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52F07NE0084 63.3207 BOYER LAKE

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R E P O R T

O N

PRELIMINARY FIELD EXAMINATION
PELHAM GOLD MINES LIMITED
KENORA MINING DIVISION
ONTARIO

FORM NO. L1-57-5 REPORT PAPER GRAND & TON

March 26, 1974

W. G. Wahl Limited



52F07NE0084 63.3207 BOYER LAKE

010C

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FORM NO. L.A. 511 - REPORT SHEET GRAND & TON

Suite 1101, 302 Bay Street,
Toronto, Ontario
M5H 2P3

March 26, 1974.

Directors,
Osisko Lake Gold Mines Ltd.,
Suite 506 - 199 Bay Street,
Toronto, Ontario.

Gentlemen:

Submitted herewith is the report on:

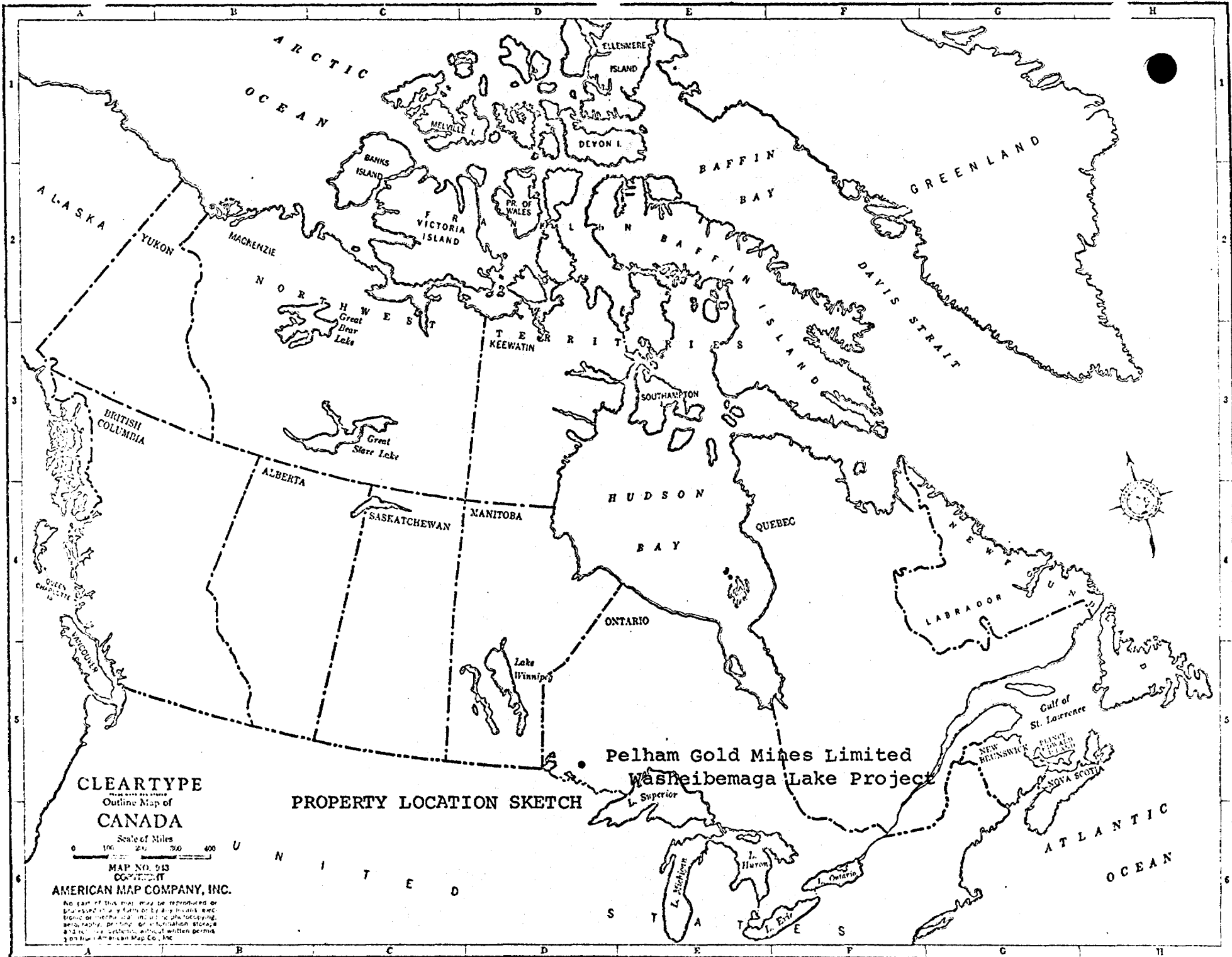
PRELIMINARY FIELD EXAMINATION
PELHAM GOLD MINES LIMITED
KENORA MINING DIVISION
ONTARIO

The results obtained from the preliminary field examination conducted during the latter part of June 1973 for Osisko Lake Gold Mines did substantiate the results of the previous parties. The gold values appear to be concentrated in highly siliceous areas, within the diorite and along the contacts between the sediments and the diorite, containing only minor amounts of sulfide mineralization.

It is therefore recommended that a detailed field examination be undertaken in the area encompassing the existing trenches. This detailed examination will consist of the following:

1. Refurbishing the existing trenches.
2. Detailed gradient magnetometer profile study.
3. Detailed geological mapping.
4. Geochemical soil sampling.
5. Establishment of additional trenches.
6. Trench sampling.
7. A minimum of 5,000 feet controlled diamond drilling.

and is estimated to cost \$75,000.00.



CLEARTYPE
 Outline Map of
CANADA

Scale of Miles
 0 100 200 300 400

MAP NO. 513
 CG-11111-11

AMERICAN MAP COMPANY, INC.

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 translated in any form or by any means, elec-
 tronic or mechanical, including photocopying,
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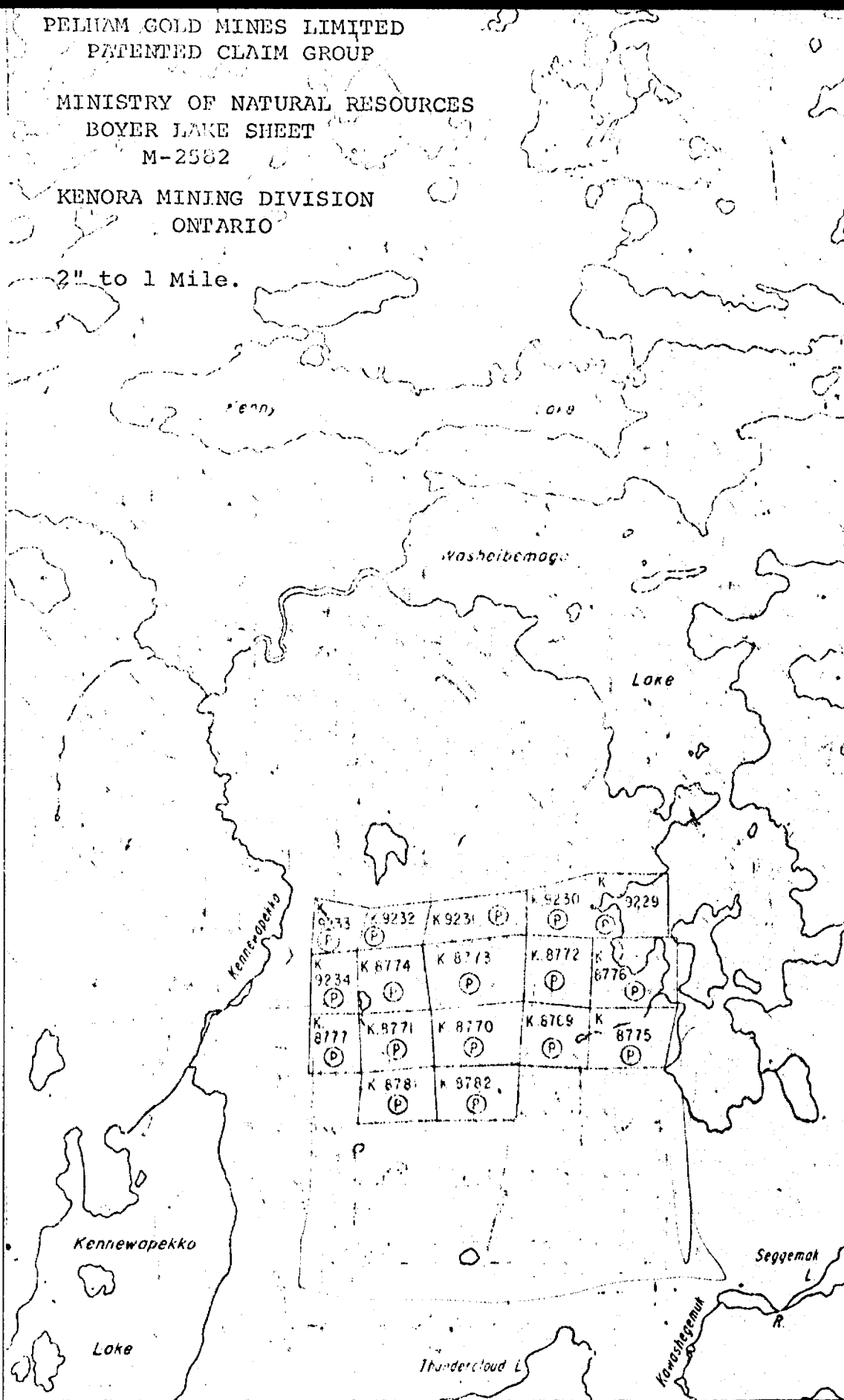
PELHAM GOLD MINES LIMITED
PATENTED CLAIM GROUP

MINISTRY OF NATURAL RESOURCES
BOYER LAKE SHEET
M-2582

KENORA MINING DIVISION
ONTARIO

2" to 1 Mile.

FORM NO. L2 (1954) REVISED PAPER GRADE A 70Y



26

25

24

23

49°22'30"

33'

32'

31'

92°30'

K-8777			K-8769	K-8775
370353	K-8781	K-8782	370346	370339
370354	370352	370347	370345	370340
370355	370351	370348	370344	370341
370356	370350	370349	370343	370342


Thundercloud Lake



OSISKO LAKE GOLD MINES LIMITED	
CLAIM LOCATION SKETCH BOYER LAKE SHEET M - 2582	
WCWAML Ltd.	4" to 1 Mile

In addition the following 18 mineral claims were staked for Osisko Lake Gold Mines Limited located immediately to the south of the patented claim block to include the area known as the Armstrong group:

370339	370345	370351
370340	370346	370352
370341	370347	370353
370342	370348	370354
370343	370349	370355
370344	370350	370356

The claim group is situated on the west shore of the south bay of Washeibemaga Lake, approximately 20 miles south of the village of Dinorwic on the trans-Canada highway, 25 miles east of Dryden.

Access to the property may be afforded by aircraft from Swanair Limited, Government dock Dryden a distance of 30 miles or by logging road (Snake Bay Road) to within 1/4 mile of the northeast end of Washeibemaga Lake. A well cut portage trail trends westerly from the road to the lake. The road was established in the early sixties and is maintained by the Dryden Pulp and Paper Company to facilitate their logging operations out of Dinorwic.

HISTORY

After the initial discovery in 1937 by S. S. Forneri an option was let to M. J. O'Brian Limited who undertook considerable trenching as well as 1856 feet of x-ray diamond drilling during the summer of 1938.

During August and September of 1941 an examination of the property was conducted by C. F. Rice of an unknown affiliation, for the purpose of reassessment of the O'Brian results. Mr. Rice recommended that additional diamond drilling be undertaken to further define the mineralized zones intersected during the O'Brian drilling. Available reports make no mention of a follow-up program based on the Rice report.

The property remained relatively inactive for a period of 18 years. During September 27th through September 30th, 1959 the property was examined by P. K. Cunningham-Dunlop for New Calumet Mines Limited. Mr. Cunningham-Dunlop recommended that an additional 5,000 feet of diamond drilling be undertaken to "prove or disprove its worth". According to Mr. F. W. Thompson an option agreement was signed between Pelham Gold Mines and New Calumet and was extendable on a yearly basis for a fee of \$1,000.00/year. The option was held for 10 years. The available reports indicate no action was taken on the 5,000 feet of diamond drilling recommended by Cunningham-Dunlop.

REGIONAL GEOLOGY

A two mile wide band of Temiskaming sediments strikes east-west through Washeibemaga Lake bounded to the north and south by Keewatin basic volcanics. The property astrides the southern contact between the Temiskaming sediments and the Keewatin volcanics. A small diorite intrusive plug, thought to

FORM NO. L4. (REV. 10-1-60) REPORT PAPER GRAND & TOY

be Pre-Algoman in age, is mapped in the central portion of the property intruding the volcanics, along the contact with the sediments. The claim group is bounded to the east by a quartz porphyry intrusive and on the west by a large biotite granite dome both of Algoman age.

The geology of the area is shown on geological map No. 42c "Manitou-Stormy Lakes Area" and is presented in geological report volume XLII, Part 4 by the Ontario Department of Mines. Airborne magnetometer data covering this area is published in geophysical paper 1153 entitled "Upper Manitou Lake" by the Geological Survey of Canada. This area is coded under the National Topographic Series 52-F-7.

LOCAL GEOLOGY

Intense fracturing and shearing has occurred within the region lying between the major biotite granite intrusive and the quartz porphyry intrusive. The major fracture patterns within this region have been mapped by W. S. Dyer in 1939 as being "S 25° to S 40° W and S 15° to S 30° E as well as somewhat less well defined fracturing, probably caused by tension, striking east-west". Most of the previous exploration has been confined to the complex fracturing within the diorite and the zones of blocky fracturing in the sediments on the contact with the diorite. The gold values occur within these zones and are confined to lenses or veinlets of quartz with associated pyrite and some

pyrrhotite. Gold values have also been reported* associated with pyrite in silicified shear zones within the diorite.

TRENCH SAMPLING

Over the period of years since Mr. Cunningham-Dunlop's examination of the property in 1959 the trenches have become badly overgrown almost to the point of non-recognition, except for the shallow depressions that remain. Several of the larger and deeper trenches were filled with water, making sampling impossible. Other trenches located in surface outcroppings were overgrown with moss and secondary poplar growth but were recognizable and could be sampled. The entire area encompassing the trenches appears to have been cleared at one time to facilitate the trenching operation as evident in the large amounts of scrub growth, alders and willows and secondary growth poplar and birch with only a few of the original Jack Pine left standing.

A total of 37 samples** were taken for assay and the results of which are tabulated below:

No. 7

Mineralized Zone

	Sample Number	Type	Width (ft.)	Assay (oz/ton)	(Width) (Assay)	Weighted Assay
TRENCH						
A	601	chip	2'	.005	.01	
	602	"	2'	.01	.02	
	603	"	2'	.015	.03	
	604	"	2'	.01	.02	
	605	"	2'	.01	.02	
			<u>10'</u>		<u>.10</u>	0.01

*W. S. Dyer 1939.

**Certificate of Analysis appended.

No. 7 - Mineralized Zone ... Continued ...

TRENCH	Sample Number	Type	Width (ft.)	Assay (oz/ton)	(Width) (Assay)	Weighted Assay
B	606	chip	2'	.095	.19	
	607	"	2'	.03	.06	
	608	"	2'	.055	.11	
	609	"	2'	.21	.42	
	610	"	2'	.01	.02	
				<u>10'</u>		<u>.80</u>
C	614*	chip	2'	1.26 (1.23)	2.52	
	615*	"	2'	.425 (.675)	.85	
	616	"	2'	.32	.64	
	617	"	2'	.835	1.67	
	618	"	2'	.18	.36	
	619	"	2'	.17	.34	
	620	"	2'	.015	.03	
				<u>14'</u>		<u>6.41</u>
D	621	chip	2'	Tr.	0	
	622	"	2'	.005	.01	
	623	"	2'	.04	.08	
	624	"	2'	.075	.15	
	625	"	2'	.005	.01	
	626	"	2'	.005	.01	
				<u>12'</u>		<u>.26</u>

No. 9-10-11

Mineralized Zone

TRENCH	Sample Number	Type	Width (ft.)	Assay (oz/ton)	(Width) (Assay)	Weighted Assay
E	627	chip	2'	.005	.01	
	628	"	2'	.47	.94	
	629	"	2'	.165	.33	
	630	"	2'	.01	.02	
				<u>8'</u>		<u>1.30</u>
	631	selected grab	-	0.33		

*These samples will not check (as indicated) unless they are screened. Free gold present.

No. 9-10-11 - Mineralized Zone ... Continued ...

	Sample Number	Type	Width (ft.)	Assay (oz/ton)	(Width) (Assay)	Weighted Assay
TRENCH						
F	611	chip	1'	.005	.005	
	612	"	2'	.025	.050	
	613	"	1'	.055	.055	
			4'		.110	0.0275

	Sample Number	Type	Width (ft.)	Assay (oz/ton)	(Width) (Assay)	Weighted Assay
TRENCH						
G	632	chip	2'	.025	.050	
	633	"	2'	.015	.030	
	634	"	2'	.435	.870	
	635	"	2'	.025	.050	
			8'		1.00	0.125

3a - 3b

Mineralized Zone

TRENCH					
H	636*	selected grab -		5.08 (4.72)	

TRENCH				
I	637	selected grab -		0.03

The no. 7 mineralized zone exhibits a slight crescent configuration with trenches A, B and D located along the limbs of the crescent and trench C located at the point of greatest flexure. Chip samples taken from these trenches returned the following weighted gold values:

Trench	Sample	Width	Weighted Value
A	chip	10'	0.01 oz/ton
B	chip	10'	0.08 oz/ton
C	chip	14'	0.46 oz/ton
D	chip	12'	0.02 oz/ton

*This sample will not check (as indicated) unless it is screened. Free gold present.

FORM NO. L-10-11 - REPORT PART 1 - (1964) 4 1/2 X 11 1/2

The greatest interest and activity along the no. 7 mineralized zone appears to have been confined to the area of trench C. Several previous parties have sampled this trench with the following comparative weight gold values.

S. S. Forneri	1947	8.0'	0.36 oz/ton
W. S. Dyer	1939	10.8'	0.533 oz/ton
M. J. O'Brian	1939	5.0'	0.746 oz/ton
D. G. Wahl, P.Eng.	1973	14.0'	0.460 oz/ton
		8.0'	0.710 oz/ton

The no. 9-10-11 mineralized zone represents an area pock-marked with numerous test pits and trenches some of which did not appear to encounter bedrock. Trenches E, F and G were established in surface outcroppings and could be sampled and the results of which are tabulated below.

Trench	Sample	Width	Weighted Value
E	chip	8'	0.16 oz/ton
F	chip	4'	0.0275 oz/ton
G	chip	8'	0.125 oz/ton

A selected grab sample taken of the mineralized material encountered in trench E ran 0.33 oz/ton. Trench E, the largest of the trenches, located within the 9-10-11 mineralized zone, has been extensively sampled by previous parties returning the following comparative results.

S. S. Forneri	1947	2.16'	0.35 oz/ton
W. S. Dyer	1939	3.5'	0.43 oz/ton
M. J. O'Brian	1939	2.4'	0.43 oz/ton
D. G. Wahl, P.Eng.	1973	2.0'	0.47 oz/ton

Sample no. 636, a selected grab sample, running 5.08 oz/ton, was taken from an angular piece of rock located at

the "neck" between the two large trenches mapped as trench H. This highly siliceous sample contained approximately 5% total sulfides, mainly pyrite, with no visible gold; however, the assay report indicates that free gold was present. Previous parties have mapped the area exposed by trench H as zone 3a. The trenches of zone 3a appear to have been developed to the greatest extent of all the trenches located on the property. The result obtained from the selected grab sample no. 636 is considerably higher than any values reported by the previous parties. Values of 0.374 oz/ton over 5.3' have been reported by W. S. Dyer in 1939.

Sample no. 637, a selected grab sample running 0.03 oz/ton, was taken from a partially exposed section of the wall in trench I. This highly siliceous sample contained approximately 15-20% total sulfides mainly pyrite with no visible gold.

Previous parties have mapped the area of trench I as zone 3b containing average weighted values of 0.064 oz/ton after M. J. O'Brian and 0.131 oz/ton after W. S. Dyer.

Zone 12 as mapped by W. S. Dyer was not located during the June visit to the property.

TEST GEOPHYSICAL PROFILES

The original plan was to conduct test geophysical profiles over zone 3 but due to lack of outcroppings to aid in evaluating the geophysical results, this area was deleted in

favour of the vein complex exposed in surface outcroppings in the 9-10-11 mineralized zone.

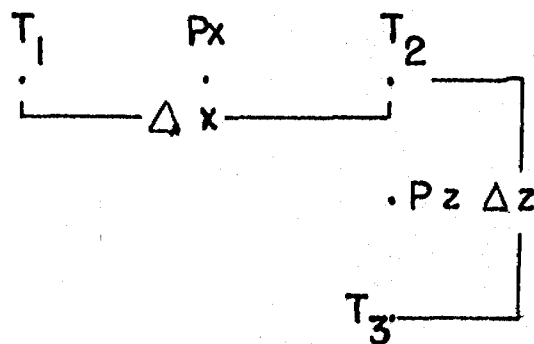
A grid system was established using the north-south claim line as the base line. Three profile lines, trending east-west, were established at 25 foot intervals to cover the area of the exposed vein complex. Magnetic and electromagnetic data were recorded at 25 foot intervals on all lines of the established grid.

GRADIENT MAGNETOMETER PROFILE STUDY

The total magnetic field intensities were recorded with a sensitivity of ± 1 gamma at two elevations, one at 8 feet above ground level and the second at 12 feet above ground level at each station employing a geometric total field proton magnetometer.

By observing the magnetic field intensities at two elevations and knowing the distance between the two observations the vertical and horizontal gradients of the total magnetic field were calculated.

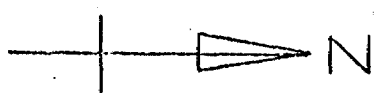
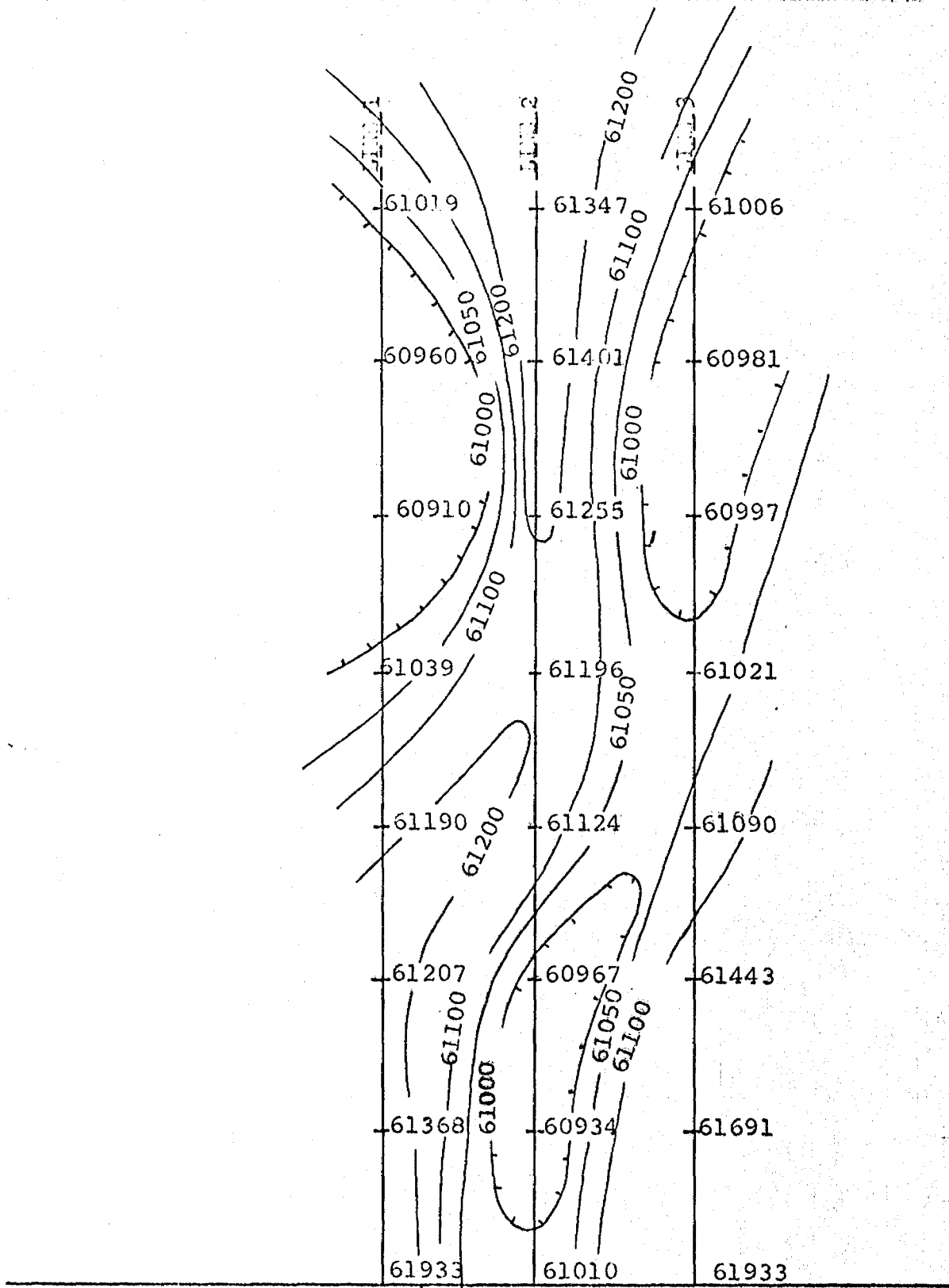
The gradient measurement geometry appears as follows:



where $\Delta x = 25'$

$\Delta z = 4'$

ground zero -

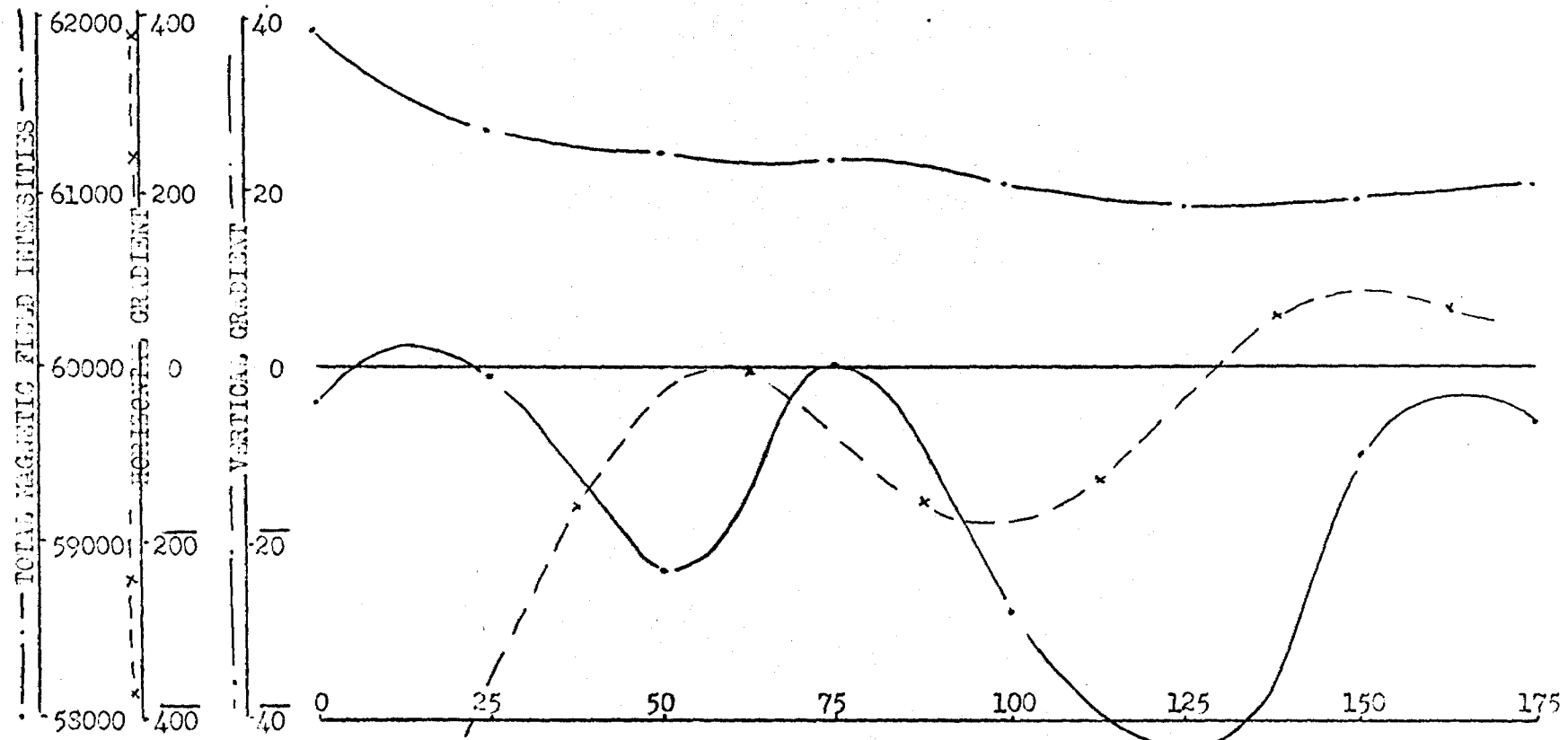


OSISKO LAKE GOLD MINES LIMITED

MAGNETOMETER SURVEY
 TOTAL FIELD VALUES IN GAMMAS
 1" to 25'

W.G. WAHL Ltd.

March 1974



(looking south)

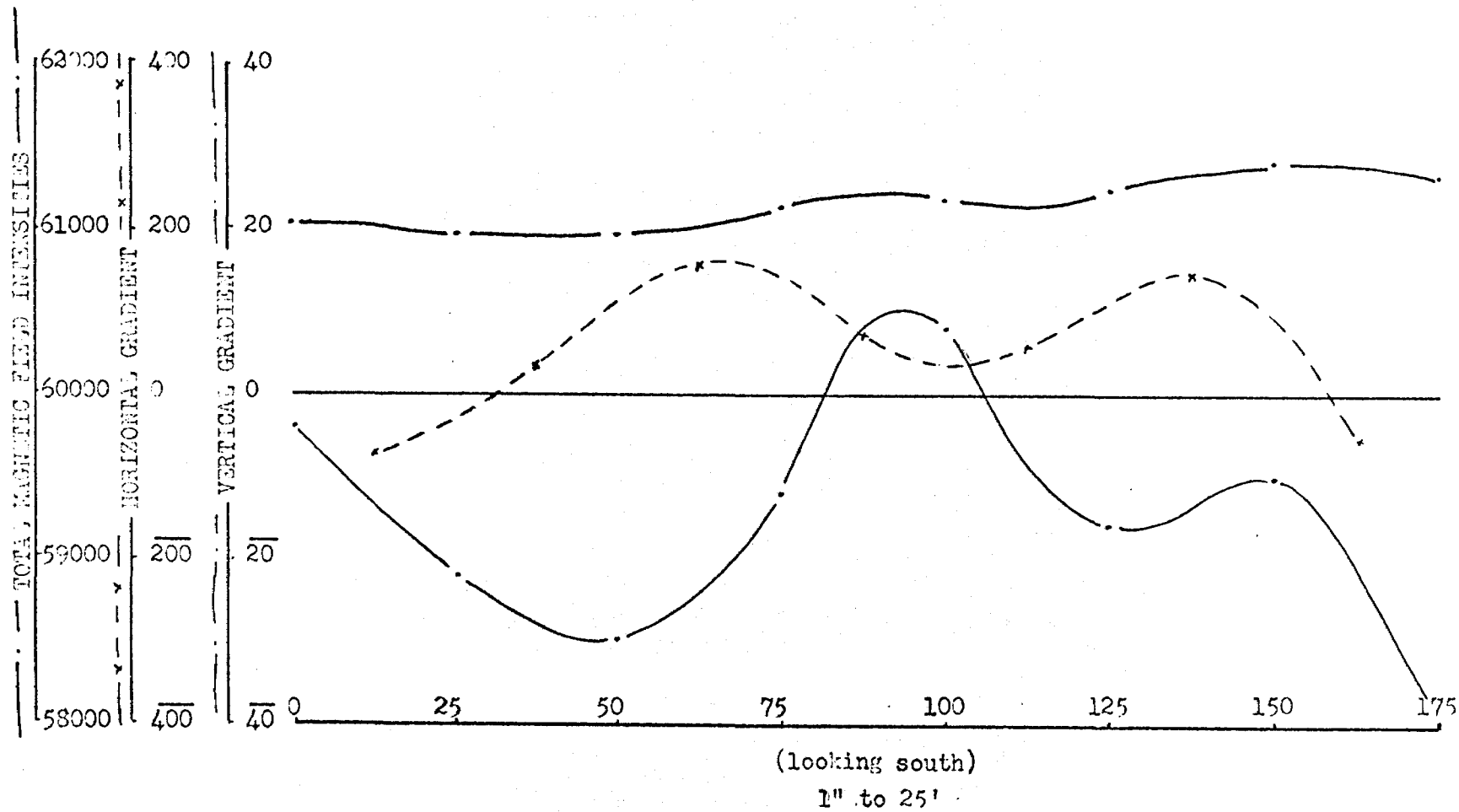
1" to 25'

OSISKO LAKE GOLD MINES LIMITED

Gradient Profile Study

1

March 1974

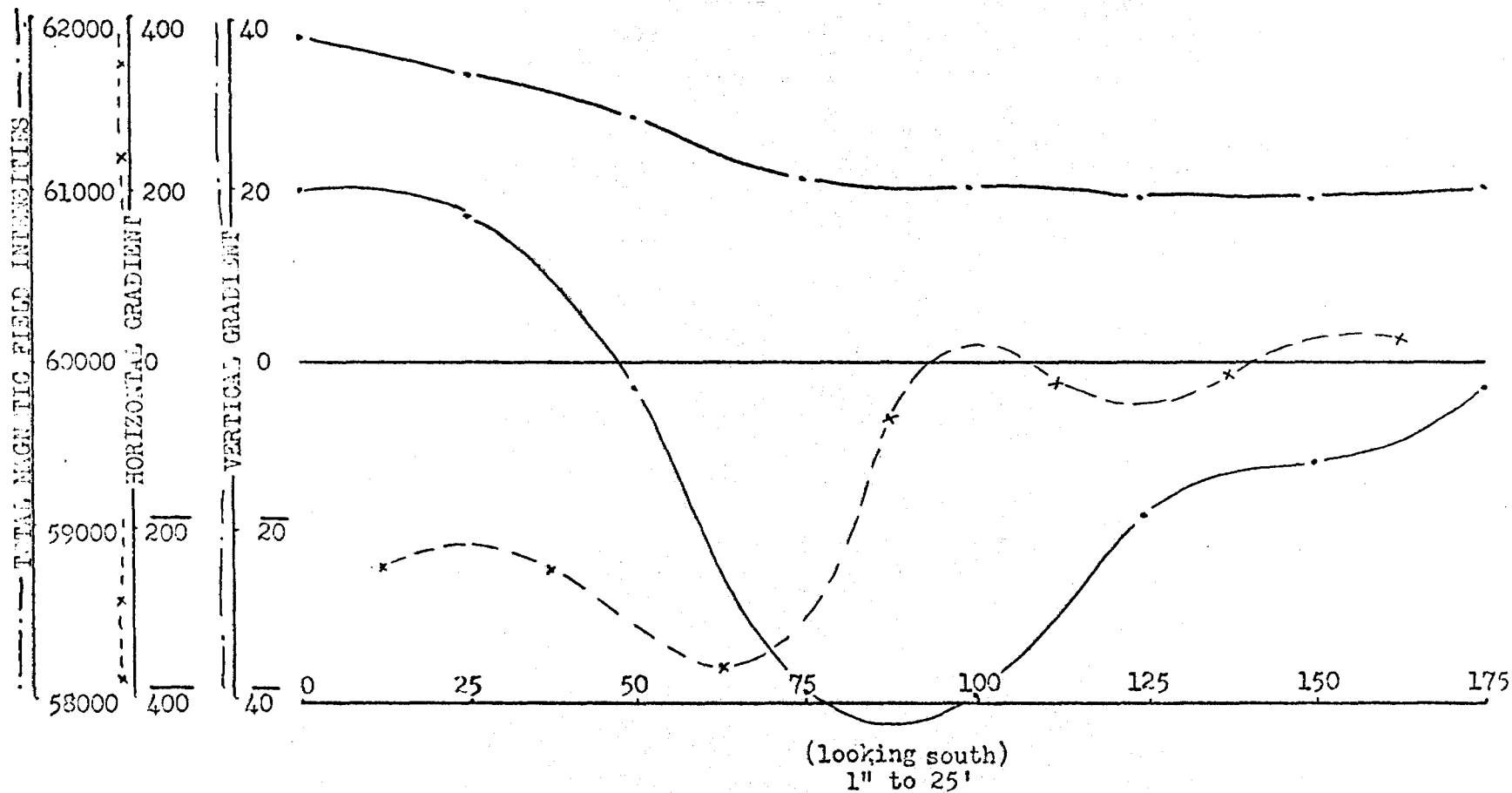


OSISKO LAKE GOLD MINES LIMITED

Gradient Profile Study

2

March 1974



OSISKO LAKE GOLD MINES LIMITED

Gradient Profile Study

3

March 1974

The observed total magnetic field data was adjusted for magnetic diurnal and reduce to a local datum. Reduction of the vertical and horizontal gradient components was achieved by the following expressions:

$$\frac{T_1 - T_2}{\Delta x} = \frac{dT}{dx} \Big|_{P_x}$$

which equates to the horizontal gradient measured at point P_x.

$$\frac{T_3 - T_2}{\Delta z} = \frac{dT}{dz} \Big|_{P_z}$$

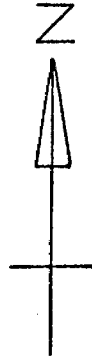
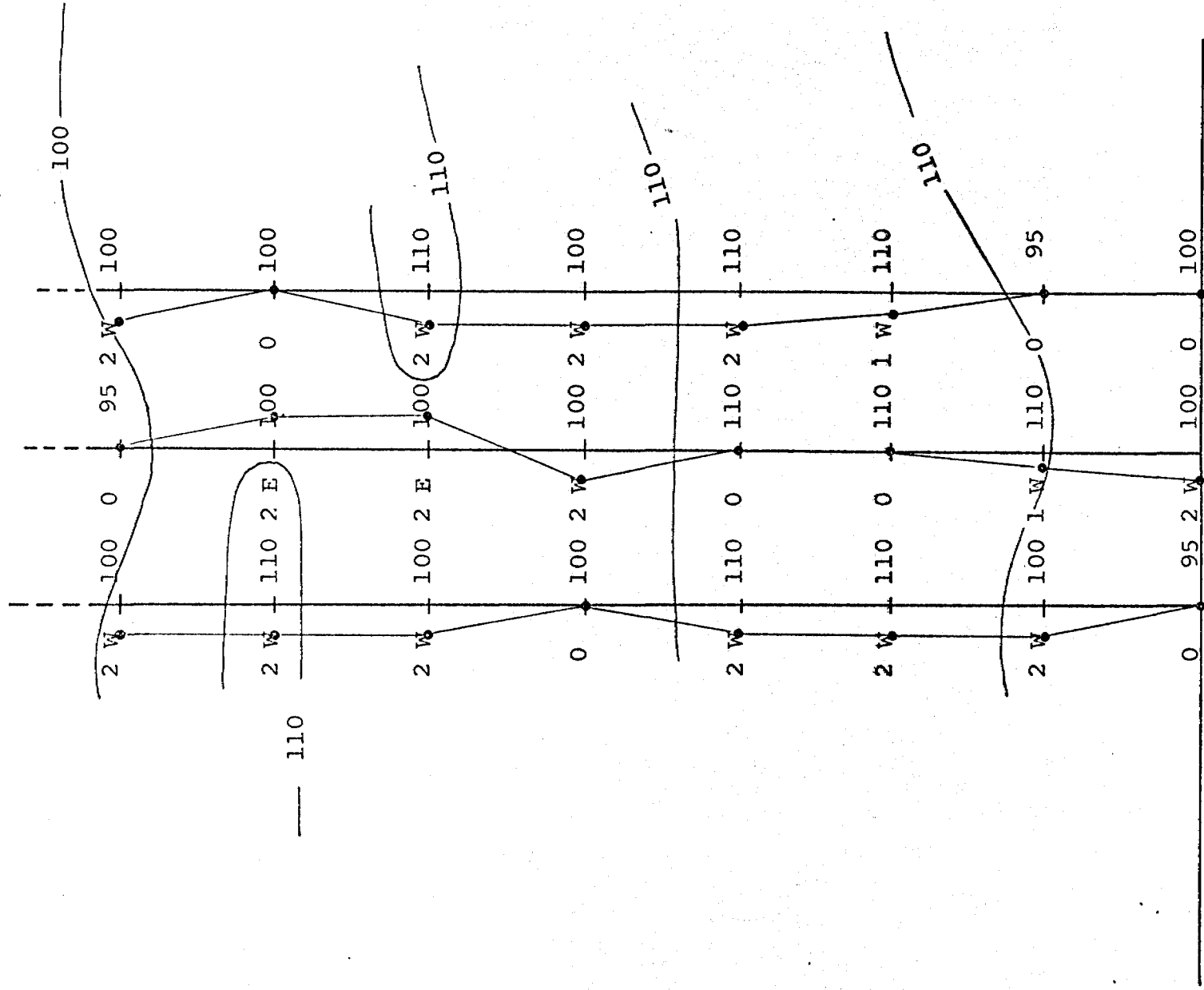
which equates to the vertical gradient measured at the point P_z.

The gradient magnetometer profile study conducted over a portion of the 9-10-11 mineralized zone was unable to differentiate between the sediment-diorite contact and the highly siliceous mineralized zones associated along the contact. However the most significant point to be made is that the profile study did further define the sediment-diorite contact and it is along this contact that several of the mineralized zones occur.

ELECTROMAGNETIC PROFILE STUDY

The electromagnetic data was recorded employing a Crone Radem VLF survey unit. This unit measured the inclination or dip and the total relative field strength with a sensitivity of 1° of dip and 1% relative field strength. The VLF station used is located in Balboa, Panama having a frequency of 24.0 KH_z.

Due to the extremely low tenor of sulfide mineralization



OSISKO LAKE GOLD MINES LIMITED

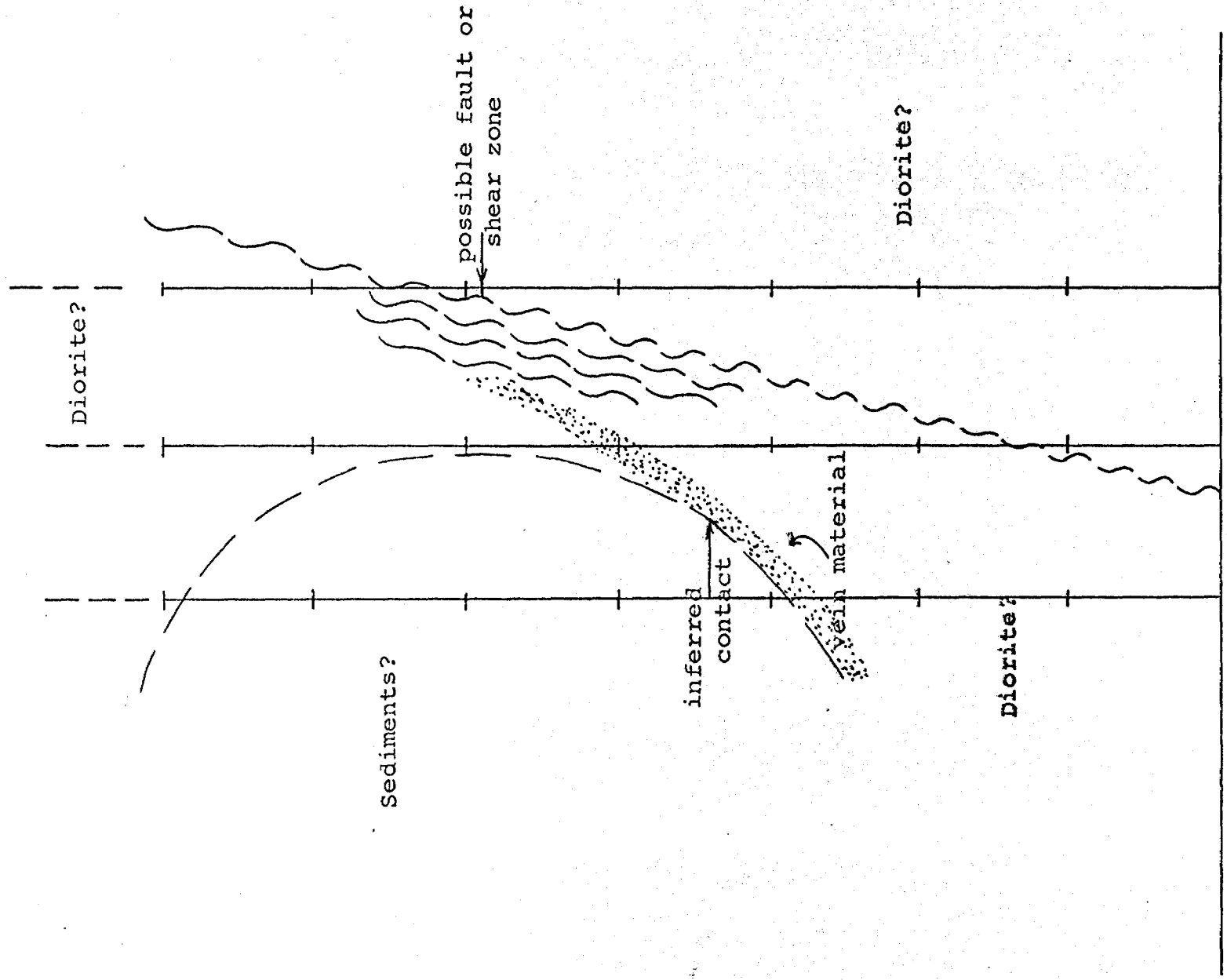
EM (VLF) SURVEY

1° OF DIP - 1% RELATIVE FIELD STRENGTH

1" to 25'

V. J. L. L. L.

March 1974



OSISKO LAKE GOLD MINES LIMITED

INFERRED GEOLOGY
1" to 25'

WORLDWIDE LTD.

March 1974

and the narrow width associated with the vein material in the test area the VLF EM test profiles were unable to identify the mineralized zone. Only slight fluxuations were noted in the field strength readings which may be a measure of the orientation error of the receiving unit.

CONCLUSIONS

The results obtained from the preliminary field investigation conducted during the latter part of June 1973 for Osisko Lake Gold Mines did substantiate the results of the previous parties. The gold values appear to be concentrated in highly siliceous areas containing only minor amounts of sulfide mineralization as indicated by the results of grab sample no. 636 running 5.08 oz/ton with an estimated 5% total sulfide content and grab sample no. 637 running 0.03 oz/ton with an estimated 15-20% total sulfide content.

The gradient magnetometer profile study conducted over a portion of the 9-10-11 mineralized zone was unable to differentiate between the sediment-diorite contact and the highly siliceous mineralized zones associated along the contact. However the most significant point to be made is that the profile study did further define the sediment-diorite contact and it is along this contact that several of the mineralized zones occur.

RECOMMENDATIONS

In the light of the aforementioned conclusions it is therefore recommended that Osisko Lake Gold Mines Limited undertake the following detailed field examination of the area surrounding the old workings.

1) Refurbishing the existing trenches.

This phase will consist of pumping out all the low lying trenches, and the necessary chainsaw, pick-and-shovel work required to refurbish all the existing trenches to a remappable and sampling condition at an estimated cost of \$4,500.00

2 prospectors @ \$50/day \$100.00

1 field engineer @ \$200/day 200.00

\$300.00/day

- estimated time duration of 15 days.

- the per diem rate figures are an all-cost-in figure

including:

- Salaries & supervision
- Unemployment Insurance
- Board & room
- Camp equipment

2) Detailed Gradient Magnetometer Profile Study.

As mentioned in the previous section of the report the limited gradient magnetometer profile study was able to further define the sediment-diorite contact along which several

FORM NO. L.C. 111-P. REPORT PAPER GRAND & TOY

mineralized zones are known to occur. This phase will consist of the establishment of a 100' x 100' grid over the entire area of the old workings followed by a gradient magnetometer profile study. Estimated cost for this phase is:

- 1) Linecutting 10 miles @ \$100/mile \$1000.00
- 2) Gradient Magnetometer Profile Study 10 days @ \$200/day 2000.00
\$3000.00 \$ 3,000.00
- 3) Data Evaluation & Report Presentation \$ 1,000.00

3) Detailed Geological Mapping.

This phase will consist of a detailed geological mapping program to be undertaken in the area of the old workings at an estimated cost of:

- 1 geologist @ \$200/day for 10 days \$2,000.00
- Report and data presentation 10 days 2,000.00

4) Geochemical Soil Sampling.

In conjunction with the detailed geological mapping program a geochemical soil sampling program should be undertaken at an estimated cost of:

- 1 geologist @ \$200/day for 5 days \$1,000.00
- Report and data presentation 5 days 1,000.00
- Geochemical assay costs 500.00

5) Establish additional trenches.

This phase will require the establishment of additional trenches based on the results of the detailed geological mapping and the gradient profile study at an estimated cost of:

3 men 10 days @ \$300/day	\$3,000.00	
powder & caps	100.00	
plugger and steels	<u>300.00</u>	
	\$3,400.00	\$3,400.00

6) Trench Sampling.

This phase will consist of sampling all the existing trenches both new and old at an estimated cost of:

2 prospectors @ \$100/day	\$1,000.00	
1 field engineer @ \$200/day	2,000.00	
Assay costs	500.00	
Report & data presentation	<u>1,000.00</u>	
	\$4,500.00	\$4,500.00

7) Diamond Drilling.

This phase will consist of a minimum of 5,000 feet of controlled diamond drilling at a cost of \$10/foot

		\$50,000.00
- wedging, acid tests, etc.		600.00

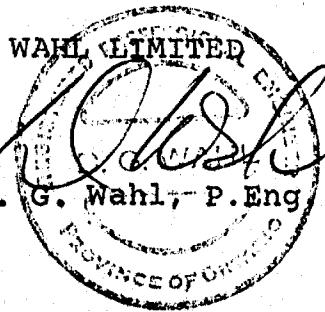
8)	<u>Contingencies.</u>	\$ 1,000.00
9)	<u>Head office supervision.</u>	<u>500.00</u>
		\$75,000.00

All of which is respectfully submitted.

Yours very truly,

W. G. WAHL LIMITED

D. G. Wahl, P. Eng



FORM NO. LE-111 P. REPORT FAULTS - GRAND & TAY

APPENDIX



BELL - WHITE ANALYTICAL LABORATORIES LTD.

P.O. BOX 187.

HAILEYBURY, ONTARIO

TEL: 672-3107

Certificate of Analysis

NO. 7468

DATE: July 4, 1973.

SAMPLE(S) OF: Rock(37)

RECEIVED: June 29/73.

SAMPLE(S) FROM: David G. Wahl, Esq., W. G. Wahl Ltd., Toronto, Ont.

<u>Sample No.</u>	<u>Oz. Gold</u>	<u>Sample No.</u>	<u>Oz. Gold</u>
601	0.005	620	0.015
2	0.01	1	Trace
3	0.015	2	0.005
4	0.01	3	0.04
5	0.01	4	0.075
6	0.095	5	0.005
7	0.03	6	0.005
8	0.055	7	0.005
9	0.21	8	0.47
610	0.01	9	0.165
1	0.005	630	0.01
2	0.025	1	0.33
3	0.055	2	0.025
4*	1.26 (1.23)	3	0.015
5*	0.425 (0.675)	4	0.435
6	0.32	5	0.025
7	0.835	6*	5.08 (4.72)
8	0.18	7	0.03
9	0.17		

* These samples will not check (as indicated) unless they are screened. Free gold present.

IN ACCORDANCE WITH LONG-ESTABLISHED NORTH AMERICAN CUSTOM, UNLESS IT IS SPECIFICALLY STATED OTHERWISE GOLD AND SILVER VALUES REPORTED ON THESE SHEETS HAVE NOT BEEN ADJUSTED TO COMPENSATE FOR LOSSES AND GAINS INHERENT IN THE FIRE ASSAY PROCESS.

BELL-WHITE ANALYTICAL LABORATORIES LTD.

PER 



52F07NE0084 63.3207 BOYER LAKE

900

NOTICE FOR FILE: 63.3207

This Summary (Statement of Material Facts) by
Osisko Lake Mines Limited was filed with the Ontario
Securities Commission, May 28, 1974, not for
Assessment Credits.

Neither the Ontario Securities Commission nor The Toronto Stock Exchange has in any way passed upon the merits of the securities offered hereunder, and any representation to the contrary is an offence.

STATEMENT OF MATERIAL FACTS

New Issue

Osisko Lake Mines, Limited



Offering of a sufficient number of treasury shares (but in any event not exceeding 500,000 shares) without par value in the capital of the Corporation to provide the Corporation with a minimum of \$100,000 before payment of agent's commissions.

The shares will be offered by YORKTON SECURITIES LIMITED, 8 King Street East, Toronto, Ontario, as agent for the Corporation, by means of a fixed price offering on the Floor of The Toronto Stock Exchange at such price as shall be determined by the Corporation with the approval of The Toronto Stock Exchange, which price shall not be less than 20¢ per share. The proceeds of the sale of these shares will accrue to the benefit of the treasury of the Corporation. For particulars of the offering, refer to Items 2 and 3.

The offering will take place on a day to be specified by the Corporation in consultation with The Toronto Stock Exchange, which day shall be announced by the said Exchange within a period of not less than five business days and not more than twenty-one business days after the date of mailing of this Statement by the Corporation. Between the hours of 9:00 a.m. and 9:30 a.m. on such day a book will be maintained on the Floor of The Toronto Stock Exchange to receive purchase orders. The offering is subject to sufficient purchase orders being received to realize for the Corporation a minimum of \$100,000 before payment of the agent's commission. If sufficient purchase orders are not received to realize for the Corporation the said sum of \$100,000 (before commission), the offering will be withdrawn by the Corporation. If, in the opinion of The Toronto Stock Exchange, a bona fide public distribution has not been accomplished, the offering may be cancelled by the Exchange.

YORKTON SECURITIES LIMITED

Suite 1400 — 8 King Street East
Toronto, Ontario
Telephone: 363-4271

THE SECURITIES OFFERED HEREBY ARE SPECULATIVE SECURITIES.

FORM 23

The Securities Act, 1970

Neither the Ontario Securities Commission nor The Toronto Stock Exchange has in any way passed upon the merits of the securities offered hereunder, and any representation to the contrary is an offence.

ONTARIO SECURITIES COMMISSION
THE TORONTO STOCK EXCHANGE

OSISKO LAKE MINES, LIMITED

Suite 506 — 199 Bay Street
Toronto, Ontario

STATEMENT OF MATERIAL FACTS
NEW ISSUE

1. Give brief details of the circumstances relating to the offering of the securities and any material changes in the affairs of the issuer.

* * * * *

- (a) The Corporation will carry out mineral exploration on a mineral prospect in the Boyer Lake area, District of Kenora, Kenora Mining Division, Ontario.

The property comprises, in all, 17 patented claims and 18 unpatented claims, forming one contiguous block of 35 claims. The 17 patented claims are owned by Pelham Gold Mines Limited and the 18 unpatented and adjoining claims have been staked for the Corporation in June, 1973, and are recorded in the Corporation's name. See hereunder and within for particulars of the relationship between the Corporation and Pelham Gold Mines Limited and for particulars of an agreement between the two companies whereby the Corporation can earn a direct 80% interest in the 17 patented claims.

The offering which is being made by the Corporation under this Statement of Material Facts is intended to provide the necessary funds to carry out the exploration program which has been recommended.

The estimated maximum cost of the exploration program is \$75,000. Reference is made to Item 4 hereof for particulars of the proposed use of the proceeds of this offering by the Corporation.

- (b) The Corporation will acquire for an aggregate consideration of \$17,925.83 a 43.4% interest in Pelham Gold Mines Limited ("Pelham"), represented by 473,922 issued shares of Pelham which will be owned by the Corporation out of a total of 1,092,505 shares of Pelham issued and outstanding.
-

2. Set out the description, designation and number of shares being offered by the issuer or selling shareholder. If any of the shares being offered are to be offered for the account of a selling shareholder, name such shareholder and state the number of shares owned by him, the number to be offered for his account, and the number to be owned by him after the offering.

* * * * *

Yorkton Securities Limited, 8 King Street East, Toronto, Ontario, acting as agent for the Corporation, will offer a sufficient number of shares without par value in the capital of the Corporation, but, in any event, not exceeding 500,000 shares, at such price as shall be determined within the rules of The Toronto Stock Exchange,

so as to provide the Corporation with a minimum of \$100,000, before payment of the agent's commission. Shares will be offered pursuant to this Statement of Material Facts through the facilities of The Toronto Stock Exchange on a fixed price offering basis.

3. Set out the price to the public, underwriting discounts or commissions and the estimated net proceeds to the issuer or selling shareholder, on both a per share and an aggregate basis. If it is not possible to state the price to the public or the underwriting discount or commissions, the method by which they are to be determined shall be explained. Give the range of the market price during the previous ninety days.

* * * * *

By agreement made as of March 25, 1974, Yorkton Securities Limited, 8 King Street East, Toronto, Ontario (the "Agent"), has agreed to act as the Corporation's agent and, as such, to offer for sale a sufficient number of fully paid and non-assessable shares in the capital of the Corporation, but, in any event, not exceeding 500,000 shares, at such price as shall be necessary to realize for the Corporation a minimum of \$100,000 before payment of the Agent's commission. These shares will be offered at such time as the Corporation instructs the Agent and will be offered through the facilities of The Toronto Stock Exchange at a fixed price which shall be at a discount from the last sale price on The Toronto Stock Exchange on the day prior to the offering being made. The offering price shall not be less than 20 cents per share. Such discount shall not exceed the maximum discount allowed by The Toronto Stock Exchange. A book will be maintained on the Floor of the Exchange from 9:00 a.m. to 9:30 a.m. on the day determined for such offering and subscriptions will be received from other member houses. The agent may reserve not more than 75% of the offered shares to fill orders of its own clients. If sufficient purchase orders are not received to realize for the Corporation \$100,000 (before commission), the offering will be withdrawn by the Corporation. If, in the opinion of The Toronto Stock Exchange, a bona fide public distribution has not been accomplished, the offering may be cancelled by the Exchange.

The offering will take place on a day to be specified by the Corporation in consultation with The Toronto Stock Exchange, which day shall be announced by the said Exchange within a period of not less than five business days and not more than twenty-one business days after the date of mailing of this Statement by the Corporation. Between the hours of 9:00 a.m. and 9:30 a.m. on such day a book will be maintained on the Floor of The Toronto Stock Exchange to receive purchase orders.

The Corporation, through the Agent, has the privilege to withdraw from or postpone the offering until 4:30 p.m. on the day prior to the day named for the distribution.

The price at which shares in the capital of the Corporation are to be offered does not represent the net price to the Corporation. The Corporation's Agent will be entitled to a commission payable by the Corporation with respect to such offering at the applicable commission rates as specified in the by-laws and rules of The Toronto Stock Exchange. The purchaser of any shares under the offering will be required to pay the applicable commission rates specified in the said by-laws and rules.

The maximum discount allowed by The Toronto Stock Exchange shall be determined in accordance with the following formula:

<u>Closing market price on day prior to offering</u>	<u>Maximum discount therefrom</u>
\$.20 and up to \$.50	25%
\$.51 and up to \$1.00	20%
\$1.01 and up to \$2.00	18%
\$2.01 and up to \$5.00	15%
above \$5.00	10%

During the 90-day period prior to the date of this Statement, the Corporation's shares have traded at a low of 20¢ per share and a high of 33½¢ per share.

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

* * * * *

As indicated in the accompanying financial information, the Corporation, at December 31, 1973, had current assets of about \$16,500 and held listed marketable securities with a quoted market value of some \$59,400. The Corporation had current liabilities of about \$22,250.

Since December 31 last, certain of the marketable securities have been sold and the bank loan included in current liabilities has been reduced by \$14,000. At the date of this Statement, and based on quoted market value of listed marketable securities still held, the Corporation has a net working capital position of approximately \$55,000.

The funds to be received by the Corporation from the offering of shares which is being made under this Statement (and to be a gross of \$100,000 before Agent's commission) will be used:

- (i) to pay the sum of \$17,925.83 being the purchase price to be paid by the Corporation to buy 43.4% of the issued shares of Pelham Gold Mines Limited (see Items 15 and 17 hereof); and
- (ii) to carry out at an estimated maximum cost of \$75,000, a program of mineral exploration on a property of Pelham Gold Mines Limited in the Boyer Lake area of the District of Kenora, Ontario, and on adjoining claims held by the Corporation, as recommended by W. G. Wahl Limited, and
- (iii) to supplement the existing funds of the Corporation.

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

* * * * *

The issuer was incorporated by letters patent dated November 13, 1925, under the laws of Ontario, with an authorized capital of \$2 million, made up of 2 million shares with a par value of \$1 each. By supplementary letters patent dated March 5, 1946, the authorized capital was increased to \$3 million by creation of an additional 1 million shares with a par value of \$1 each. By articles of amendment which became effective on September 5, 1973, the then authorized shares were changed into shares without par value and the authorized capital was increased to 4 million shares without par value by creation of 1 million shares without par value.

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

* * * * *

<u>Name and Address</u>	<u>Position Held</u>	<u>Chief Occupation For Past Five Years</u>
VERNE THORNBORROW R.R. No. 1 Vineland, Ontario	President and Director	Presently farmer, retired May, 1968. Previously Manager, Vineland Quarries and Crushed Stone Limited, Vineland, Ontario.
WILLIAM LANGILL HOGARTH 25 St. Mary Street Toronto, Ontario	Vice-President and a Director	Executive, Mentor Exploration & Development Co. Ltd. and Joliet-Quebec Mines Limited.
BERNARD KRAFT 4 Blue Jay Place Don Mills, Ontario	Secretary-Treasurer and a Director	Chartered Accountant, Partner in Starkman, Kraft, Rothman, Berger & Grill.
WALTER REGINALD PACKMAN 1416 Larchview Trail Port Credit, Ontario	Director	Markets/Products Manager, Crystaplex Plastics Limited, Mississauga, Ontario.
RODERIC CANFIELD STAVELEY 3 Tournament Drive Willowdale, Ontario	Director	Retired. From January to December, 1971, was Consultant, Falconbridge Nickel Mines Limited, prior to which time from January, 1968, was Mine Development Manager, Falconbridge Nickel Mines Limited, prior to which time for more than five years was mine manager, Marbridge Mines Limited and Canadian Malartic Gold Mines Limited.

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

* * * * *

The authorized capital of the Corporation consists of 4 million shares without par value, of which there are issued and outstanding 2,663,635 fully paid and non-assessable shares.

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

* * * * *

THERE ARE NONE.

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

* * * * *

The shares in the capital of the Corporation being offered hereby will be distributed by Yorkton Securities Limited, acting as agent on behalf of the Corporation, through the facilities of The Toronto Stock Exchange by a fixed price offering in the manner and at the price to be determined as set forth in Items 2 and 3 hereof. There are no sub-options or sub-underwriting agreements outstanding or proposed to be made.

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

* * * * *

Yorkton Securities Limited:

<u>Name</u>	<u>Address</u>	<u>Percentage of issued Shares Owned</u>	<u>Equity No. of Shares</u>
PAUL L. WAITZER	420 Glencairn Avenue Toronto, Ontario	41%	41
MORTON A. COHEN	19 North Cote Hamstead, Quebec	41%	41

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

* * * * *

nil

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

* * * * *

- (a) Through wholly-owned subsidiary, Osisko Lake Mining Company, 5 mining claims under development licences and a mining concession on 76 acres, Rouyn Township, Quebec.
- (b) 18 unpatented mining claims, Boyer Lake area, Kenora District, Kenora Mining Division, Ontario.
- (c) Under agreement with Pelham Gold Mines Limited, the issuer will earn an 80% interest in 17 patented claims owned by Pelham Gold Mines Limited and adjoining the claims in the Boyer Lake area, Kenora District described in (b) above.

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

* * * * *

None of the properties referred to in Item 12 contains a known body of commercial ore.

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

* * * * *

(a) *Work done:*

No work was done by the issuer on any property during the past year.

(b) *Work planned:*

Utilizing funds to be realized from the offering of shares made under this Statement, the issuer proposes to carry out exploration for minerals on the property of Pelham Gold Mines Limited, located in the Boyer Lake area of the District of Kenora, and on claims held by the issuer and adjoining the Pelham property. The issuer will earn an 80% interest in the Pelham property by carrying out exploration thereon to the extent of the program recommended by W. G. Wahl Limited, and outlined hereunder.

The following is a summary of the conclusions and recommendations contained in a Report dated March 26, 1974, prepared for the issuer by D. G. Wahl, P.Eng., W. G. Wahl Limited, Consulting Geologists, Toronto.

The results obtained from the preliminary field examination conducted during the latter part of June, 1973, on the Pelham property, did substantiate the results of the previous parties. The gold values appear to be concentrated in highly siliceous areas, within the diorite and along the contacts between the sediments and the diorite, containing only minor amounts of sulfide mineralization, as indicated by the results of grab sample No. 636 running 5.08 oz/ton with an estimated 5% total sulfide content and grab sample No. 637 running 0.03 oz/ton with an estimated 15-20% total sulfide content.

In the light of the aforementioned conclusions, it is therefore recommended that a detailed field examination be undertaken in the area encompassing the existing trenches. This detailed examination will consist of the following:

1. Refurbishing the exist trenches;
2. Detailed gradient magnetometer profile studies;
3. Detailed geological mapping;
4. Geochemical soil sampling;
5. Establishment of additional trenches;
6. Trench sampling;
7. A minimum of 5,000 feet controlled diamond drilling; (and is estimated to cost \$75,000.)

(1) *Refurbishing the existing trenches:*

This phase will consist of pumping out all the low-lying trenches, and the necessary chainsaw, pick-and-shovel work required to refurbish all the existing trenches to a remappable and sampable condition at an estimated cost of \$ 4,500

2 prospectors @ \$50/day	\$ 100
1 field engineer @ \$200/day	200
	\$ 300/day

— estimated time duration of 15 days;

— the per diem rate figures are an all-cost-in figure including:

- Salaries and supervision
- Unemployment insurance
- Board and room
- Camp equipment

(2) *Detailed gradient magnetometer profile study:*

As mentioned in the previous section of the report, the limited gradient magnetometer profile study was able to map the bedrock structure and did define a portion of the 9-10-11 mineralized zone. This phase will consist of the establishment of a 100' x

100' grid over the entire area of the old workings followed by a gradient magnetometer profile study. Estimated cost for this phase is:

1. Linecutting 10 miles @ \$100/mile	\$ 1,000	
2. Gradient Magnetometer Profile Study 10 days @ \$200/day	2,000	
3. Data Evaluation and Report Presentation	1,600	4,600
		<hr/>

(3) *Establish additional trenches:*

This phase will require the establishment of additional trenches based on the results of the gradient profile study at an estimated cost of:

3 men — 10 days @ \$300/day	\$ 3,000	
powder and kegs	100	
plugger and steels	300	3,400
		<hr/>

(4) *A. Geological Mapping:*

This phase will consist of a detailed geological mapping program to be undertaken in the area of the old workings at an estimated cost of:

1 geologist @ \$200/day for 10 days	\$ 2,000	
Report and data presentation 10 days	2,000	4,000
		<hr/>

B. Geochemical Soil Sampling Program:

In conjunction with the detailed geological mapping program a geochemical soil sampling program should be undertaken at an estimated cost of:

1 geologist @ \$200/day for 5 days	\$ 1,000	
Report and data presentation 5 days	1,000	
Geochemical assay costs	500	2,500
		<hr/>

(5) *Sampling Program:*

This phase will consist of sampling all the existing trenches both new and old at an estimated cost of:

2 prospectors @ \$100/day	\$ 1,000	
1 field engineer @ \$200/day	2,000	
Assay costs	500	
Report and data presentation	1,000	4,500
		<hr/>

(6) *Diamond Drilling:*

This phase will consist of a minimum of 5,000 feet of controlled diamond drilling at a cost of \$10/foot —

50,000

(7) *Contingencies:*

1,000

(8) *Head office supervision:*

500

\$ 75,000

The full report of Mr. Wahl has been filed with the Ontario Securities Commission and The Toronto Stock Exchange and may be inspected during business hours at the offices of the Commission, 555 Yonge Street, Toronto, or at the Exchange at 234 Bay Street, Toronto.

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

— and —

17. If the property referred to in Item 15 was or is to be paid for by the issuance of shares of the issuer or any subsidiary, give (a) the number of shares of the issuer and any subsidiary issued to or to be

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

* * * * *

- (a) Eighteen (18) unpatented claims in the Boyer Lake area, Kenora District, Kenora Mining Division, Ontario.

These claims were staked for the issuer during June of 1973 at a total cost of some \$1,800. Thus there was no vendor involved.

- (b) The issuer proposes to acquire from John S. Grant, Q.C., of Toronto, acting in trust, a total of 463,000 shares of Pelham Gold Mines Limited ("Pelham") free from escrow. These shares were acquired in 1973 by the said John S. Grant, Q.C., acting in trust for Jack Koza of Cobalt, Ontario, in three private isolated transactions as follows:

- (i) from Pershon Gold Mines Limited, 266,667 shares of Pelham at 3¢ each for \$8,000.01;
- (ii) from Gordon-Lebel Mines Limited, 133,333 shares of Pelham at 5¢ each for \$6,666.65;
- (iii) from Fred W. Thompson, 63,000 shares of Pelham for \$3,150.

The issuer will acquire these 463,000 shares of Pelham for the said aggregate price of \$17,816.66. In addition, the issuer will acquire from William L. Hogarth, its Vice-President, a further 10,917 Pelham shares, free from escrow. These were bought by the said William L. Hogarth in 1973, by way of a private transaction from Canada Permanent Trust Company, Toronto, on behalf of Mrs. Dorothy Mitchell at 1¢ per share for \$109.17. The issuer will acquire these additional 10,917 Pelham shares from Mr. Hogarth at the said cost to him.

The issuer will thus own 473,917 Pelham shares acquired for \$17,925.83 and 5 additional directors' qualifying shares, making a total of 473,922 Pelham shares out of 1,092,505 shares issued, and being approximately 43.4% of such issued and outstanding Pelham shares.

So far as is known by the issuer, the respective vendors shown above acted as the principals in the said private transactions. No commissions were paid. No officer, director or other insider of the issuer had or has any share position in Pelham or interest in any property of Pelham. Jack Koza aforesaid owns 95,000 shares of the issuer.

- (c) Pelham owns 17 patented mining claims in the Boyer Lake area, Kenora District, Kenora Mining Division, Ontario. The issuer has made an agreement with Pelham whereunder by carrying out a mineral exploration program on the property at an estimated maximum cost of \$75,000, as recommended by W. G. Wahl Limited, the issuer will earn an undivided 80% interest in the property, with Pelham retaining a 20% interest. The issuer will have earned the said interest if the said engineers shall advise the issuer that the exploration program, because of results obtained, should be terminated before the maximum of \$75,000 has been spent. The agreement which provides for such transfer of interest is being submitted to the Pelham shareholders for approval, as the property is the only property owned by Pelham.

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

* * * * *

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

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

* * * * *

no shares are in escrow.

-
19. Give the number of shares of the issuer owned of record or beneficially, directly or indirectly, by each person or company who owns of record, or is known either by the issuer or the selling shareholder

to own beneficially, directly or indirectly, more than 5% of such shares, in each case within ten days from the date hereof. Show separately whether the shares are owned both of record and beneficially, of record only, or beneficially only, and show the respective amounts in percentages owned in each such manner.

* * * * *

The issuer does not know of any person or company who owns, of record or beneficially, directly or indirectly, more than 5% of the issued shares of the issuer.

The following shares are owned of record or beneficially, directly or indirectly, by the officers and directors of the Corporation:

<u>Name and Address</u>	<u>Position</u>	<u>Of Record</u>	<u>Beneficially</u>
VERNE THORNBORROW R.R. No. 1 Vineland, Ontario	President and Director	28,001	28,001
WILLIAM L. HOGARTH 25 St. Mary Street Toronto, Ontario	Vice-President and Director	300	300
BERNARD KRAFT 4 Blue Jay Place Don Mills, Ontario	Secretary-Treasurer and Director	20,700	20,700
WALTER R. PACKMAN 1416 Larchview Trail Port Credit, Ontario	Director	Nil	Nil
RODERIC CANFIELD STAVELEY 3 Tournament Drive Willowdale, Ontario	Director	40,000	Nil

20. Give a brief statement of any material legal proceedings to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Make a similar statement as to any such proceedings known to be contemplated.

* * * * *

n o n e

21. Give the aggregate direct remuneration, including amounts for services rendered, paid or payable by the issuer and its subsidiaries during the past year to the insiders of the issuer.

* * * * *

During the past year direct remuneration paid to the insiders of the Corporation was \$1,800 in executive salaries and an aggregate of \$400 in directors' fees.

22. Give brief particulars of all options to purchase securities (other than such as are granted or proposed to be granted to shareholders as such on a pro rata basis) outstanding or proposed to be given by the issuer and its subsidiaries to any person or company, naming each person or company and showing separately all such options outstanding or proposed to be given to the insiders of the issuer or its subsidiaries.

* * * * *

n o n e

23. State the prices at which shares of the issuer have been issued for cash during the past year. If any shares have been issued for services state the nature and value of the services and give the name and

address of the person or company who received such shares. State the number of shares issued at each price.

* * * * *

No shares of the Corporation have been issued for cash during the past year.

24. Give the dates of and parties to and the general nature of every material contract entered into by the issuer or any subsidiary within the preceding two years which is still in effect and is not disclosed in the foregoing.

* * * * *

there are none.

25. Purchaser's Statutory Right of Withdrawal and Rescission.

A. RIGHT OF WITHDRAWAL

An agreement of purchase and sale covering any of the shares hereby offered is not binding upon the purchaser if the Company from whom the purchaser buys same receives written or telegraphic notice evidencing the intention of the purchaser not to be bound by the agreement not later than midnight of the second day (exclusive of Saturdays, Sundays and holidays) after receipt of the Statement of Material Facts of the Company; provided the purchaser has not sold or transferred the said shares prior to the expiration of the said two-day period.

Receipt of the Statement of Material Facts by the agent of the purchaser and receipt of the said notice by the agent for the vendor of the said shares shall be receipt by the purchaser and vendor respectively.

B. RIGHT OF RESCISSION

A purchaser of any of the shares hereby offered has a right to rescind his contract to purchase while he is still the owner of the said shares if the Statement of Material Facts of the Company received by such purchaser as of the date of receipt contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement contained therein not misleading, provided, however, that such right of rescission will not apply:

- (a) if the untruth or fact of omission was unknown to the Company and to the underwriter and could not have been known in the exercise of reasonable diligence;
- (b) if such statement or omission is disclosed in an Amendment to this Statement of Material Facts and same has been received by the purchaser;
- (c) if the purchaser knows the untruth of the statement or knew of the omission at the time of purchase.

Receipt of a Statement of Material Facts by a party who is acting as agent or who thereafter commences to act as agent of the purchaser shall be receipt by the purchaser. No action shall be commenced after the expiration of ninety days from the last to occur of the receipt of the Statement of Material Facts or the date of the contract.

The full text of the respective statutory provisions summarized above is contained in Sections 64 and 65 of The Securities Act, 1970 (Ontario).

26. Give particulars of any other material facts relating to the shares proposed to be offered and not disclosed pursuant to the foregoing items.

* * * * *

There are no other material facts which are not disclosed in the foregoing items.

AUDITORS' REPORT

To the Directors of
Osisko Lake Mines, Limited

We have examined the consolidated balance sheet of Osisko Lake Mines, Limited and consolidated subsidiary companies as at December 31, 1973 and the consolidated statements of income, deficit, exploration, development and administrative expenditures deferred and source and application of funds for the three years then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1973 and the results of their operations and the source and application of their funds for the three years then ended, in accordance with generally accepted accounting principles applied on a consistent basis.

Toronto, Canada,
March 6, 1974.

THORNE GUNN & CO.,
Chartered Accountants.

OSISKO LAKE MINES, LIMITED

(Incorporated under the laws of Ontario)
and consolidated subsidiary companies

CONSOLIDATED BALANCE SHEET DECEMBER 31, 1973

ASSETS

Current Assets

Cash including short term deposits	\$ 16,384	
Accrued interest receivable	71	\$ 16,455

Shares and Participations, at cost or less

Listed mining shares (quoted market value, \$59,392)	41,209	
Sundry shares and participations	80,366	
	121,575	
Less allowance for decline in value	84,500	37,075

Shares in and Advances to Non-Consolidated Subsidiary Companies (note 2)

Shares at cost less amount written off	1,031	
Advances	9,003	10,034

Mining Properties and Claims (note 3)

5 mining claims held under development licences and a mining concession of 76 acres in Rouyn Township, Quebec	1,479,557	
18 mining claims in Kenora mining division, Ontario	1,800	1,481,357

Deferred Expenditures

Exploration, development and administrative expenditures (note 3)	468,865	
Organization expenses	546	469,411
		\$2,014,332

LIABILITIES

Current Liabilities

Bank loan, secured by certain listed mining shares	\$ 20,000	
Accounts payable and accrued liabilities	2,255	\$ 22,255

SHAREHOLDERS' EQUITY

Capital Stock (note 4)

Authorized — 4,000,000 shares without par value		
Issued — 2,663,635 shares	2,633,635	
Deficit	641,558	1,992,077

\$2,014,332

Approved by the Board:

V. THORNBORROW, Director.

B. KRAFT, Director.

OSISKO LAKE MINES, LIMITED

and consolidated subsidiary companies

CONSOLIDATED STATEMENT OF INCOME

	Years ended December 31		
	1973	1972	1971
Revenue			
Interest earned and dividend income	\$ 1,744	\$ 1,598	\$ 2,106
Expenditures on outside properties			11,067
Administrative Expenses			
Executive and engineering salaries	1,847	3,576	11,500
Directors' fees	400	850	450
Office rent	500	1,219	2,783
Transfer and registrar expense	1,453	1,074	1,829
Report and shareholders' meeting expenses	1,546	1,475	1,191
Audit fees	1,250	1,150	1,375
Legal fees	873	1,469	827
Business taxes	25	413	167
Corporation taxes and filing fees	610	140	182
Safekeeping expenses		77	97
Bank interest	1,648	142	
Travel, office and other corporate expenses	3,533	925	1,000
Less portion charged to expenditures deferred			(3,500)
	<u>13,685</u>	<u>12,510</u>	<u>17,901</u>
	13,685	12,510	28,968
Loss before extraordinary items	<u>11,941</u>	<u>10,912</u>	<u>26,862</u>
Extraordinary Items			
Loss (profit) on securities and participations	(4,122)	6,235	8,350
Allowance for decline in value of shares and participations		13,500	14,500
Profit on sale of non-consolidated subsidiary company		(975)	
	<u>(4,122)</u>	<u>18,760</u>	<u>22,850</u>
Loss for the year	<u>\$ 7,819</u>	<u>\$ 29,672</u>	<u>\$ 49,712</u>

CONSOLIDATED STATEMENT OF DEFICIT

	Years ended December 31		
	1973	1972	1971
Deficit at beginning of year	\$ 633,739	\$ 604,067	\$ 554,355
Loss for the year	7,819	29,672	49,712
Deficit at end of year	<u>\$ 641,558</u>	<u>\$ 633,739</u>	<u>\$ 604,067</u>

OSISKO LAKE MINES, LIMITED

and consolidated subsidiary companies

CONSOLIDATED STATEMENT OF EXPLORATION, DEVELOPMENT AND ADMINISTRATIVE EXPENDITURES DEFERRED

	Years ended December 31		
	1973	1972	1971
Property Expenditures			
Rouyn Township, Quebec			
Mining licences and taxes	\$ 2,216	\$ 758	\$ 76
Kenora, Ontario			
Maps, postage and taxes	1,175		
	3,391	758	76
Administrative Expenses			
Corporation taxes and filing fees	70	65	65
Accommodation, management and accounting services			3,500
	70	65	3,565
Total expenditures for the year	3,461	823	3,641
Balance deferred at beginning of year	465,404	464,581	460,940
Balance deferred at end of year	\$ 468,865	\$ 465,404	\$ 464,581

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	Years ended December 31		
	1973	1972	1971
Source of Funds			
Proceeds from sale of non-consolidated subsidiary company (note 2)		\$ 976	
Proceeds from syndicate wound up			\$ 137
Proceeds from sale of listed mining shares	\$ 5,326		
	5,326	976	137
Application of Funds			
Loss before extraordinary items	11,941	10,912	26,862
Purchase of mining claims	1,800		
Increase in exploration, development and administrative expenditures deferred	3,461	823	3,641
Increase in advances to non-consolidated subsidiary companies ..	929	173	10
Increase in shares and participations		23,096	1,281
	18,131	35,004	31,794
Decrease in working capital	\$ 12,805	\$ 34,028	\$ 31,657

OSISKO LAKE MINES, LIMITED

and consolidated subsidiary companies

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1973

1. BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of the wholly-owned subsidiary companies Osisko Lake Mining Company (No Personal Liability) and Olm Limited.

2. NON-CONSOLIDATED SUBSIDIARY COMPANIES

Because of the dormant condition and relatively insignificant financial position of the non-consolidated subsidiary companies, their accounts have not been included herein.

During the year ended December 31, 1972 the shares of a non-consolidated subsidiary company were sold for \$976.

3. RECOVERY OF COSTS

The recovery of the cost of mining properties and claims and exploration, development and administrative expenditures deferred is dependent upon obtaining adequate financing and developing a sufficient quantity of ore of economic value.

4. CAPITAL STOCK

In 1973 the Articles of Incorporation were amended to change the 2,663,635 issued and 336,365 unissued shares having a par value of \$1 each into 2,663,635 issued and 336,365 unissued shares without par value and to increase the authorized share capital to 4,000,000 shares without par value.

	Number of shares	Amount
Details of shares issued		
Shares issued for cash	1,217,185	\$1,187,185
Shares issued to acquire shares in other companies	1,143,600	1,143,600
Shares issued to acquire mining claims	302,850	302,850
	2,663,635	\$2,633,635

5. INCOME TAXES

At December 31, 1973, the tax effect of the following potential tax benefits has not been recorded in the accounts:

Loss carried forward on a tax filing basis available up to December 31:

1974	\$ 5,900
1975	11,500
1976	16,600
1977	10,800
1978	10,800
	55,600

Excess of expenditures written off in the accounts over expenditures claimed for tax purposes	420,000
	\$ 475,600

Of the exploration, development and administrative expenditures not written off, \$350,000 is available only to reduce income for tax purposes earned from the mining claims in Rouyn Township, Quebec.

6. SUBSEQUENT EVENTS

Subsequent to the date of the balance sheet the Company has entered into the following agreements:

(1) With Yorkton Securities Limited

Yorkton Securities Limited acting as agent for the Company to offer a sufficient number of the Company's shares (but in any event not exceeding 500,000 shares) by means of a fixed price offering (which price shall not be less than 20¢ per share) on the Floor of The Toronto Stock Exchange to realize for the Company a minimum of \$100,000 before the agent's commission calculated at the usual Toronto Stock Exchange broker's commission.

(2) With Pelham Gold Mines Limited

The Company agrees to carry out a recommended exploration program to the suggested expenditure of \$75,000 maximum or such lesser expenditure as shall suffice to complete the recommended program on 17 patented mining claims located in the Kenora Mining Division, Ontario owned by Pelham Gold Mines Limited. Upon completion of the program the Company will receive an undivided 80% interest in the mining claims. The agreement is subject to approval by the shareholders of Pelham on or before April 30, 1974.

The Company proposes to acquire 473,917 free shares and 98,256 escrowed shares of Pelham Gold Mines Limited for \$18,417.

DATED this 28th day of March, 1974.

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

"V. Thornborrow"
VERNE THORNBORROW
Chief Executive Officer

"B. Kraft"
BERNARD KRAFT
Chief Financial Officer

On Behalf of the Board of Directors:

"Wm. L. Hogarth"
WILLIAM L. HOGARTH
Director

"Walter R. Packman"
WALTER R. PACKMAN
Director

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Statement of Material Facts.

YORKTON SECURITIES LIMITED

Per: "Paul L. Waltzer"