewart Township Claims" and "Promoter".

MATERIAL CONTRACTS

The material contracts entered into within the past two years are as follows:

1. Letter agreement dated February 28, 1977 between William D. MacLean and the Corporation regarding his Promoter-Entrepreneur relationship.
2. Agreement dated February 28, 1977 for the purchase of The Ewart Township Claims from William D. MacLean.

3. Agreement dated February 28, 1977 between the Corporation and Gordon-Daly Grenadier Limited for the underwriting of shares.

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

PRINCIPAL HOLDERS OF SECURITIES

<u>Name and Address</u>	<u>Designation of Class</u>	<u>Type of Ownership</u>	<u>No. of Shares Owned</u>	<u>Percentage of Class</u>
Irwin A. Wallace, President, in trust for the benefit of Pel- ican Mines Limited 2500 Barhurst St. Toronto	Common	Record Only	675,000	67.5%

Notes:

1. The Corporation itself is the beneficial owner of the above shares.
2. The percentage above is computed on the basis of 1,000,010 shares outstanding.
3. There is no beneficial owner of more than 100,000 shares.
4. After the proposed property acquisition ("The Ewart Township Claims") and proposed underwriting ("Offering") are completed, 200,000 of the above shares will remain.

5. The directors and senior officers as a group hold, directly or indirectly, less than one percent of the issued capital. (The 100,000 shares to which William D. MacLean is entitled, have not been transferred to him as of the date of this prospectus. If such shares were deemed to be already held by him, such holdings would represent 10% of the issued capital.)

TRANSFER AGENT AND REGISTRAR

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

AUDITORS

Laventhol & Horwath, Chartered Accountants, 700 Richmond-Adelaide Centre, 120 Adelaide Street, West, Toronto, Ontario, are the auditors of the Corporation.

PURCHASER'S STATUTORY RIGHT OF WITHDRAWAL AND RESCISSION

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

- (a) a purchaser will not be bound by a contract for the purchase of such security if written or telegraphic notice of his intention not to be bound is received

by the vendor or his agent not later than midnight on the second business day after the prospectus or amended prospectus offering such security is received or deemed to be received by him or his agent, and

(b) a purchaser has the right to rescind a contract for the purchase of such security while still the owner thereof, if the prospectus or any amended prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be 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 Sections 64 and 65 of The Securities Act (Ontario) for the complete text of the provisions under which the above-mentioned rights are conferred.

AUDITORS' REPORT

To the Directors of
Pelican Mines Limited

We have examined the balance sheet of Pelican Mines Limited as at July 31, 1976 and the statements of deferred exploration and administrative expenditures, deficit and changes in financial position from incorporation (August 19, 1974) to July 31, 1976. 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 July 31, 1976 and its activities and changes in its financial position from incorporation (August 19, 1974) to July 31, 1976, in accordance with generally accepted accounting principles consistently applied.

Toronto, Ontario,
November 30, 1976.

"Laventhol & Horwath"
Chartered Accountants.

PELICAN MINES LIMITED

STATEMENT OF DEFERRED EXPLORATION AND ADMINISTRATIVE EXPENDITURES

	Seven Months Ended		Year	From
	February 28,	February 29,	Ended	incorporation
	1977	1976	July 31,	(August 19,
	(unaudited)		1976	1974) to
				July 31, 1975
Exploration expenditures:				
Engineers' fees and expenses	\$ -	\$ -	\$ -	\$ 2,826
Geophysical surveys	-	-	-	8,915
Diamond drilling	-	-	-	25,022
Geological survey and sampling	49	-	3,959	213
Government fees and licenses	-	-	5	105
	<u>49</u>	<u>-</u>	<u>3,964</u>	<u>37,081</u>
Administrative expenditures:				
Head office accommodation, accounting and corporate services	950	1,850	2,850	2,800
Professional fees	525	400	850	500
Transfer agent's fees and expenses	378	247	498	950
Directors' fees	650	400	400	450
Shareholders' information and annual meeting expenses	384	413	506	96
Miscellaneous expenses	111	218	219	81
	<u>2,998</u>	<u>3,528</u>	<u>5,323</u>	<u>4,877</u>
Less interest income	<u>177</u>	<u>460</u>	<u>733</u>	<u>353</u>
	<u>2,821</u>	<u>3,068</u>	<u>4,590</u>	<u>4,524</u>
Total deferred expenditures	2,870	3,068	8,554	41,605
Balance deferred, beginning of period	-	41,605	41,605	-
	<u>2,870</u>	<u>44,673</u>	<u>50,159</u>	<u>41,605</u>
Amount written off to deficit	2,870	-	50,159	-
	<u>2,870</u>	<u>-</u>	<u>50,159</u>	<u>-</u>
Balance deferred, end of period	\$ -	\$44,673	\$ -	\$41,605
	<u><u>-</u></u>	<u><u>44,673</u></u>	<u><u>-</u></u>	<u><u>41,605</u></u>

PELICAN MINES LIMITED

STATEMENT OF CHANGES IN FINANCIAL POSITION

	Seven Months Ended		Year	From
	February 28, 1977	February 29, 1976	Ended July 31, 1976	incorporation (August 19, 1974) to July 31, 1975
	(unaudited)			
Financial resources were provided by:				
Capital stock issued for cash	\$ -	\$ -	\$ -	\$60,010
Capital stock issued for mining claims	-	-	-	9,000
Donated shares of capital stock used to acquire mining claims	2,500	-	-	-
	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>69,010</u>
Financial resources were used for:				
Acquisition of mining claims	2,500	-	-	9,000
Exploration and administrative expenditures	2,870	3,068	8,554	41,605
Organization expenses	-	-	-	5,999
	<u>5,370</u>	<u>3,068</u>	<u>8,554</u>	<u>56,604</u>
Increase (decrease) in working capital	(2,870)	(3,068)	(8,554)	12,406
Working capital, beginning of period	<u>3,852</u>	<u>12,406</u>	<u>12,406</u>	-
Working capital, end of period	\$ <u>982</u>	\$ <u>9,338</u>	\$ <u>3,852</u>	\$12,406

STATEMENT OF DEFICIT

	Seven Months Ended		Year	From
	February 28, 1977	February 29, 1976	Ended July 31, 1976	incorporation (August 19, 1974) to July 31, 1975
	(unaudited)			
Mining claims written off	\$ -	\$ -	\$ 9,000	\$ -
Exploration and administrative expenditures written off	2,870	-	50,159	-
Organization expenses written off	-	-	5,999	-
	<u>2,870</u>	<u>-</u>	<u>65,158</u>	<u>-</u>
Deficit, beginning of period	<u>65,158</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deficit, end of period	\$ <u>68,028</u>	\$ <u>-</u>	\$ <u>65,158</u>	\$ <u>-</u>

PELICAN MINES LIMITED

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 28, 1977

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, the cost of acquisition of the claims, exploration expenditures incurred thereon 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 incurred during such a period are written off to deficit.

2. Mining claims:

8 unpatented mining claims in Ewart Township, Kenora Mining Division, Ontario, acquired for 100,000 donated shares of the company's capital stock (Note 3(a))

\$2,500

3. Capital stock:

(a) Donated shares:

In January 1977, a shareholder donated 675,000 shares of capital stock to a trustee for the benefit of the company. Subsequently, 100,000 of these shares were used to acquire the Ewart Township claims referred to in Note 2. A valuation of \$2,500 was placed by the Board of Directors on the 100,000 shares transferred in consideration for the claims and a corresponding amount was credited to contributed surplus.

Of the remaining 575,000 donated shares, 375,000 shares are to be sold to an underwriter pursuant to the agreement referred to in (b) below.

(b) Underwriting agreement:

By agreement dated February 28, 1977, an underwriter agreed to purchase 375,000 shares of the company's capital stock at .20¢ per share for a total purchase price of \$75,000 payable as follows:

\$30,000 within 30 days of the "effective" date
\$25,000 within 60 days of the "effective" date
\$20,000 within 90 days of the "effective" date

Pelican Mines Limited

Notes to Financial Statements
- Cont'd.

The "effective" date, is the date the company receives a final receipt for its prospectus from the Ontario Securities Commission.

(c) Agreement to create and issue "promoter's" preference shares:

The company has agreed to create, subject to shareholders' approval, 500,000 "promoter's" non-participating redeemable voting preference shares and to issue these shares to the vendor of the Ewart Township mining claims at 1/10th of 1¢ per share. The preference shares are to be issued with warrants attached, entitling the holder to purchase common shares on a warrant for share basis at a price 1.5 times the price at which the company's common shares are underwritten (see Note 3(b)).

There are no other material facts.

DATED this 1st day of June, 1977.

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

"W.D. MacLEAN"
Chief Executive Officer

"I.A. MacNAUGHTAN"
Chief Financial Officer

"GERALD ISCOVE"
Director

"IRWIN A.WALLACE"
Director

PROMOTER:

"W.D. MacLEAN"

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

UNDERWRITER:

GORDON-DALY GRENADIER LIMITED

Per: "STANLEY MOURIN"



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PELICAN MINES LIMITED
EWART TOWNSHIP CLAIMS GROUP
KENORA MINING DIVISION
ONTARIO

February 28, 1977

J. D. McCANNELL

PELICAN MINES LIMITED
EWART TOWNSHIP CLAIMS GROUP
KENORA MINING DIVISION
ONTARIO

SUMMARY

This report describes a group of eight contiguous mining claims, located in the central part of Ewart Township, Kenora Mining Division, Ontario. Ewart Township is 24 miles west of the town of Kenora and the west boundary of the Township forms part of the provincial boundary between Ontario and Manitoba. The claims group discussed in this report is readily accessible as Highway 17 passes through Ewart Township at a point 1 1/2 miles north of the property and the Shoal Lake road which joins with Highway 17, extends in a north-south direction through the most westerly two claims of the group.

The two westerly claims of this group of eight mining claims, formerly formed part of the 44-claim group held by Electrum Lake Gold Mines Limited. The property is located in an area which has attracted mining exploration interest for several years largely because of the numerous known gold occurrences as well as showings of copper and molybdenum. A total of nine zones with indications of sulphide mineralization and some gold values were located by surface work on the Electrum Lake Gold Mines Limited property and one of these, referred to as the arsenic zone because of the presence of arsenopyrite, is located in the west part of the claims group discussed herein.

During the latter part of 1960, Electrum Lake Gold Mines Limited carried out a program of diamond drilling to test the arsenic zone. Twelve short diamond drill holes were put down along a strike length of 650 feet for a total footage of 1,739

feet. The holes were all inclined at angles varying from 30 to 50 degrees and were drilled to depths of from 80 to 247 feet. Six of the holes showed traces to very low values in gold but the other six returned some reasonably encouraging values in gold such as 0.26 ounces per ton for a core length of 5.2 feet, 0.18 ounces for 5.0 feet, 0.21 ounces for 4.0 feet, 0.08 ounces for 5.0 feet and 0.035 ounces for 9.0 feet. A hole located in the central part of the drilled area, returned two intersections each extending for core lengths of 10.0 feet and averaging 1.09 and 0.44 ounces of gold per ton respectively.

The six most easterly claims of the current block of eight claims were held by the Hoey Grubstake Syndicate in 1960 which was reported to have been financed by McIntyre Porcupine Mines Limited, Conwest Exploration Company Limited and Northern Canada Mines Limited. The east boundary of the Electrum Lake Gold Mines Limited property, prevented that Company from tracing the arsenic zone to the east, but the Hoey Grubstake Syndicate is reported to have drilled three holes totalling 1,076 feet, along the assumed easterly strike of this zone. No gold values of any significance was encountered in the three holes. The Electrum Lake Gold Mines Limited experienced financial difficulties in 1961 and ceased all exploration work on their property.

The limited diamond drilling carried out on the arsenic zone did indicate some very encouraging gold values in some of the holes but more drilling is required to fully test the possible economic merits of this zone. The gold values are associated with silicification carrying variable amounts of pyrite, pyrrhotite and arsenopyrite and it is the writer's opinion that

there are sufficient amounts of these sulphides present to give a readily detectable response to a V.L.F. electromagnetic instrument. Reports of the Electrum Lake Gold Mines Limited work mention magnetometer work in the area but there is no indication to the writer that electromagnetic work was carried out over this zone.

It is the opinion of the writer that this property warrants a more detailed investigation and it is recommended that Pelican Mines Limited undertake a program of work to include line cutting at 200 foot intervals, an electromagnetic survey using a V.L.F. instrument, detailed geological mapping and a minimum of 1,500 feet of diamond drilling. The estimated cost of this proposed work is as follows:

Line cutting 26 miles @ \$150.00 per mile	\$ 3,900.00
Electromagnetic survey 26 miles @ \$130.00 per mile	3,380.00
Geological mapping	4,000.00
Diamond drilling 1,500 feet @ \$16.00 per foot	<u>24,000.00</u>
Total	\$35,280.00

Further drilling beyond the minimum of 1,500 feet will be considered depending on the results obtained in the above recommended work program.

PROPERTY, LOCATION AND ACCESS

The property described in this report consists of a group of eight contiguous mining claims comprising approximately 40 acres each for a total of 320 acres. The claims are in Ewart Township, Kenora Mining Division, Northwestern Ontario and are further described as follows: K-417482, K-417483, K-474546, K-474547, K-474548, K-474549, K-474550 and K-474551.

The property is readily accessible as it is located only

1 1/2 miles south of highway 17 at a point 24 miles west of the town of Kenora. A secondary road leading south from highway 17, passes through the extreme west part of the claims group.

TOPOGRAPHY

The topography of the area is typical of the region and consists of low outcrop hills separated by areas of flat marsh land. The variations in relief are mostly under 100 feet. There are considerable areas of outcrop on the claims group discussed in this report but with the southwest part of the property being composed mostly of low ground. Crowduck creek which flows in a southeasterly direction through that part of the claims group, follows a low topographic depression and has been repeatedly dammed by beavers so that much of the southwest corner of the property is covered by beaver marsh.

GENERAL GEOLOGY

The general geology of Ewart Township is shown on Map 2069, published in 1965 by the Province of Ontario Department of Mines on the scale of one inch to one half mile. This map accompanies Geological Report No. 41 by J.C Davies and referred to as Geology of High Lake-Rush Bay Area.

The scale of Map 2069 is too small to show the geology of the claims group discussed in this report in any detail however, it does give a very clear indication of the type of formations underlying the property as well as those underlying the general area. The rocks, with the exception of a few Keweenaw diabase dikes, are all of early Precambrian age and consist largely of rocks of volcanic origin with some interbedded sediments. These volcanic and sedimentary formations have been intruded by three

distinct types and series of intrusive rocks. These intrusive formations include basic rocks such as diorites and gabbros, earlier acid intrusives including several varieties of porphyries and later acid intrusives including granodiorite, tonalite and monzonite.

Basic volcanic rocks including both flows and pyroclastics, are by far the most predominant formations underlying Ewart Township. The more acid type volcanics are largely confined to the extreme east and northeast portions of the township although there are small bands of dacite and rhyolites scattered throughout the large masses of basic volcanics. The sedimentary formations which consist largely of late Keewatin arkose, greywacke and conglomerate as well as later argillite, arkose, greywacke and conglomerate, form a wide band extending in a general southeast direction through the east half of Ewart Township. There is a very definite east-west foliation both in the volcanic and sedimentary rocks but the sedimentary formations in themselves, appear to form a large "S" shaped fold with extensive localized folding throughout the entire sedimentary horizon.

The basic intrusive rocks occur as small dikes and bosses throughout the volcanic formations. The earlier acid intrusives are confined mostly to the area immediately east of High Lake and porphyritic granodiorite phases of this intrusive complex, provides the host rocks for most of the gold and sulphide occurrences in this general area. The later granodiorites, tonalites and monzonites form a narrow band along the south side of High Lake which is the only occurrence of any consequence of this series in Ewart Township. No sulphide or other metallic mineralization is shown on Map 2069 to be associated with these rocks.

Map NO. 2069 shows the claims group discussed in this report to be underlain by basic volcanics and the younger argillite, arkose, conglomerate and greywacke sediments which have been intruded by the porphyritic granodiorite. The basic volcanics and porphyritic granodiorite are confined largely to the most westerly two claims with the six lying to the east being mostly underlain by the sedimentary rocks. The porphyritic granodiorite is known to intrude these younger sediments and Map No. 2069 shows a tongue of the intrusive rocks extending into the sediments. Much more detailed geological mapping would have to be carried out to definitely determine the extent to which the sedimentary rocks are intruded by the porphyritic granodiorite. Gold values associated with sulphide mineralization including arsenopyrite are known to be associated with the porphyritic granodiorite on this claims group.

PREVIOUS WORK

The most easterly six claims of this group of eight claims formed a part of a block of ground held by the Hoey Grubstake Syndicate during the period 1959-1961. This syndicate was financed by McIntyre Porcupine Mines Limited, Conwest Explorations Limited and Northern Canada Mines Limited. The most westerly two claims of the group at that time, formed a part of a 44-claim group held by Electrum Lake Gold Mines Limited.

The Electrum Lake Gold Mines Limited located a gold showing on their two claims which they referred to as the arsenic showing because of the presence of arsenopyrite. In 1960, they drilled twelve holes totalling 1,737 feet to test this zone. These holes

were confined to a strike length of 650 feet and were drilled at dips varying from 30 to 50 degrees. The holes were quite shallow with the deepest being 247 feet at an inclined angle of 40 degrees.

Six of the holes showed only traces and very low values in gold but the other six returned some quite encouraging assays. One of the holes located in the central part of the drilled area, cut two ten foot core lengths averaging 1.09 ounces and 0.44 ounces of gold per ton respectively. Five of the holes located at other locations along the 650 foot strike length encountered some encouraging but much lower values which included 0.26 ounces of gold per ton for a core length of 5.2 feet, 0.18 ounces for 5.0 feet, 0.21 ounces for 4.0 feet, 0.08 ounces for 5.0 feet and 0.035 ounces for a core length of 9.0 feet. Geological Report No. 41, which accompanies Map No. 2069, quotes an average of 0.36 ounces of gold per ton across a width of 5.8 feet and for a length of 320 feet with the deepest intersection being less than 130 feet vertical.

Electrum Lake Gold Mines Limited was limited by the east boundary of their property from tracing the zone to the east although there were reportedly surface indications of the zone extending to the east. The Hoey Grubstake Syndicate however, is reported to have drilled three holes totalling 1,076 feet on their ground which was located east of the Electrum Lake Gold Mines Limited ground. Assay results from these three holes are not available to the writer but as they dropped the claims in 1962, the results have to be regarded as disappointing. There does not appear to have been any further work carried out on any of the eight claims included in the present group since 1961.

CONCLUSIONS AND RECOMMENDATIONS

Electrum Lake Gold Mines Limited had planned to carry out further diamond drilling on the arsenic zone in 1961 but they encountered financial difficulties and all exploration work was stopped on their 44-claim group. W.P. Mackle, a mining engineer with whom the writer has been frequently associated for a number of years, was directly involved with the work carried out by Electrum Lake Gold Mines Limited in 1960-61. Mr. Mackle has advised the writer that the Company had planned to drill deeper holes on the arsenic zone and there was some doubt as to whether the zone was being drilled from the proper direction.

It is the opinion of the writer, based on discussions with Mr. Mackle and the results of the previous work, that this property warrants further investigation. Additional diamond drilling should be undertaken, especially to probe below the drilled horizon, but before further drilling is commenced, lines should be cut at 200 foot intervals and the claims covered by an electromagnetic survey using a V.L.F. unit. The gold values were found to be associated with sulphide mineralization especially arsenopyrite and it is very possible that this mineralization could be detected with a V.L.F. instrument. Also, immediately the ground is free of snow, the property should be geologically mapped in detail. A minimum of 1,500 feet of diamond drilling is suggested in the initial phase of a drilling program. The estimated cost of the above recommended work including 1,500 feet of diamond drilling is as follows:

Line cutting 26 miles @ \$150.00 per mile	\$ 3,900.00
Electromagnetic survey 26 miles @ \$130.00 per mile	3,380.00
Geological mapping	4,000.00
Diamond drilling 1,500 feet @ \$16.00 per foot	<u>24,000.00</u>
Total	\$35,280.00

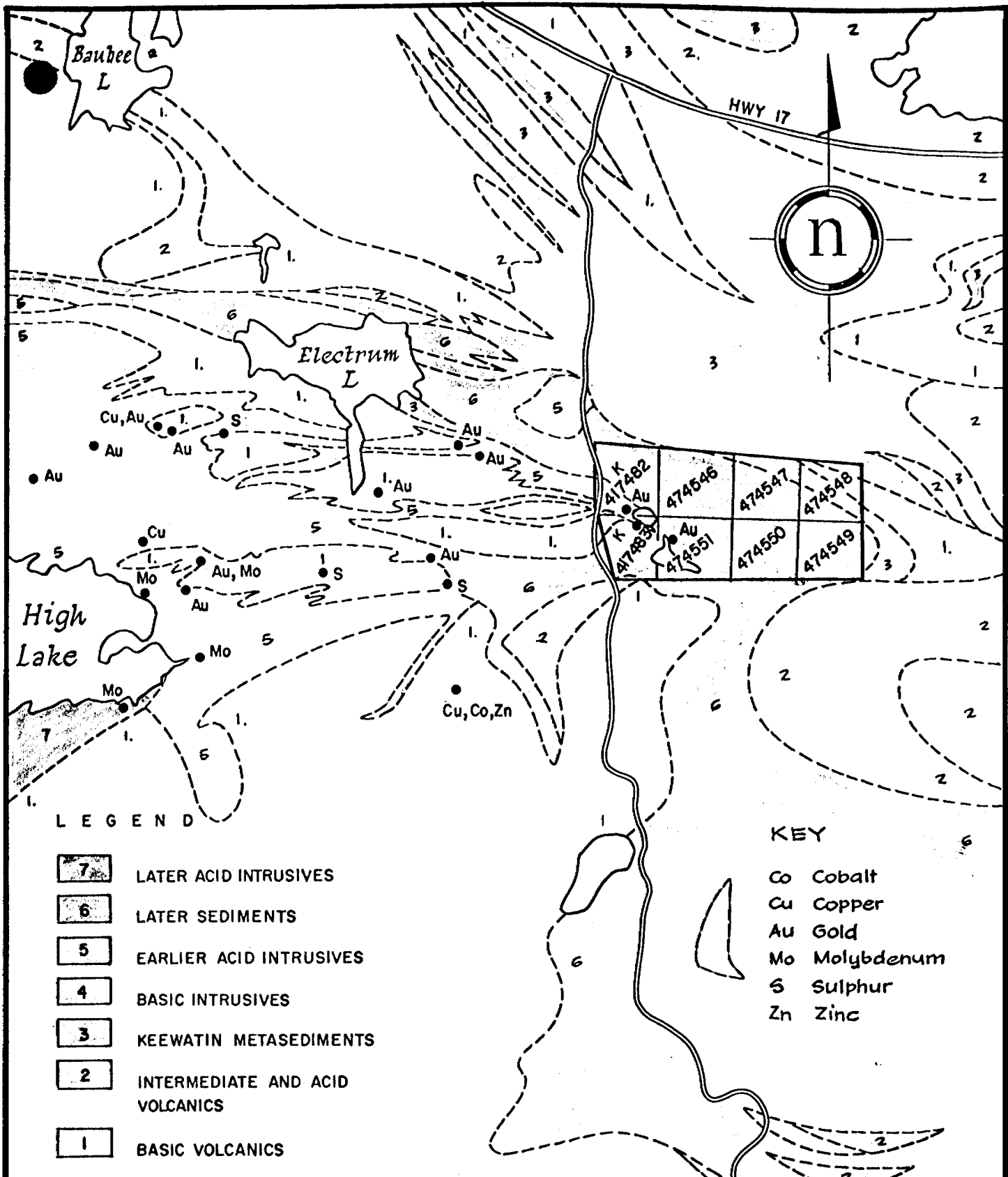
Consideration to carry out diamond drilling beyond the minimum of 1,500 feet will will depend on the results obtained in the above mentioned exploration program.

Respectfully submitted,

J. D. McCannell
James D. McCannell, P.Eng.,
Consulting Geologist

Toronto, Ontario
February 28, 1977.





LEGEND

- 7 LATER ACID INTRUSIVES
- 6 LATER SEDIMENTS
- 5 EARLIER ACID INTRUSIVES
- 4 BASIC INTRUSIVES
- 3 KEEWATIN METASEDIMENTS
- 2 INTERMEDIATE AND ACID VOLCANICS
- 1 BASIC VOLCANICS

KEY

- Co Cobalt
- Cu Copper
- Au Gold
- Mo Molybdenum
- S Sulphur
- Zn Zinc

Geology & Location Map



PELICAN MINES LIMITED

EWART TOWNSHIP, KENORA MINING DIVISION
ONTARIO


Scale: 1 inch to 1/2 mile.

Geology from Map No. 2069 O.D.M.

C E R T I F I C A T E

I, James D. McCannell of the City of Toronto, Ontario do hereby declare:

1. That I am a Consulting Geologist and reside at 565 Avenue Road, Toronto, Ontario.
2. That I am a graduate geologist, having graduated from the University of Western Ontario in 1943 and that I am a member of the Association of Professional Engineers of the Province of Ontario.
3. That I have no interest either directly or indirectly nor do I expect to receive any interest either directly or indirectly in the properties discussed in this report.
4. That I have no interest either directly or indirectly nor do I expect to receive any interest either directly or indirectly in the securities of Pelican Mines Limited or any affiliate thereof.
5. That the information contained in the foregoing report is based on published reports and maps as well as on data from the files of W.P. Mackle relating to work carried out by Electrum Gold Mines Limited.
6. That although I have carried out property examinations in the area of Ewart Township, I have not examined the claims covered by the foregoing report.


James D. McCannell, P. Eng.,
Consulting Geologist

