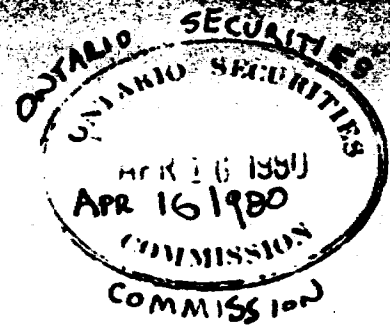


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REPORT ON

STURGEON LAKE PROPERTY

CANADAX MINING CORPORATION LIMITED

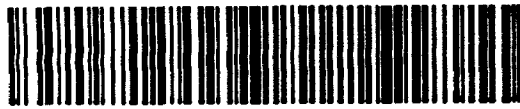
LYON LAKE

STURGEON LAKE MINING AREA

NORTHWEST ONTARIO

APRIL 8TH, 1980

ROSS KIDD, P.ENG.
CONSULTING MINING ENGINEER



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REPORT ON CANADEx MINING CORPORATION
 LYON LAKE PROPERTY
 STURGEON LAKE AREA
 ONTARIO

BY L. J. CUNNINGHAM, B.Sc., P.ENG., MINING ENGINEER
 DATED AT KIRKLAND LAKE, ONTARIO
 14TH DECEMBER, 1974

MAP POCKETOVERLAY SHOWING GEOLOGICAL INTERPRETATION
 OF VOLCANIC CYCLES,

BY L.J. CUNNINGHAM, B.Sc.

INTRODUCTION

CONSIDERABLE WORK WAS DONE ON THE PROPERTY DURING THE 1969-74 PERIOD.

THIS REPORT REVIEWS THE PREVIOUS WORK PROGRAMS, AND ASSESSES THE CHANCES TO FIND ORE ON THE CLAIMS.

HISTORY

THE PROPERTY WAS STAKED IN 1969, FOLLOWING THE DISCOVERY OF A LARGE ZINC-COPPER SULFIDE BODY IN THE AREA BY MATTAGAMI LAKE MINES LIMITED.

IN 1969 AND 1970 ELECTROMAGNETIC AND MAGNETIC GROUND SURVEYS WERE CARRIED OUT, AND 7 DRILL HOLES TOTALLING 3,828 FEET WERE PUT DOWN. ONE HOLE, NO. 3, CUT 0.28% COPPER AND 0.88% ZINC ACROSS 5.0 FEET.

IN 1972 CONWEST EXPLORATION COMPANY LIMITED OPTIONED THE PROPERTY, DID A VLF EM SURVEY OVER THE SE PORTION, AND DRILLED 3 HOLES, TOTALLING 1,242 FEET, TO EXPLORE THE PREVIOUS HOLE 3 AREA. LOW (0.09-0.21%) ZINC VALUES WERE ENCOUNTERED ACROSS 5-10 FOOT WIDTHS.

IN 1974 NBU MINES LIMITED HAD AN INDUCED ^{POLARIZATION} ~~POTENTIAL~~ ^{RK} SURVEY DONE OVER THE LAND CLAIMS, AND DRILLED 5 HOLES TOTALLING 3,124 FEET. ONE HOLE, 74-5, HAD LOW (0.11-0.22%) ZINC VALUES ACROSS 12.4 FEET.

THE PROPERTY WAS MAPPED GEOLOGICALLY IN OCTOBER, 1974 BY L. J. CUNNINGHAM, MINING ENGINEER. MR. CUNNINGHAM ALSO RE-LOGGED THE CORE FROM THE DRILLING PROGRAMS, AND DID SOME VLF EM SURVEY WORK ON SOME OF THE NORTHWESTERLY CLAIMS.

NO FURTHER WORK HAS BEEN DONE ON THE PROPERTY SINCE 1974.

ABOUT 4000 FEET SSW OF THE SW CORNER OF THE PROPERTY, FIVE SULFIDE OREBODIES HAVE BEEN DEVELOPED BY THE LYON LAKE DIVISION OF NORANDA MINES LIMITED, AND THESE BODIES ARE NOW BEING PLACED IN PRODUCTION. TOTAL ORE RESERVES HAVE BEEN ANNOUNCED AS 3,945,000 TONS AVERAGING 6.53% ZINC, 1.24% COPPER, 0.63% LEAD, 3.42 OZS. SILVER, AND 0.01 OZS. GOLD PER TON.

RESULTS OF PREVIOUS WORK PROGRAMS

MR. L. J. CUNNINGHAM'S MAPPING OF 1974 HAS ALLOWED HIM TO INTERPRET FOUR VOLCANIC CYCLES DURING WHICH THE VOLCANIC ROCKS UNDERLYING THE PROPERTY WERE FORMED. THESE ROCKS ARE MADE UP OF REPEATING MAFIC AND FELSIC FLOW PILES, WHICH INCLUDE INTERCALATED TUFF-SEDIMENTARY HORIZONS. THE INTERPRETATION OVERLAY ACCOMPANIES THIS REPORT, IN THE MAP POCKET AT THE BACK.

MOST OF THE DRILLING DONE TO DATE HAS BEEN CONCENTRATED IN THE INTERCALATED TUFF-SEDIMENTARY HORIZONS, WHERE THE CONTAINED PYRITE-PYRRHOTITE-GRAPHITE MINERALIZATION HAS GIVEN RISE TO ELECTROMAGNETIC, MAGNETIC, AND IP ANOMALIES.

AS SEEN BY EXAMINING THE LYON LAKE ORE ENVIRONMENT ON THE MAP, THE MORE LIKELY PLACE TO LOOK FOR ORE IS AT THE MARGINS OF THE FELSIC FLOWS, PARTICULARLY WHERE THE ACID VOLCANIC CYCLE IS WANING.

RESULTS OF PREVIOUS WORK PROGRAMS (CONT'D)

MR. CUNNINGHAM'S INTERPRETATION SUGGESTS THAT THIS FAVOURABLE ENVIRONMENT MAY EXIST UNDER STURGEON LAKE IN THE NORTH SECTION OF THE PROPERTY, OR UNDER LYON LAKE OFF THE SOUTH END OF THE PROPERTY.

BOTH AREAS CONTAIN NO ROCK OUTCROP, AND NO DRILL HOLE INFORMATION.

IN HIS 1974 REPORT, PART OF WHICH ACCOMPANIES THIS REPORT, MR. CUNNINGHAM RECOMMENDS FURTHER IP SURVEYS OVER THE NORTH WATER CLAIMS, FOLLOWED BY DIAMOND DRILLING. FURTHER DRILLING WAS ALSO RECOMMENDED TO FOLLOW UP ON THE LOW METAL VALUES ENCOUNTERED WITHIN THE TUFF-SEDIMENTARY HORIZONS TO THE SOUTH.

MR. CUNNINGHAM'S WORK HAS BEEN WELL AND CAREFULLY DONE, AND I CONCUR WITH HIS OPINION THAT THE PROPERTY HAS NOT YET BEEN FULLY EXPLORED.

PRESENT PROPERTY STATUS

200 DAYS OF WORK HAVE BEEN RECORDED ON EACH OF THE 26 CLAIMS OF THE PROPERTY, AND ALL THE CLAIMS ARE READY FOR LEASE WHEN THEY HAVE BEEN LAND SURVEYED.

ALL THE CLAIMS, HOWEVER, ARE ON THEIR FIFTH EXTENSION OF TIME TO FILE FOR LEASE, AND IT IS UNLIKELY THAT STILL ANOTHER EXTENSION WILL BE GRANTED.

PRESENT PROPERTY STATUS (CONT'D)

ACCORDINGLY, IT IS ESSENTIAL THAT A LAND SURVEY BE DONE IN THE NEXT FEW MONTHS TO KEEP THE CLAIMS IN GOOD STANDING.

CONCLUSIONS

1. THE PROPERTY HAS NOT YET BEEN FULLY EXPLORED.
2. THE DEVELOPMENT OF THE LYON LAKE OREBODIES HAS ADDED TO THE POTENTIAL OF THE PROPERTY.
3. THE PROPERTY IS WELL WORTH KEEPING, AND THE CLAIMS SHOULD BE LAND SURVEYED AS SOON AS POSSIBLE.

RECOMMENDATIONS

1. AN ONTARIO LAND SURVEYOR SHOULD BE ENGAGED TO SURVEY THE 26 CLAIMS, AND APPLICATIONS SHOULD BE FILED FOR LEASE OF ALL THE CLAIMS.
2. WHEN THE CLAIMS ARE SAFELY UNDER LEASE, A STUDY SHOULD BE MADE OF THE PREVIOUS WORK RESULTS, WITH THE OBJECT OF ADDING IN THE MOST RECENT INFORMATION ON THE LYON LAKE OREBODIES.
3. A WORK PROGRAM SHOULD THEN BE CARRIED OUT, BASED UPON THE RESULTS OF THE WORK UPDATE STUDY.

COST ESTIMATES

1. LAND SURVEY OF 26 CLAIMS.....	\$ 20,000
2. WORK UPDATE STUDY.....	<u>5,000</u>
<u>TOTAL:</u>	<u>\$ 25,000</u>

IT IS DIFFICULT TO ESTIMATE THE COSTS OF A FOLLOW-UP WORK PROGRAM UNTIL THE STUDY IS COMPLETED. SUCH COSTS MIGHT WELL BE MET BY OTHER INTERESTS, UNDER AN OPTION AGREEMENT, IN ANY CASE. THE ABOVE SUM OF \$25,000 WOULD SEEM TO BE THE AMOUNT NEEDED AT THIS STAGE, IN ORDER TO KEEP THE CLAIMS IN GOOD STANDING, AND TO PLAN FOR FURTHER WORK.



ROSS KIDD, P.ENG.
CONSULTING MINING ENGINEER

APRIL 8TH, 1980
TORONTO, ONTARIO

C E R T I F I C A T E

I, ROSS KIDD, OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO, DO HEREBY CERTIFY THAT:

1. I AM A CONSULTING MINING ENGINEER RESIDING AT 81 HIGHBOURNE ROAD, TORONTO, ONTARIO, CANADA.
2. I GRADUATED IN MINING ENGINEERING FROM THE UNIVERSITY OF TORONTO IN 1949, AND I HAVE BEEN PRACTISING MY PROFESSION SINCE.
3. I AM A MEMBER IN GOOD STANDING OF THE ASSOCIATIONS OF PROFESSIONAL ENGINEERS OF THE PROVINCES OF ONTARIO, MANITOBA, AND BRITISH COLUMBIA.
4. I HAVE NO INTEREST, DIRECT OR INDIRECT, NOR DO I EXPECT TO RECEIVE ANY INTEREST, DIRECT OR INDIRECT, IN THE MINING PROPERTY WHICH IS THE SUBJECT OF THIS REPORT, OR IN THE SECURITIES OF CANADEX MINING CORPORATION LIMITED.
5. THIS REPORT IS BASED UPON A VISIT TO THE PROPERTY IN 1970, AND UPON A DETAILED REPORT BY L. J. CUNNINGHAM, MINING ENGINEER, DATED DECEMBER 14TH, 1974.

DATED THIS 8TH DAY OF APRIL, 1980, AT TORONTO, ONTARIO,



ROSS KIDD, P.ENG.
CONSULTING MINING ENGINEER



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REPORT

ON

CANADEx MINING CORPORATION

LYON LAKE PROPERTY

STURGEON LAKE AREA

ONTARIO

by L. J. Cunningham, B.Sc., P.Eng.,
Mining Engineer
dated at Kirkland Lake, Ontario
14th December, 1974



52G15NW0118 52G15NW0053 SIXMILE LAKE

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FORM NO. 1-7-61 P. REPORT PAPER - CRAMPTON & TAY

REPORT
ON
CANADEx MINING CORPORATION
LYON LAKE PROPERTY
STURGEON LAKE AREA
ONTARIO

INTRODUCTION

During October, 1974, the writer geologically mapped the property. Outcrop is not extensive and is confined to the north half of the property. At the same time the writer logged drill core from the 1969-70 and 1974 drill programs.

The map accompanying this report shows the geology on the adjoining properties of Amax on the west and Darex on the east. This information was obtained from public files of the Ministry of Natural Resources, Ontario.

The writer spent a half day in discussion with Dr. J. M. Franklin, Lakehead University, who has had extensive experience in the Sturgeon Lake Area since 1969.

PROPERTY

The property consists of 24 unpatented contiguous mining claims of 40 acres each numbered as follows:

PA 227230 to 227241 inclusive		12 claims
PA 227243 to 227248	"	6 "
PA 227251 to 227256	"	6 "

LOCATION AND ACCESS

The property is located in the Patricia Mining Division, Northwestern Ontario, on the south shore of Sturgeon Lake, 23 miles southwest of Savant Lake, on the C.N. Railway, and 48 miles northeast of Ignace, on the C.P. Railway.

Access is by boat from Highway No. 599 across Sturgeon Lake to the property, by flat plane, or by a 2 mile winter road from the Mattagami Mines campsite at Lyon Lake.

HISTORY

- 1969 - property was staked
- 1969 - 70 lines at 400' centres were cut and a magnetometer and EM survey (Crone shootback) were completed over the entire property
- VLF EM survey completed over parts of the property
- 3,828.5 feet of diamond drilling were completed in 7 holes
- One hole, No. 3, had encouraging results: 0.28% Cu & 0.98% Zn over 5 ft.

- 1972 - Conwest completed a VLF-EM survey over the southeast portion of the property and drilled 3 holes (1,242') to follow up the one significant hole of the earlier drill program. Two holes returned low but anomalous amounts of zinc and silver
- 1974 - I.P. survey completed by McPhar Geophysics over all but the north 6 claims lying in Sturgeon Lake.
- NBU Mines drilled 5 holes totalling 3,124 feet. One hole had anomalous zinc values.

GENERAL GEOLOGY

The Sturgeon Lake area is composed of a thick sequence of Archean volcanic and sedimentary strata which are cut by numerous granitoid and amphibolitic intrusive bodies. Details of the region are described by Trowell (1970). The Mattabi deposit is located in the most southerly volcanic pile. This pile is 25,000 feet thick, and appears to be built on a gneissic Archean basement. It is composed of a thick (greater than 5000 feet) basal basalt-andesite plate, which in turn is overlain by several small scale (thousands of feet) cycles each composed of basal basaltic and upper felsic members. These cycles are typified by pillowed and massive andesite flow units ranging to several thousand feet in thickness, intercalated with and overlain by approximately equal amounts of dacitic to rhyolitic ash-flow tuffs. The felsic rocks are commonly irregularly banded or bedded and contain intercalated laterally extensive graphitic-pyritic shale members. No felsic flow units have been located, and coarse agglomeratic strata are localized in volcanic centers of a few thousand feet in strike length.

Mineral deposits within the area include, in addition to the Mattabi deposit, three strabound massive sulphide bodies, gold and copper-molybdenum occurrences in the granitoid rocks, and sulphide-oxide-carbonate facies iron formations." Dr. J. M. Franklin, Mattabi Massive Sulfide Deposit, 1974

GEOLOGY OF THE PROPERTY

Outcrop is not plentiful and is confined to the north half of the land portion of the property.

In mapping, the description of rock types and lithological units as utilized by N. F. Trowell in O.D.M. Geological Report 114 and on O.D.M. preliminary map P.670 (Glitter Lake Sheet, west half) was followed by the writer.

Mafic to Intermediate Volcanics

Massive andesite flows predominate - they are dull green, soft, usually fine grained and pillows from 25 cm to 1 metre in diameter are common.

Topsface north and northeasterly but are not easily determined. Between flows, sedimentary bands of the same mafic material varying from a few centimetres to 25 cm in width may be found.

Trowell defines pyroclastic deposits as follows:

"Pyroclastic deposits comprise tuff, which has a grain size less than 2 mm; lapillistone which has fragments between 2 mm and 64 mm, and pyroclastic breccia which contains fragments larger than 64 mm (Fisher 1961)."

Tuffaceous to lapillistone mafic volcanics are not plentiful but were observed near the southern edge of the large outcrop in the east central part of the property.

Felsic to Intermediate Volcanics

Felsic tuff and lapillistone are exposed at numerous locations along the south shore of Sturgeon Lake and for a distance extending south for 300 metres from the bay of Sturgeon Lake which extends into the Canadex property. Rusty spots derived from small patches of pyrite and pyrrhotite are common. One rusty graphitic argillite horizon 1" thick was observed on the east side of the bay near the east boundary of Canadex. A number of similar bands have been mapped on the Anax property.

A minor amount of felsic flow (massive rhyolite) was observed in the northwest corner of the property. Flows are not common in the area according to Franklin.

Pyroclastic breccia was observed about a hundred metres inland from the east shore of the bay. It consisted of dark angular fragments of predominantly felsic material but with some very dark mafic fragments in a siliceous matrix.

Franklin describes an outcrop of possibly similar material in the hanging wall rocks of the Mattabi orebody as follows:

"This stop is located approximately 1000 feet east of the mine office, just off the road to Falconbridge Copper Mines Limited. This outcrop is composed of the unit which immediately overlies the hanging wall andesite. The outcrop is composed of bomb-sized rhyolite fragments which comprise approximately 75% of the rock. These fragments are cemented in a matrix of fine rhyolitic ash. The ash is altered in part to chlorite. The fragments are angular to subrounded and contain feldspar and rare quartz phenocrysts. Fragments range in size to 2 feet in diameter, and the long axes are generally aligned parallel to strike. This outcrop represents one of the coarsest fragmental units in the south Sturgeon Lake belt. The coarse nature is best developed in this immediate area indicating a proximity to volcanic source."

The felsic outcrops usually weather white to grey with the matrix

being of a lighter colour than the fragments. Blue quartz eyes were observed in a number of outcrops along the east side of the property.

Franklin informed the writer that this felsic unit observed on the south shore of Sturgeon Lake on the Canadex property is not an extensive one but lenses out rapidly to the east and west (it dies out within a distance of 2 miles to the east). It would appear that this felsic lense reaches its greatest thickness in the vicinity of the Canadex property and this may have economic significance suggesting that the Canadex property may have occupied a depression in the flank of a volcano and may be in a favoured position for hot spring sulphide deposition.

Sediments

The only exposure of sediment is on the shore of Sturgeon Lake, west of the Canadex boundary where several metres of thin bedded black argillite are exposed at the water line.

Intrusives

A metadiorite dike has been mapped on the Amax property some 400 metres west of the Canadex boundary.

Faulting

Faulting has not been identified on the property. However, both Trowell (O.D.M.) and Hawke (Amax) indicate north striking faulting to the east and west of Canadex.

Both topography and geophysics suggest a possible north striking fault extending southerly from the south bay of Sturgeon Lake into the centre of the property.

ECONOMIC GEOLOGY

"Copper-zinc massive sulfide deposits have, in recent years, become the most economically important deposit type in the Archean rocks of the Canadian Shield. It is the general consensus of virtually all recent authors (Sangster, 1972, Hutchinson, et. al 1971, Roscoe, 1965) that the syngenetic, volcanic-exhalative model best fits the observed relationships. Massive sulfide deposits have two major portions, the upper stratabound, strataform, massive, pyrite-sphalerite-chalcopyrite ore, and the lower, disseminated, chalcopyrite-pyrite "alteration pipe" ore. The most acceptable genetic model postulates that a rising, metal-bearing hot spring, spatially associated with a volcanic centre, spills forth on a sea floor, and deposits the metal sulphides as a sediment. The footwall rocks thus have assumed major importance as representing the original pathway for the mineralizing solutions. Documentation of their characteristics is valuable in both genetic and exploration terms, as these solutions have altered the rocks

in a way which indicates something of their composition, and point the way to massive orebodies."

Dr. J. M. Franklin, Mattabi Massive Sulfide Deposit, 1974

A model showing possible locations and forms of such deposits has been presented by R.V. Kirkham in G.S.C. Open File 164 and is included in this report.

The writer accepts the consensus opinion that a syngenetic volcanic-exhalative model explains the sulphide deposits of the Sturgeon Lake Area. With this in mind, the writer has attempted to interpret the volcanic stratigraphy from the Lyon Lake ore zone northward across the Canadex property. This is shown on the accompanying transparent overlay.

The Lyon Lake ore zone is overlain by about 600' (true thickness) of andesite followed by an unknown thickness of massive rhyolite. The sequence from this point to the south boundary of Canadex is unknown.

Information from drilling and geophysics suggest 2 relatively brief periods of sedimentation, with minor felsic-intermediate volcanic activity and with sufficient plant life to yield minor amounts of graphitic argillite, extending across the Canadex property - one in the lake, the other just north of the lake. The latter has been tested by 5 drill holes, of which all yielded anomalous values in zinc, two yielded anomalous values in silver and one contained anomalous copper values. It is of interest to note that Conwest Hole No. 3 encountered anomalous values - silver & zinc in a dacitic horizon about 100 feet south of the conductive zone. This indicates that felsic horizons of possible economic significance exist which respond poorly or not at all to geophysics and that cross sectional drilling for geological information is warranted. Mattagami's experience at Lyon Lake certainly emphasizes this. The ore horizon of the Lyon Lake ore zone, as intersected in Hole 232, is a 50' zone of felsic pyroclastics lying immediately north of a strong A.E.M. and ground conductor which was the result of graphite and barren sulphides. This barren conductor was drilled several years before it was realized that the accumulated geological data indicated a favourable horizon lying close by but undetected geophysically.

The two southerly mafic horizons inferred by the writer are based on scanty information and may well contain felsic units of economic significance.

The relatively broad band of intercalated sediments and felsic volcanic units across the central part of the property has been tested and confirmed by 4 drill holes. No values have been found but this horizon represents a quiescent period where hot spring activity and sulphide deposition could have taken place. The writer was impressed with the rocks in the last 50 feet of Hole 74-3 and suggest that this felsic horizon is in a stratigraphical favourable

position and warrants further testing. It is followed by a thick sequence of mafic pillowed andesite flows and as such appears to represent the period immediately before the start of a new mafic cycle. There is ample outcrop to document this relatively thick mafic cycle and there is certainly no evidence to suggest that important felsic units occur within it.

About 400 metres south of Sturgeon Lake, three drill holes on Canadex and one on Darex have tested a wide horizon of sediments intercalated with felsic to intermediate to mafic flows and tuffs. Results were negative. However, the writer considers favourable the felsic rocks encountered in the first 200 feet of NEU Hole No. 74-1 and recommends further investigation of these units.

A band of felsic pyroclastics several thousands of feet in thickness cover the north part of the property bordering the south shore of Sturgeon Lake. It contains some interbedded sediments and some graphitic argillite. Scattered pyrite and pyrrhotite are common. Some of the rocks are breccias and suggest proximity to a volcanic centre. Hole No. 70-6 drilled a short distance south of the outcrop of breccia yielded considerable barren sulphide-pyrite and pyrrhotite and a small amount of sphalerite was recognized.

The closing period of such a felsic cycle is considered a most favourable environment for sulphide deposits, and it should be determined whether or not the waning phase of this cycle occurs within the Canadex property.

Sangster, in discussing coarse pyroclastics, states:

"The close spatial association between acid agglomerates (or coarse pyroclastics) and massive sulphide ores is a characteristic feature of so many established mining camps in the Precambrian that, in attempting to emphasize this close association, the author once remarked to his colleagues that whenever he stood on the outcrop containing the largest fragments of acid pyroclastic in any given mining camp, he could invariably hear the mine mill nearby. His colleagues immediately dubbed this distinctive lithology "mill-rock" and since then, "mill-rock" has been observed close by most massive sulphide deposits in Precambrian volcanic rocks. In most cases, more than one-third of the pyroclastic fragments in "mill-rock" are of block-size or larger (greater than 64 mm). The rock would therefore be termed a tuff-breccia or pyroclastic breccia according to the classification of volcanoclastics proposed by Fisher (1966). "Mill-rock" is generally found in, or close to (commonly stratigraphically above), the volcanic unit in which the massive sulphides occur. With diminution of fragment size, "mill-rock" grades laterally into lapilli-tuff or tuff."

"In the author's experience, "mill-rock" (the coarsest fragments), whatever its method of deposition, can be found within one half-mile of most Precambrian massive sulphide deposits."

The writer completed a VLF-EM survey over the felsic rocks from line 16 W to 28 W and located two conductors which are shown.

Nothing is known of the geology of the north six claims of the group which lie under Sturgeon Lake. The I.P. survey covers only a small portion of this area and one I.P. conductor is indicated. Completion of an I.P. survey over this area is recommended.

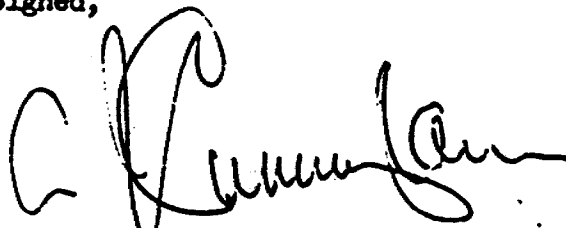
CONCLUSIONS & RECOMMENDATIONS

Undoubtedly the geological interpretation has been oversimplified. Certainly the experience at NEU, where it was often difficult to correlate geology between holes hundreds of feet apart, suggest that the geological picture is more complex than shown. To date, all drilling has been based on geophysics but consideration should now be given to drilling a) to obtain geological information, b) to test geologically favourable areas.

In addition to the untested geophysical targets, consideration should be given to the following:

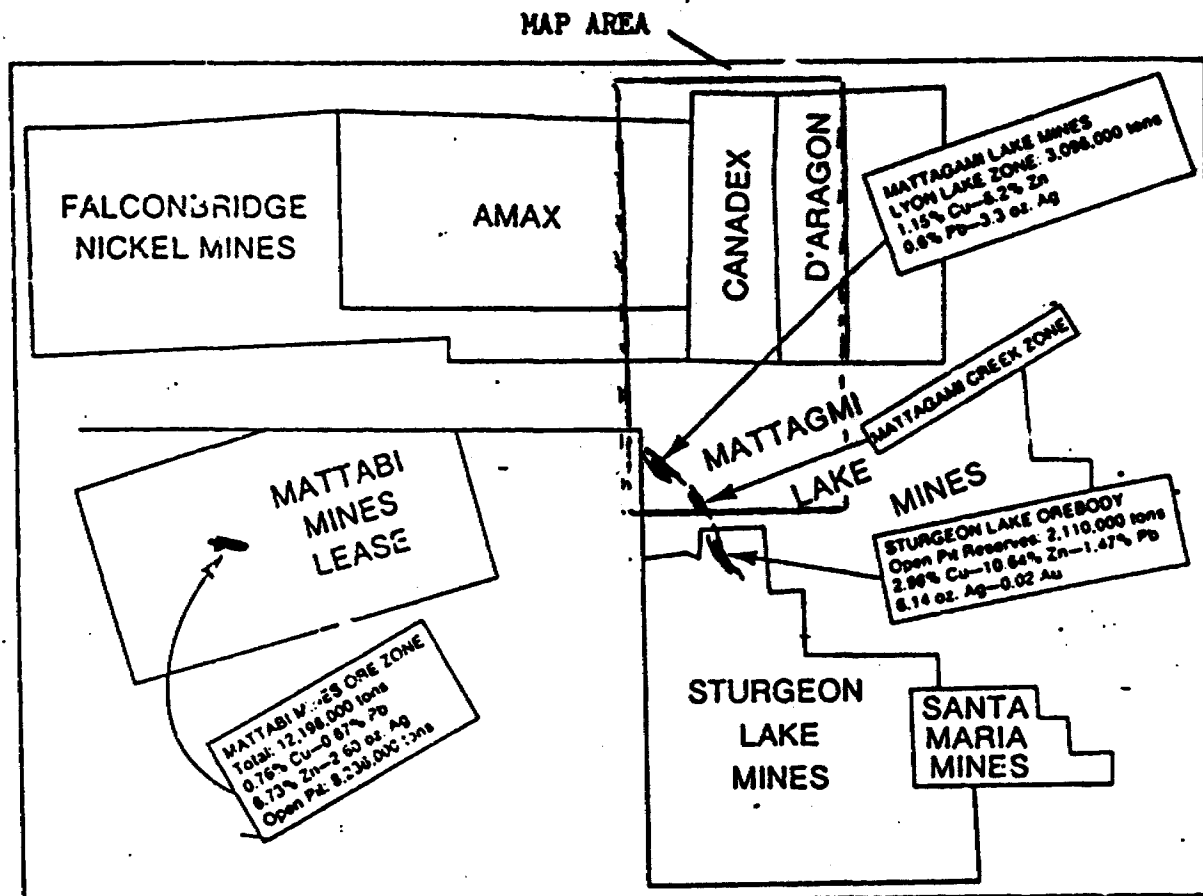
- a) drilling one or more holes to further cross-section the horizon tested by holes 70-3, 72-1, 2, 3 and 74-5
- b) drilling one or more holes to test the horizon of rock units immediately preceding the thick massive mafic sequence - the zone partially tested by hole 74-3
- c) drilling of one or more holes to further test the felsic rocks immediately overlying the period of intercalated of sedimentation and volcanic activity as revealed in hole 74-1.

Signed,



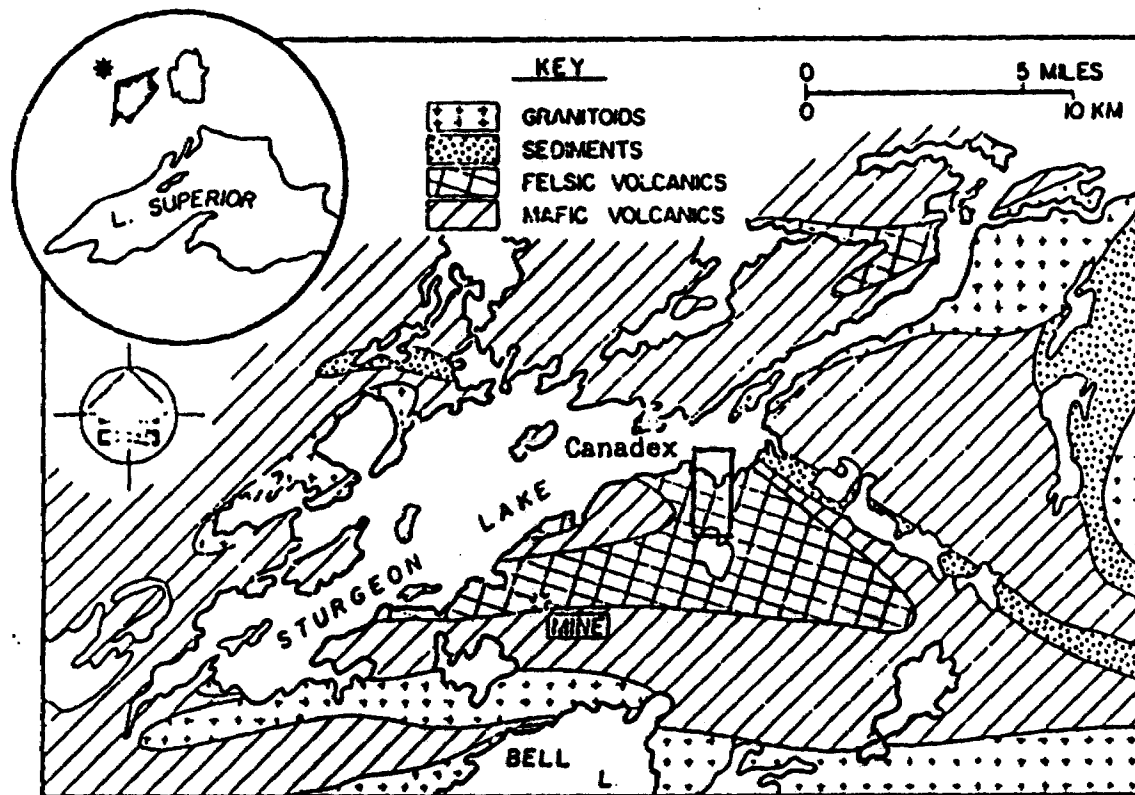
L. J. Cunningham, B.Sc., P. Eng.,
Mining Engineer

Dated at
Kirkland Lake, Ontario
14th December, 1974



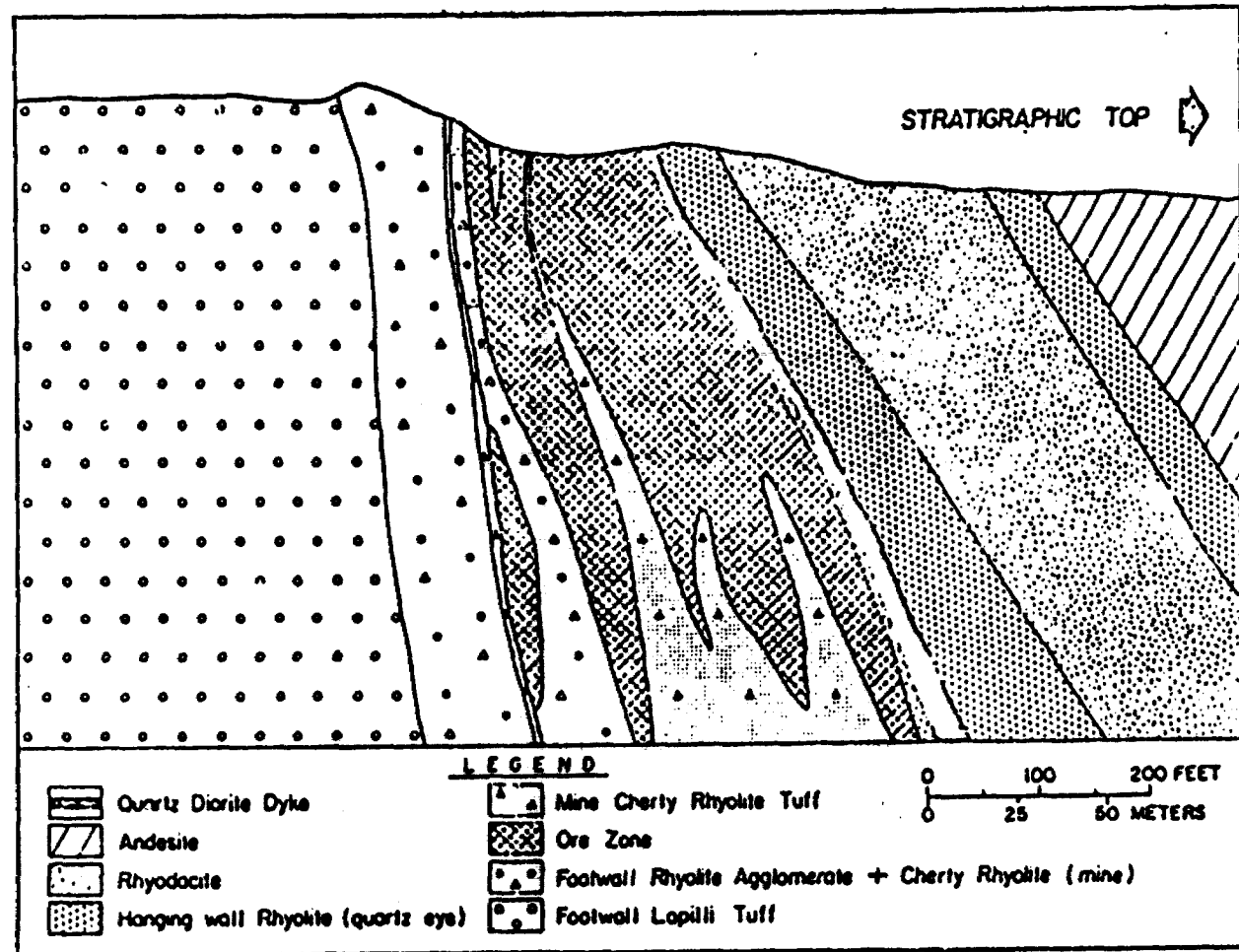
LOCATION MAP
CANADEX MINING CORPORATION
STURGEON LAKE AREA

From Northern Miner Press



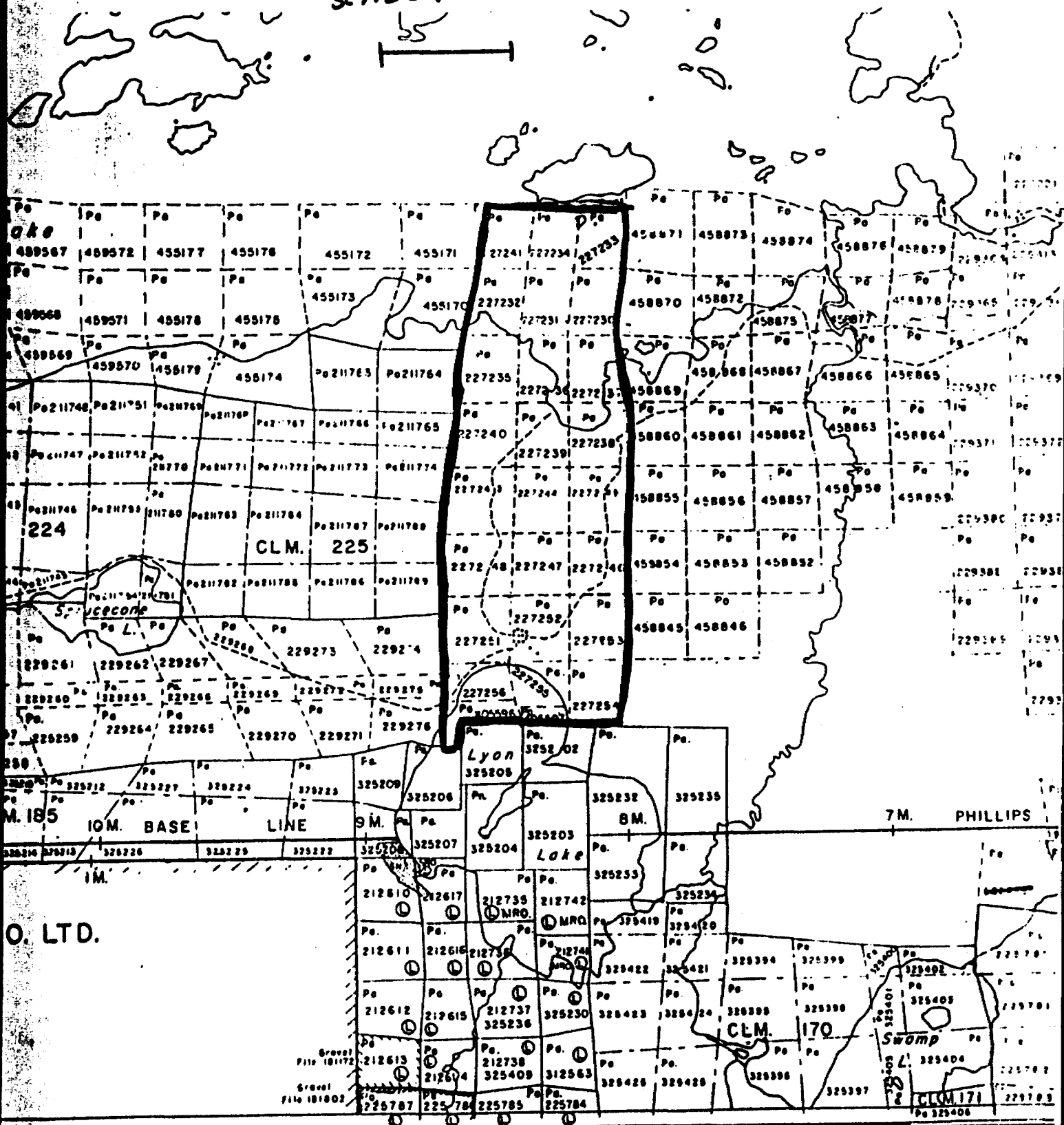
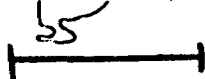
GENERAL GEOLOGY

From report on Mattabi Deposit by
 J.M. Franklin
 O.D.M. Map 2169



SECTION THROUGH MATTABI ORE BODY

SIX MILE LAKE
M-2877
SCALE: 1" = 40 CHAINS



Bell Lake M.1888

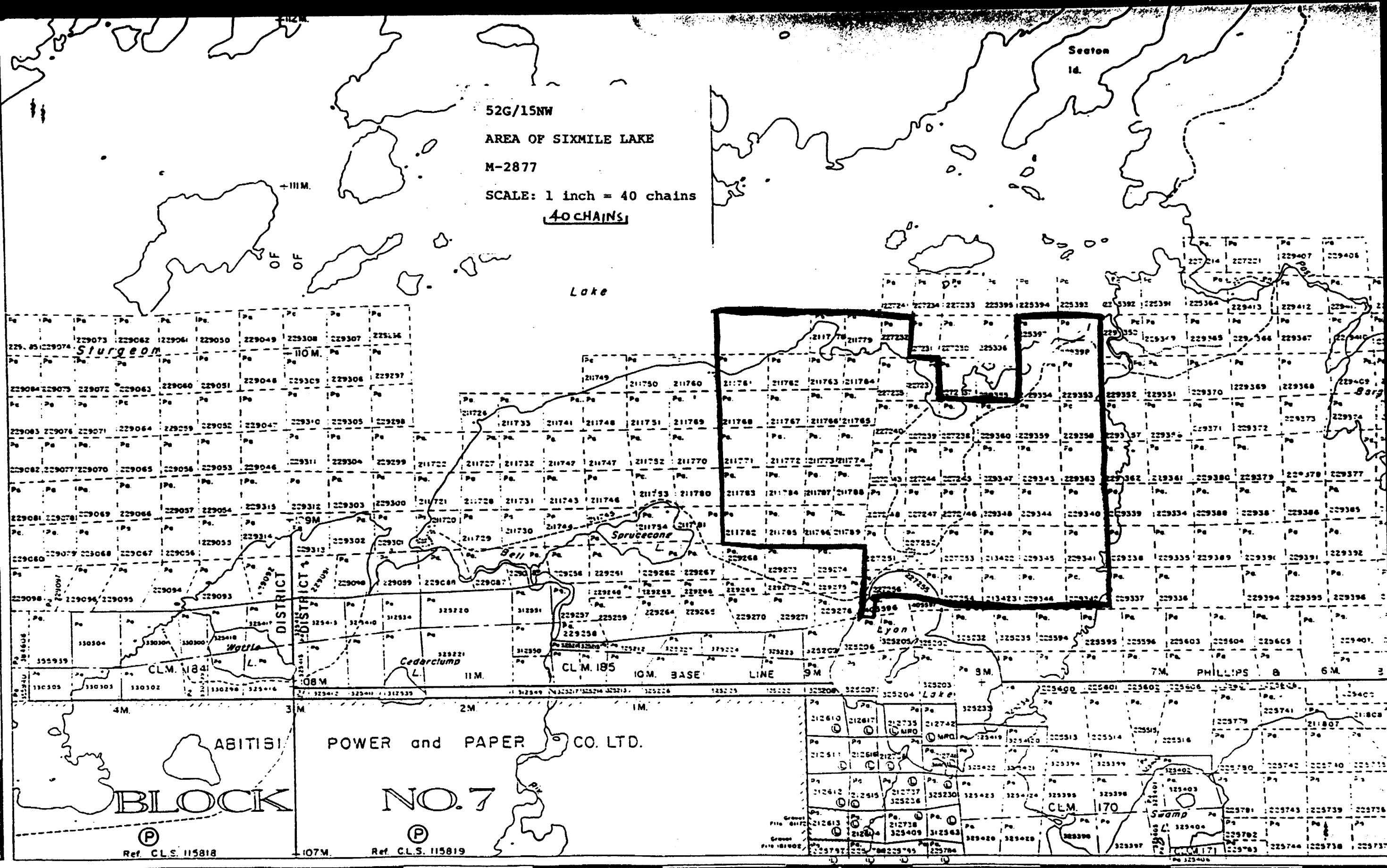
52G/15NW

AREA OF SIXMILE LAKE

M-2877

SCALE: 1 inch = 40 chains

40 CHAINS



BLOCK

NO. 7

Ref. C.L.S. 115818

Ref. C.L.S. 115819

ABITISI POWER and PAPER CO. LTD.

91°00' 59' 58' 57' 56' 55' 54' 53' 52' 51' 50'

Bell Lake M.1888

DO



63.3714

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

CANADEx MINING CORPORATION LIMITED
An Exploration and Development Company
(incorporated under the laws of the Province of Ontario)

NEW ISSUE

600,000 Common Shares Without Par Value

	<u>No. of Shares</u>	<u>Price to Public</u>	<u>Brokerage Commission</u>	<u>Proceeds to Company</u>
Per Share		65¢	5¢	60¢
Offering	600,000	\$390,000	\$30,000	\$360,000*

* The proceeds to the Company of \$360,000 are before expenses of the offering estimated at \$17,000.

The offering will be made through registered security dealers for a period of not more than 60 days following the acceptance of this Prospectus by the Ontario Securities Commission. If payment for purchase orders is not received sufficient to net the Company \$360,000 within the said 60-day period, then all subscription moneys will be returned to the subscribers without any deduction therefrom following the expiration of the said 60-day period. All subscription moneys will be forwarded forthwith and held in trust by National Trust Company Limited for payment to the Company or return to the subscribers.

THERE IS NO MARKET FOR THE SHARES OFFERED BY THIS PROSPECTUS. Reference is made to the caption "Prior Sales" on page 16.

PURCHASERS MAY NOT BE ABLE TO SELL SHARES PURCHASED BY THEM PURSUANT TO THIS PROSPECTUS.

This Prospectus is dated the 20th day of May, 1980.



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PROSPECTUS SUMMARY

The following is intended to provide a summary of the principal features of the offering. Reference should be made to more detailed information contained elsewhere in this Prospectus.

THE COMPANY, ITS MINING CLAIMS AND ITS PROPOSED OIL AND GAS INTERESTS

Canadex Mining Corporation Limited (the "Company") is a public company incorporated under the laws of the Province of Ontario.

The Company holds a group of 26 contiguous mining claims of 40 acres each located in the Patricia Mining Division, Northwestern Ontario, on the south shore of Sturgeon Lake about 48 miles north-east of Ignace, and plans to cause the claims to be surveyed to bring them to lease and to conduct a work update study. The mining claims have been reported upon by Mr. Ross Kidd, consulting mining geologist, and a summary of his conclusions and recommendations are set out under "Geologist's Report" on page 4. The projected survey and update study are estimated to cost \$25,000.

The Company is taking a 25% participation in a 4-well drilling programme on 4 leases located in Jack County, North-Central Texas, U.S.A., about 70 miles north-west of Fort Worth. The oil and gas leases have been reported upon by Mr. Ross Kidd, consulting mining geologist, and a summary of his conclusions and recommendations are set out under "Geologist's Report" on page 10. The participation is estimated to cost approximately \$225,000 Canadian funds.

MANAGEMENT

Most of the directors and officers of the Company have been associated with mining and exploration companies over the years. They are mining and exploration executives, mining engineers and geologists. Details in this regard are set forth under "Management" on page 14. The benefit of the professional experience on the Board of Directors should assist the Company in formulating its ongoing programmes.

RISK FACTORS

No economic results are expected to come from the land survey and work update on the Company's 26 claims in the Sturgeon Lake area. While the chances for encountering economic amounts of oil and gas on the leases in Jack County, Texas, are considered good, the speculative element remains and if the well drilling programme is not successful, a purchaser of shares may lose a large segment of his investment. In making an investment decision, a prospective investor should carefully weigh this consideration.

There is no market for the shares offered by this Prospectus.

Based on a public offering price of 65¢ per share and tangible book value after the offering of 14.5¢ per share, the dilution to investors will be 50.5¢ per share.

ISSUANCE OF SHARES

After this offering, the Company will have issued 2,988,005 common shares which will be held by the public. Included in this figure, are the 600,000 common shares offered under this Prospectus.

CANADEx MINING CORPORATION LIMITED

PROSPECTUS

HISTORY AND BUSINESS

Canadex Mining Corporation Limited (the "Company") was incorporated under The Companies Act (Ontario) by Letters Patent dated April 3, 1969. By Articles of Amendment effective September 21, 1971, the Company's Charter was amended to change its issued and unissued shares with a par value of \$1.00 each into shares without par value and provide that the Company shall not thereafter be subject to the application of Part IV of the Corporations Act or predecessor of that part.

The Company's head office is located at Suite 208, 372 Bay Street, Toronto, Ontario, M5H 2W9.

STURGEON LAKE CLAIMS

Acquisition and Description

The Company holds 26 contiguous mining claims, being Nos. 227251 to 227256 inclusive, 227230 to 227241 inclusive, 227243 to 227248 inclusive, PA405596 and PA405597, located between Sturgeon and Lyon Lakes, Patricia Mining Division, Province of Ontario.

Location

The claims are located 23 miles south south-west of Savant Lake on the C.N.R. and 48 miles north of Ignace on the C.P.R. Highway No. 599 passes 8 miles north-west of the

claims. The Mattabi Mines ore body lies about 3-1/2 miles to the south-west of the Company's ground while the Sturgeon Lake Mines ore body, now being readied for production, lies 1-1/2 miles to the south. Mattagami Lakes' Lyon Lake and Creek massive sulphide zones lie respectively about 5/8 of a mile and 1 mile south of the Company's property.

Access

Access to the property is from the all-weather road to Lyon Lake sulphide deposit by a winter road that follows up the west side of Lyon Lake. The property is also accessible by boat from Highway No. 599 through Sturgeon Lake, part of the claims being water claims on Sturgeon Lake, or by float or ski-equipped plane from Sioux Lookout or Ignace.

History

The property was acquired in 1969, following the discovery of a large zinc-copper sulphide body in the area by Mattagami Lake Mines Limited.

In 1969 and 1970 electromagnetic and magnetic ground surveys were carried out, and 7 drill holes totalling 3,828 feet were put down. One hole, No. 3, cut 0.2% copper and 0.88% zinc across 5.0 feet.

In 1972, Conwest Exploration Company Limited optioned the property, did a VLF EM survey over the SE portion, and drilled 3 holes, totalling 1,242 feet, to explore the previous Hole 3 area. Low (0.09-0.21%) zinc values were encountered across 5-10 foot widths.

In 1974, NBU Mines Limited had an induced potential survey done over the land claims, and drilled 5 holes totalling 3,124 feet. One hole, 74-5, had low (0.11-0.22%) zinc values across 12.4 feet.

The property was mapped geologically in October, 1974, by L.J. Cunningham, Mining Engineer. Mr. Cunningham also relogged the core from the drilling programmes, and did some VLF EM survey work on some of the north-westerly claims.

No further work has been done on the property since 1974.

About 4,000 feet SSW of the SW corner of the property, five sulphide ore bodies have been developed by the Lyon Lake Division of Noranda Mines Limited, and these bodies are now being placed in production. Total ore reserves have been announced as 3,945,000 tons averaging 6.53% zinc, 1.24% copper, 0.63% lead, 3.42 ozs. silver, and 0.01 ozs. gold per ton.

Title

Title to the property is recorded in the name of the Company and 24 of the unpatented mining claims are in good standing under the mining laws of the Province of Ontario until October 16, 1980, and the remaining two claims until August 7, 1980.

200 days of work have been recorded on each of the 26 claims of the property, and all the claims are ready for lease when they have been land surveyed.

All the claims, however, are on their fifth extension of time to file for lease, and it is likely that still another extension will be granted.

Accordingly, it is essential that a land survey be done in the next few months to keep the claims in good standing.

There is neither surface nor underground plant or equipment.

Acquisition

By agreement dated October 22, 1969, as amended November 11, 1969, the Company purchased from Edward Oswald Dearden, 11 Tallforest Crescent, Etobicoke, Ontario, and Lorne Knauf Smith, 1292 Strathey Avenue, Mississauga, Ontario, as to 50% each, the aforesaid 24 contiguous mining claims, being Nos. 227251 to 227256 inclusive, 227230 to 227241 inclusive and 227243 to 227248 inclusive, located between Sturgeon and Lyon Lakes, Patricia Mining Division, Province of Ontario, for the cash consideration of \$2,400 and an option to purchase all or any part of 50,000 shares of the capital stock of the Company at 15¢ per share, which shares were purchased. In July, 1974, the Company stated two additional contiguous claims, being Nos. PA405596 and PA405597.

Geologist's Report

The following are the conclusions and recommendations of Ross Kidd, P.Eng., contained in his report dated April 8, 1980, the full report being available for inspection in the public offices of the Ontario Securities Commission, 10 Wellesley Street East, Toronto, Ontario.

Conclusions

1. The property has not yet been fully explored.
2. The development of the Lyon Lake ore bodies has added to the potential of the property.
3. The property is well worth keeping, and the claims should be land surveyed as soon as possible.

Recommendations

1. An Ontario Land Surveyor should be engaged to survey the 26 claims, and applications should be filed for lease of all the claims.
2. When the claims are safely under lease, a study should be made of the previous work results, with the object of adding in the most recent information on the Lyon Lake ore bodies.
3. A work programme should then be carried out, based upon the results of the work update study.

Cost Estimates

1. Land Survey of 26 claims	\$20,000
2. Work update study	<u>5,000</u>
Total	<u>\$25,000</u>

It is difficult to estimate the costs of a follow-up work programme until the study is completed. Such costs might well be met by other interests, under an option agreement, in any case. The above sum of \$25,000 would seem to

be the amount needed at this stage, in order to keep the claims in good standing, and to plan for further work.

TEXAS OIL AND GAS LEASES

The Company is offered a 25% participation in the drilling of four wells on four leases known as Spiller #1, Furr #1, Sheppard #1 and Cranford #1, all located in Jack County, north Texas, U.S.A.

The operator is Circle Seven Production Company of Jacksboro, Texas. The operator will retain a 20% working interest in each well drilled as its contribution.

Location and Access

The four leases are located in Jack County, Texas, from 60 to 70 miles north-west of the City of Fort Worth in the Fort Worth Basin.

The leases are easily reached by Highway 199 from Fort Worth or Dallas. State, county and farm roads provide ready access from the highway to each of the four leases.

Lease Details

<u>Lease Name</u>	<u>Acreage</u>	<u>Lease Expiry Date</u>	<u>Net Revenue Interest</u>
Spiller	266	February 10, 1981	80%
Furr	300	March 15, 1981	80%
Sheppard	240	June 15, 1980	80%
Cranford	77	January 5, 1980	80%

General Geology

The four leases are all located on the northern shelf of the Fort Worth Basin, which is a well-established gas and oil producing structure of north Texas.

The Basin is a major tectonic-sedimentary feature from which both gas and oil are produced, mainly from the Lower Strawn and Atoka Reservoirs which lie between 4,900 and 6,000 feet below surface. Lesser production is also achieved from the shallower Upper Strawn sands.

All the reservoir beds are stratigraphic in type, and they are productive wherever their porosity and permeability are sufficiently high, and dry wherever these two features are low.

Gas is normally produced in larger quantities than oil.

Economic Geology

The four leases are all located in sections of the Basin where nearby wells have encountered producible porosities and permeabilities in one or more of the usual reservoir horizons.

The nearby well data for each lease is shown as follows:

Spiller Lease

Four wells have been drilled on the lease, one of which (Perrin et al) was dry. Two Riddle and Gottlieb wells

produced 24,833 barrels oil from the Upper Strawn sands in a five-year period ending December 31, 1978. The fourth well (Star Drilling) drilled in 1976, yielded an initial production of 1,200 MCF gas per day, but was abandoned because of mechanical and investor problems.

Another Riddle and Gottlieb well to the south-east of the lease has produced 8,157 barrels of oil and 1,323 MCF gas during the past five years.

Six wells on the Fenter leases to the north-east have produced a total of 200,916 barrels oil during the past nine years from the Weir (Caddo Creek) sands at shallower depths.

The proposed new well would test the various productive horizons on trend of the previous successful wells.

Furr Lease

This lease is located adjoining a shallow oil field which has been largely abandoned and is being used for gas storage. Two of the field wells were on the lease.

In recent years, eight wells have been drilled in the area to greater depths, and production has been achieved from the Caddo conglomerate, the Atoka conglomerate, and the Strawn sands. Three wells have had initial products of 62 BOPD, 1,300 MCFGPD, and 2,600 MCFGPD respectively. The figures for the remaining deep wells are not yet on record. The eighth well is just being completed for production.

Sheppard Lease

This lease area is offset on two sides by production wells. The cumulative production from 24 wells in the nearby field is 547,236 barrels oil and 118,060 MCF gas, over the past 15 years.

Wells in the area tend to have long life and good production histories.

Cranford Lease

There are a number of shallow oil wells in the vicinity of this small lease, most of which have been abandoned. One abandoned well is located on the lease.

Three wells have been drilled to the west of the lease to deeper horizons, and all three have been completed as gas producers. Two of these had initial production rates of 1,400 MCFGPD and 950 MCFPD respectively. The rate for the third well is not known yet. Production is from the Strawn sands, and Caddo limestone, and the Caddo conglomerate.

Economics of Production

The four expenditure estimates in U.S. dollars for the proposed wells are summarized as follows:

<u>Well</u>	<u>Cost to Casing Point</u>	<u>Completion Costs</u>	<u>Total</u>
Spiller #1	\$105,050	\$ 86,580	\$191,630
Furr #1	109,800	87,445	197,245
Sheppard #1	109,150	89,200	198,350
Cranford #1	<u>95,000</u>	<u>87,445</u>	<u>182,445</u>
Totals	\$419,000	\$350,670	\$769,670

The estimates appear to be reasonable in each case. There are a number of active pipelines in the area (e.g., Lone Star, Southwest Gas Pipelines, Cities Service) and there should be no delays or extra costs for gas transportation.

The total cost of a 25% participation in each of the four wells would be $\frac{\$769,670}{4} = \$192,417.50$ U.S.

This expenditure would buy an 18.75% working interest, or a Net Revenue Interest of $18.75\% \times 80\% = 15.00\%$.

Acquisition

By contracts dated April 4, 1980, between the Company and Circle Seven Production Company of Jacksboro, Texas, the Company has undertaken to a 1/4 participation in the drilling of four oil and gas wells in the Forth Worth Basin structure in Jack County in 80% net revenue leases known as Spiller, Furr, Sheppard and Cranford, whereunder the Company would earn an undivided 3/16 interest in each lease on which each well is located. The aggregate participation in the four wells is anticipated to be \$769,670 U.S. supported by Authorizations for Expenditures for each well for which the Company's participation is anticipated to be \$192,417.50 U.S. The Company's share of lease acquisition costs aggregates \$10,875. The Company is entitled to participate pro rata in the drilling of additional wells on each lease. The spacing unit is 40 acres per well.

Geologist's Report

The following is the summary of the conclusions and recommendations of Ross Kidd, P.Eng., contained in his

report dated March 26, 1980, the full report being available for inspection in the public offices of the Ontario Securities Commission, 10 Wellesley Street East, Toronto, Ontario:

The four leases are located in Jack County, north-central Texas, U.S.A., about 70 miles north-west of the Cities of Forth Worth and Dallas.

The leases are located within the Fort Worth Basin, which is a large gas and oil producing geological structure. Each lease is also located in the vicinity of producing oil and gas wells.

It is concluded that the chances for encountering economic amounts of oil or gas on the leases are good.

It is recommended that the Company take a 25% participation in a 4-well programme, at an estimated cost of \$225,000 Canadian funds.

PLAN OF DISTRIBUTION

This is an offering to the public of 600,000 common shares without par value in the capital stock of the Company at a fixed price of 65¢ per share through registered security dealers, to net the Company a minimum of 60¢ per share.

The offering will be made for a period of not more than 60 days following the acceptance of this Prospectus by the Ontario Securities Commission.

If payment for purchase orders is not received sufficient to net the Company \$360,000 within the aforesaid

60-day period, then all subscription moneys will be returned to the subscribers without any deduction therefrom, following the expiration of the said 60-day period. All subscription moneys will be forwarded forthwith and held in trust by National Trust Company Limited for payment to the Company or returned to the subscribers.

SPECULATIVE NATURE OF THE SECURITIES

Although the Sturgeon Lake claims are in close proximity of producing properties, they do not contain a known body of commercial ore and the funds to be received from the sale of the common shares offered by this Prospectus, as applied to the Sturgeon Lake claims, are to be used for a survey to entitle the Company to apply to bring the claims to lease and to do a work update survey.

While the anticipated results of the proposed well drilling programme for the four oil and gas leases in Jack County, Texas, are encouraging, until those results are established the securities offered by this Prospectus remain speculative. In the absence of a cash flow arising out of the aforesaid oil and gas participation, the only source of future funds presently available to the Company is through the sale of equity capital.

Upon completion of this offering, and after deducting anticipated expenses, the net proceeds to the Company are estimated at approximately \$343,000 and the net tangible book value of the 2,988,005 common shares then outstanding would be 14.5¢ per share. Purchasers of common shares will accordingly suffer an immediate dilution. The following tables summarize the information concerning dilution:

PURCHASE OF TREASURY SHARES

Public Offering price per share	65.0¢
Tangible Book value per share after offering	14.5¢
Dilution per share to investors	50.5¢

THERE IS NO MARKET FOR THE SHARES OFFERED AND PURCHASERS MAY NOT BE ABLE TO RESELL THEM.

USE OF PROCEEDS

The net proceeds to the Company, if the best efforts offering is successful, will be \$360,000. The costs of this issue are estimated at \$17,000. Such net proceeds will be added to the Company's working capital and will be used as follows:

(a) Survey and work update study of 26 claims, Sturgeon Lake	\$ 25,000
(b) Well Participation - Jack County, Texas (Canadian funds at a 17% exchange rate)	226,000*
(c) Prospectus, legal, audit	17,000
(d) Administration	12,000
(e) Working capital	<u>80,000**</u>
Total	\$360,000

* This amount includes the Company's share of lease acquisition costs, aggregating \$10,875.

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

While the Company has no plans for further exploration of the Sturgeon Lake claims or the Texas oil and gas leases at the present time, moneys in its treasury as available may also be used to defray the cost of programmes of

acquiring, staking, exploring and developing other properties and other well-drilling programmes, either alone or in concert with others and generally to carry out mineral exploration and oil and gas programmes as opportunities and finances permit, but no such undertakings will be made and moneys will not be expended thereon without an amendment to this Prospectus being filed if the securities of the Company are then in the course of distribution to the public.

CAPITALIZATION

<u>Designation of Securities</u>	<u>Authorized</u>	<u>Outstanding as of February 29, 1980</u>	<u>Outstanding on Completion of this Financing</u>
Common Shares without par value	5,000,000 (\$5,000,000)	2,388,005 (\$366,235)	2,988,005* (\$726,235)

* Gives effect to the issuance of 600,000 shares at 60¢ per share net to the Company.

DESCRIPTION OF SECURITIES

Common Shares

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

MANAGEMENT

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

<u>Name</u>	<u>Address</u>	<u>Position</u>
Gordon G. Plaskett	57 Widdicombe Hill Boulevard, Weston, Ontario.	President and Director
Harold E. Plaskett	28 Babcock Road, Scarborough, Ontario.	Secretary-Treasurer and Director
Leonard J. Cunningham	1 McPhee Avenue, Kirkland Lake, Ontario.	Director
Harry J. Hodge	21 Hobden Place, Weston, Ontario.	Director
John L. Tindale	20 Gowrie Street West, Tillsonburg, Ontario.	Director

The principal occupation of the directors and officers during the past ten years is as follows:

Mr. Gordon G. Plaskett is a self-employed prospector and mining executive.

Mr. Harold E. Plaskett has been retired since November, 1979. From March, 1978 to November, 1979, he was Assistant to the Administrator of Ina Grafton Home. From March, 1973 to February, 1978, he was employed by Arc Industries Ltd. From January, 1971 to March, 1973, he was employed by Northex Management Limited. Prior thereto he was a manufacturer's agent.

Mr. Leonard J. Cunningham is a self-employed Consulting Mining Engineer.

Mr. Harry J. Hodge is a Professional Engineer and Geologist. Since May, 1979, he has been a consultant to the mining industry. From October, 1973 to May, 1979, he was Manager of the Minerals Division (Eastern Canada) for Shell Canada Limited. Prior thereto he was Chief Geologist for Conwest Exploration Limited for five years and Senior Mine Geologist for Noranda Mining Limited for 11 years.

Mr. John L. Tindale is a Professional Engineer and Geologist. He is Chief Geologist for A.F.E. Management Limited. From 1964 to 1978 he was Vice-President and Exploration Manager of International Mine Services Limited.

It is not anticipated that the directors or officers will devote more than 5% of their time to managing the affairs of the Company, save for Mr. Gordon G. Plaskett, the President of the Company, who expects to devote such time on the Company's affairs as may be required in order to fulfil his duties. The other directors will, however, be available to carry out their duties and responsibilities as required. Messrs. L.J. Cunningham, H.J. Hodge and J.L. Tindale will be available to render professional services to the Company in advising regarding the carrying out of its activities and will be reimbursed at the normal rates prescribed by their respective professional associations for such services.

REMUNERATION OF MANAGEMENT

Reasonable management fees will be charged by Mr. Gordon G. Plaskett or his management company, Northex Management Limited, for carrying out the undertakings of the Company and the administration of its affairs. It is not expected that this will exceed \$12,000 per annum as set out under heading "Use of Proceeds".

PRIOR SALES OF SHARES

No shares of the Company were issued during the past 12-month period.

The following is the price range and volume of the Company's shares traded over-the-counter in Ontario during

the past 12 months according to the Investment Dealers' Association of Canada:

<u>Month</u>	<u>High</u>	<u>Low</u>	<u>Volume</u>
May, 1979 to January, 1980 inclusive		- NIL -	
February	65¢	10¢	91,900
March	60¢	30¢	224,800
April	45¢	30¢	52,800
May to date	50¢	35¢	77,000

ESCROWED SHARES

The Sterling Trusts Corporation, 220 Bay Street, Toronto, holds in escrow a total of 675,000 common shares in the capital stock of the Company subject to release, transfer, assignment, hypothecation or other alienation only with the written consent of the Ontario Securities Commission and the Board of Directors of the Company, of which 647,500 are held by Mr. Gordon G. Plaskett and 27,500 are held by Mr. Leonard J. Cunningham.

<u>Designation of Class</u>	<u>Number of Shares held in Escrow</u>	<u>Percentage of Class at Present</u>
Common Shares without par value	675,000	28.26627%

PRINCIPAL SHAREHOLDER

Set out below are particulars of the present principal holder of shares of the Company, whose ownership is direct, of record and beneficial:

<u>Name and Address</u>	<u>Class of Security</u>	<u>No. of Shares Owned</u>	<u>% of Class</u>	<u>No. of Shares Owned After This Offering</u>	<u>% Owned After This Offering</u>
Gordon G. Plaskett	Common Shares	17,500 (free shares)	0.73282%	17,500	0.58567%
		647,500 (escrowed shares)	27,11468%	647,500	21.66997%

According to the records of National Trust Company Limited, 21 King Street East, Toronto, Midland Doherty Limited, Commercial Union Tower, Toronto-Dominion Centre, Toronto, holds 259,200 common shares as now constituted, being 10.85% of the issued and outstanding common shares of the Company. Present management has been unable to ascertain who is the beneficial owner of these shares.

As of the date of this Prospectus, the directors and senior officers own or control 29.10379% of the Company's issued common shares.

DIVIDENDS

No dividends have been paid to date by the Company.

AUDITORS, TRANSFER AGENT AND REGISTRAR

John E. Goodwin, F.C.A., Chartered Accountant, Suite 1001, 347 Bay Street, Toronto, Ontario, M5H 2R7, is the Company's auditor.

National Trust Company Limited, 21 King Street East, Toronto, is the Transfer Agent and Registrar with respect to the Company's common shares.

PROMOTER

Mr. Gordon G. Plaskett, the President and a director of the Company, is its promoter.

MATERIAL CONTRACT

Except for contracts entered into in the ordinary course of business, the only contracts entered into by the

Company within the two years prior to the date of this Prospectus are the property participation agreements between the Company and Circle Seven Production Company referred to under "Texas Oil and Gas Leases" on page 6.

Copies of the foregoing contracts may be inspected at the head office of the Company during ordinary business hours during the distribution of the securities offered by this Prospectus and after the issuance of a receipt for this Prospectus in the public offices of the Ontario Securities Commission, 10 Wellesley Street East, Toronto, Ontario.

CERTAIN PARTICULARS RELATING TO
MANAGEMENT AND THE PROMOTER

To the best of the knowledge of the directors, the association with various junior exploration companies of the directors of the Company during the past ten years, are as follows:

Mr. Gordon G. Plaskett has been a director and/or officer of the following active mining companies: Canadex Mining Corporation Limited, Domego Resources Limited, Ego Resources Limited, New Dominion Resources Limited and Santa Maria Mines Limited, and three companies which are not presently active.

Mr. Harold E. Plaskett has been a director and/or officer of the following active mining companies: Canadex Mining Corporation Limited and Santa Maria Mines Limited.

Mr. Leonard J. Cunningham has been a director of the following active mining companies: Canadex Mining Corporation Limited and Santa Maria Mines Limited and one company which is not presently active.

Mr. Harry J. Hodge has been a director of the following active mining companies: Canadex Mining Corporation Limited and Santa Maria Mines Limited.

Mr. John L. Tindale has been a director and/or officer of the following active mining companies: Aiken-Russet Red Lake Mines Limited, Canadex Mining Corporation Limited, Consolidated Marbenor Limited, Consolidated Panther Mines Limited, Ego Resources Limited, Elite Cobalt Mines Limited, Galveston Petroleums Limited, Grand Sagney Mines and Minerals Limited, Pango Gold Mines Limited, Pinto Malartic Gold Mines Limited, Santa Maria Mines Limited, Stewart Lake Mines Limited and Union Reef Petroleums Limited.

During the past 10 years Mr. Gordon G. Plaskett, the President of the Company, has been a promoter of the Company and of Santa Maria Mines Limited. During the period the Company has raised \$291,235 from two public offerings, the prospectuses supporting which are dated December 4, 1973 and November 28, 1974, and Santa Maria Mines Limited has raised \$322,534 from four public offerings, the prospectuses supporting which are dated January 29, 1970 (amended October 5, 1970), November 25, 1970 (amended April 15, 1971 and May 5, 1971), July 24, 1972 (amended November 24, 1972) and September 5, 1973 (amended January 22, 1974).

See heading "History and Business" and particularly subheading "History" on pages 2 and 3 of the Prospectus for particulars of the results of expenditures on the Company's 26 contiguous mining claims located between Sturgeon and Lyon Lakes, Patricia Mining Division, Ontario.

Santa Maria Mines Limited has conducted work on its 15 mining claims located at Claw Lake in the Sturgeon

Lake area of Northwestern Ontario. From 1969 to 1971 geophysical work was done on these properties. Commencing February, 1971, 16 holes totalling 8,721 feet were drilled on these properties. The first 7 holes were designed to test geophysical anomalies. The last 9 holes probed a favourable stratigraphic zone along a strike of 1,000 feet containing extensive amounts of sulphides consisting of pyrrhotite, pyrite and small amounts of sphalerite and chalcocopyrite. From 1971 to 1973 Falconbridge Nickel Mines Limited drilled 13 holes for a total of 5,255 feet on the property. One hole encountered two mineralized sections with the following results:

<u>From</u>	<u>To</u>	<u>Core Length</u>	<u>% Cu.</u>	<u>% Zn.</u>	<u>% Pb.</u>	<u>ozs. Ag.</u>	<u>ozs. Au.</u>
182.5	196.5	14.0	2.62	0.04	Trace	0.84	0.06
196.5	201.5	5.0	0.21	Trace	Trace	Trace	Trace
214.5	218.00	3.5	0.56	Trace	Trace	Trace	Trace

Subsequently, a detailed IP survey was carried out over approximately half of the acreage. A number of limited anomalous zones were detected and core samples indicated the presence of substantial sulphide mineralization.

PURCHASERS' STATUTORY RIGHTS OF
WITHDRAWAL, RESCISSION AND DAMAGES

Sections 70, 126 and 135 of The Securities Act, 1978 provide, in effect, that when a security is offered in the course of a distribution or a 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 dealer from whom the purchaser purchased the security not later than midnight on the second business day after the latest prospectus and any amendment to the prospectus offering such security is received or deemed to be received by the purchaser or his agent; and

(b) if a prospectus together with any amendment to the prospectus contains a misrepresentation, a purchaser who purchases a security offered thereby during the period of distribution or distribution to the public shall be deemed to have relied on such misrepresentation if it was a misrepresentation at the time of purchase and, subject to the limitations set forth in the Act,

(1) has a right of action for damage against,

(i) the issuer or a selling security holder on whose behalf the distribution is made;

(ii) each underwriter required to sign the certificate required by Section 58 of the Act;

(iii) every director of the issuer at the time the prospectus or amendment was filed;

(iv) every person or company whose consent has been filed pursuant to a requirement of the regulations under the Act but only with respect to reports, opinions or statements made by them; and

(v) every other person or company who signed the prospectus or the amendment,

but no action to enforce the right can be commenced by a purchaser more than the earlier of 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action or three years after the date of the transaction that gave rise to the cause of action; or

(2) where the purchaser purchased the security from a person or company referred to in (i) or (ii) above or from another underwriter of the securities, he may elect to exercise a right of rescission against such person, company or underwriter, in which case he shall have no right of action for damages against such person, company or underwriter, but no action to enforce this right can be commenced by a purchaser more than 180 days after the date of the transaction that gave rise to the cause of action.

Reference is made to the aforesaid Act for the complete text of the provisions under which the foregoing rights are conferred and the foregoing summary is subject to the express provisions thereof.

OTHER MATERIAL FACTS

There are no other material facts.



52G15NW0116 52G15NW0053 SIXMILE LAKE

040

CANADEx MINING CORPORATION LIMITED

FINANCIAL STATEMENTS

FEBRUARY 29, 1980

John E. Goodwin, F. C. A.

CHARTERED ACCOUNTANT

SUITE 1001
347 BAY STREET
TORONTO, CANADA
M5H 3R7
416-366-5286

AUDITOR'S REPORT

To the Directors,
Canadex Mining Corporation Limited.

I have examined the balance sheet of Canadex Mining Corporation Limited as at February 29, 1980, and the statements of deficit, deferred exploration expenditure and changes in financial position for the five years and eleven months then ended. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Company as at February 29, 1980, and the results of its operations and the changes in its financial position for the period then ended, in accordance with generally accepted accounting principles applied on a consistent basis throughout the period.

John E. Goodwin

Toronto, Canada,
April 9, 1980.

Chartered Accountant.

CANADEx MINING CORPORATION LIMITED

BALANCE SHEET

FEBRUARY 29, 1980

ASSETS

Current assets

Cash

\$ 417

Mining property (note 2)

Acquisition cost

\$ 2,545

Deferred exploration expenditure

90,306

92,851

\$ 93,268

LIABILITIES

Current liabilities

Accounts payable

\$ 1,870

SHAREHOLDERS' EQUITY

Share capital (note 3)

Authorized

5,000,000 shares of no par value

Issued

2,388,005 shares

\$ 366,235

Deficit

274,837

91,398

\$ 93,268

Approved by the Board:

[Signature] Director
[Signature] Director

CANADIX MINING CORPORATION LIMITED

STATEMENT OF DEFICIT

FOR THE FIVE YEARS AND ELEVEN MONTHS ENDED FEBRUARY 29, 1980

	1975	1976	1977	1978	1979	1980
Administration expenses						
Audit and legal fees	\$ 7,241	\$ 1,432	\$ 650	\$ 1,036	\$ 500	\$ 150
Management fees	3,250	3,000	2,000	1,500	1,500	
Transfer agency	1,252	652	656	339	478	50
Secretarial and accounting	4,004	3,968	2,414	720	720	
Office rent	1,697	1,966	1,982	1,797		
Fees and taxes	557	570	467	250	150	50
Shareholders' information	255	129	130			
Office and general	1,096	1,072	599	540		50
Interest earned	<u>(1,694)</u>	<u>(1,510)</u>	<u>(302)</u>			
	17,658	11,279	8,596	6,182	3,348	300
Other expenditure written off						
Mining claims		2,464	1,280			
Exploration expenditure	4,818	6,740	2,598			
Advances to another company	<u>792</u>					
	23,268	20,483	12,474	6,182	3,348	300
Balance, beginning of period	<u>208,782</u>	<u>232,050</u>	<u>252,533</u>	<u>265,007</u>	<u>271,189</u>	<u>274,537</u>
Balance, end of period	\$ <u><u>232,050</u></u>	\$ <u><u>252,533</u></u>	\$ <u><u>265,007</u></u>	\$ <u><u>271,189</u></u>	\$ <u><u>274,537</u></u>	\$ <u><u>274,837</u></u>

CANADEx MINING CORPORATION LIMITED

STATEMENT OF DEFERRED EXPLORATION EXPENDITURE

FOR THE FIVE YEARS AND ELEVEN MONTHS ENDED FEBRUARY 29, 1980

	1975	1976	1977	1978	1979	1980
Sturgeon Lake Area, Ontario						
Engineering fees	\$ 2,025	\$ 1,775	\$	\$	\$	\$
Linecutting	802					
Geophysical surveys	7,860	2,690				
Wages	2,131					
Supplies and sundry	<u>3,622</u>	<u>724</u>	<u>294</u>	<u>168</u>	<u>121</u>	<u>121</u>
	<u>16,440</u>	<u>5,189</u>	<u>294</u>	<u>168</u>	<u>121</u>	<u>121</u>
General						
Engineering	3,250	1,843				
Prospecting	<u>1,568</u>	<u>4,405</u>				
	<u>4,818</u>	<u>6,248</u>				
Currie Township, Ontario						
Engineering fees		825				
Geophysical surveys			1,492			
Travel, supplies and sundry		<u>107</u>	<u>174</u>			
		<u>932</u>	<u>1,666</u>			
Brouillan Township, Quebec						
Engineering fees		375				
Travel, supplies and sundry		<u>117</u>				
		<u>492</u>				
Total expenditure	<u>21,258</u>	<u>12,861</u>	<u>1,960</u>	<u>168</u>	<u>121</u>	<u>121</u>
Less: Written off	<u>4,818</u>	<u>6,740</u>	<u>2,598</u>			
	16,440	6,121	(638)			
Balance, beginning of period	<u>67,973</u>	<u>84,413</u>	<u>90,534</u>	<u>89,896</u>	<u>90,064</u>	<u>90,185</u>
Balance, end of period	<u>\$ 84,413</u>	<u>\$ 90,534</u>	<u>\$ 89,896</u>	<u>\$ 90,064</u>	<u>\$ 90,185</u>	<u>\$ 90,306</u>

CANADIX MINING CORPORATION LIMITED

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR FIVE YEARS AND ELEVEN MONTHS ENDED FEBRUARY 29, 1980

	1975	1976	1977	1978	1979	1980
Source of funds						
Issue of share capital	\$ <u>69,440</u>	\$ <u>11,250</u>	\$	\$	\$	\$
Application of funds						
Exploration	21,258	12,861	1,960	168	121	121
Administration	17,658	11,279	8,596	6,182	3,348	300
Acquisition of mining claims	145	3,744				
Advances to another company	<u>791</u>					
	<u>39,852</u>	<u>27,884</u>	<u>10,556</u>	<u>6,350</u>	<u>3,469</u>	<u>421</u>
Increase (decrease) in working capital	29,588	(16,634)	(10,556)	(6,350)	(3,469)	(421)
Working capital (deficiency), beginning of period	<u>6,389</u>	<u>35,977</u>	<u>19,343</u>	<u>8,787</u>	<u>2,437</u>	<u>(1,032)</u>
Working capital (deficiency), end of period	\$ <u>35,977</u>	\$ <u>19,343</u>	\$ <u>8,787</u>	\$ <u>2,437</u>	\$ <u>(1,032)</u>	\$ <u>(1,453)</u>

CANADEx MINING CORPORATION LIMITED

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 29, 1980

1. Accounting policies

As a mining exploration Company, expenditure related to exploration of mining properties in which an interest is retained, is deferred, and other expenditure is reflected in the statement of deficit.

Investments in mining properties are carried at cost less proceeds of partial dispositions. No adjustment of cost or related deferred expenditure is made when a portion of a particular claim group is allowed to lapse.

It is the intention that the acquisition costs of mining properties and the related deferred exploration expenditure should be amortized by charges against income from future mining operations. Recovery of these costs is dependent upon the development of economic mining operations.

2. Mining properties

Sturgeon Lake Area, Ontario

Unpatented mining claims at cost of staking \$ 2,545

3. Share capital

Summary of issued share capital:

Issued for:	<u>Shares</u>	<u>Capital</u>
Cash	1,638,005	\$ 291,235
Mining properties	<u>750,000</u>	<u>75,000</u>
	<u>2,388,005</u>	<u>\$ 366,235</u>

4. Financing

The Company plans to offer 600,000 shares of its capital through registered security dealers on a best-efforts basis at a price to the public not to exceed .65 per share with the Company to receive \$360,000 net. Funds received from the sale of shares are to be held by a trustee and, if sufficient orders to net the Company a minimum of \$360,000 are not received within 60 days from the commencement of distribution, all monies received would be returned to the subscribers.

5. Oil and gas leases

The Company has entered into drilling participation agreements whereby it can earn an 18.75% interest in each of 4 leases located in Jack County, Texas, by paying 25% of the drilling and completion costs of the test well on each lease. The agreements provide that the Company would advance a total of \$104,750 (U.S.) against the estimated drilling and completion costs of \$192,417 (U.S.). The leases cover a total of 883 acres and are subject to production royalties.

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by Part XIV of The Securities Act, 1978 and the regulations thereunder.

DATED the 20th day of May, 1980.

Chief Executive Officer
Gordon G. Plaskett

Chief Financial Officer
Harold E. Plaskett

Director
Harry J. Hodge

Director
John L. Tindale

PROMOTER
Gordon G. Plaskett

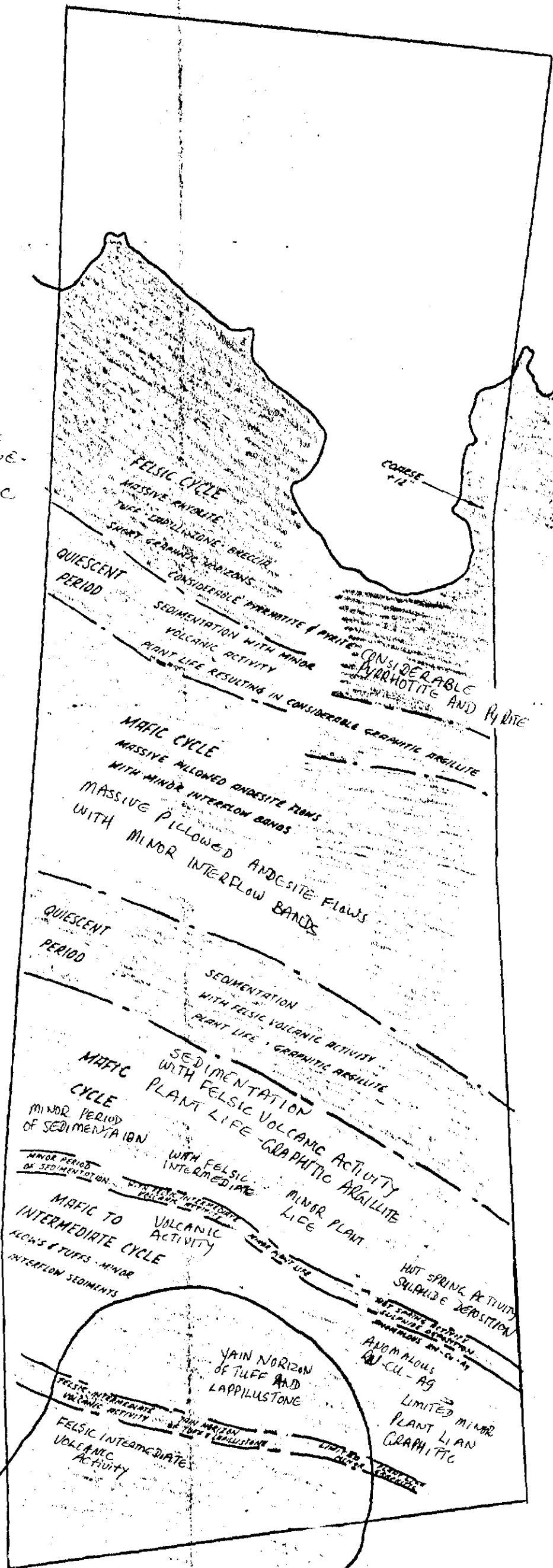
FOR ADDITIONAL

INFORMATION

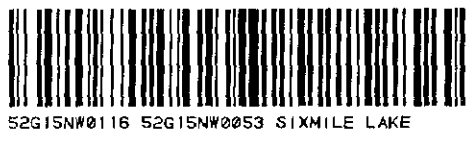
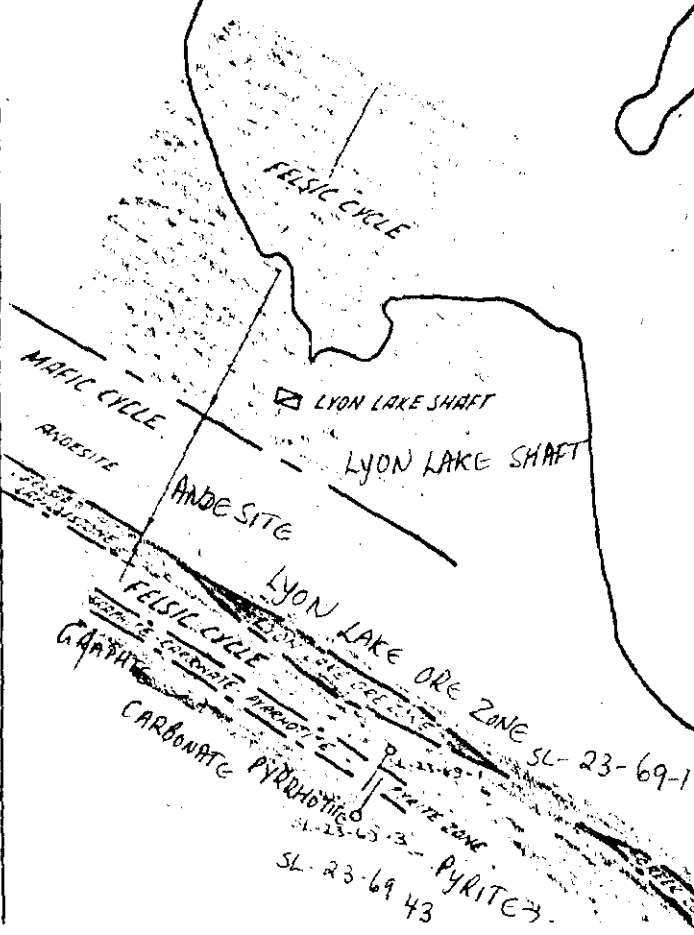
SEE MAPS:

52G/15NW - 0053 # 1-2

MASSIVE RHYOLITE
TUFF LAPILLISTONE-
BRECCIA
SHORT GRAPHIC
HORIZONS



OVERLAY
SHOWING
GEOLOGICAL INTERPRETATION
OF
VOLCANIC CYCLES
AND
INTERCALATED TUFF - SEDIMENTARY HORIZONS
CANADIX MINING CORPORATION
STURGEON LAKE AREA - ONT.
SCALE - 1" = 800'
L. J. CUNNINGHAM B.Sc. P. Eng. - DEC/74

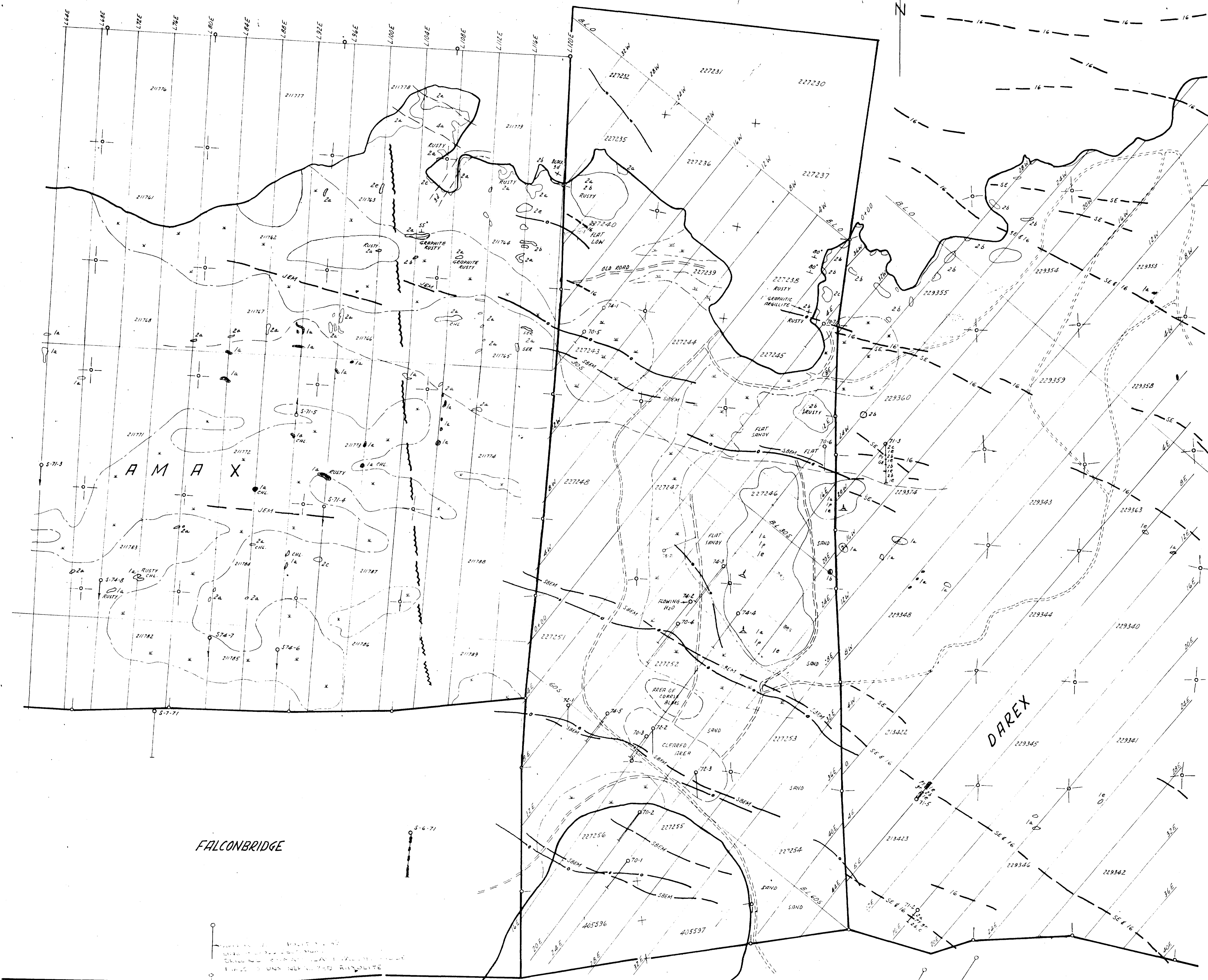


L. J. Cunningham

52G/15NW-0053 #2

63-3714

STURGEON LAKE



FALCONBRIDGE

MATTAGAMI

LYON LAKE

52G/15NW-0053 #2

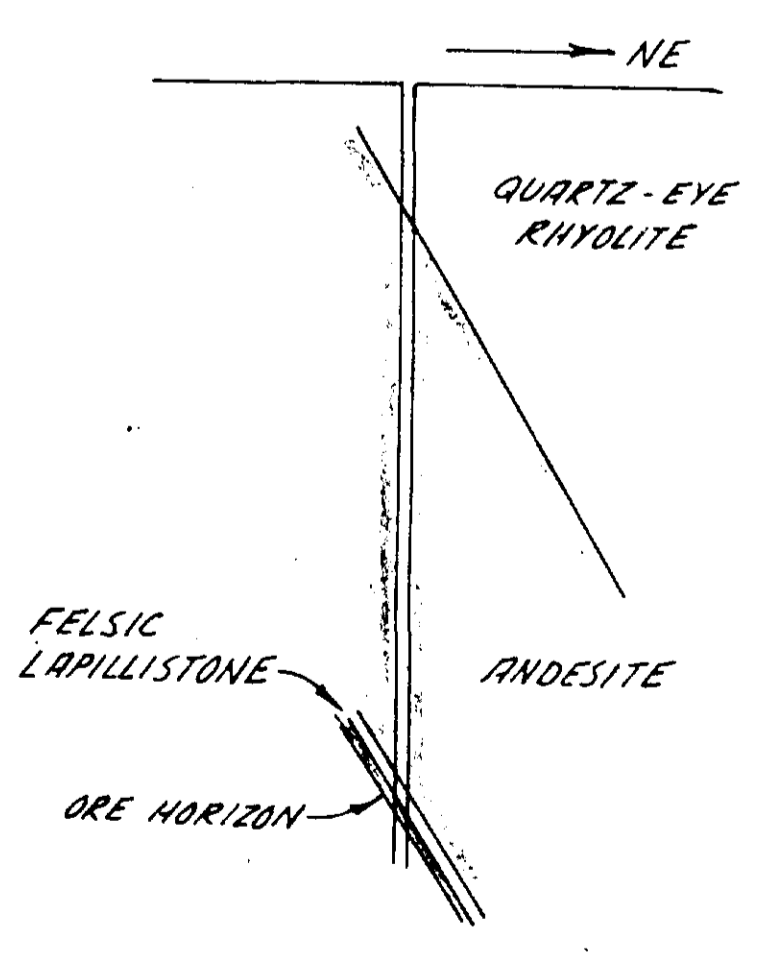
-NOTE-
 DAREX GEOLOGY FROM O.D.M. RECORDS - 1972 - J. BURNS - CANEX EXPL.
 AMAX GEOLOGY FROM O.D.M. RECORDS - 1971-72 - D. HAWKE

--- EM CONDUCTOR AXIS
 SE - SE 600 VEM. 100P
 16 - RONKA EM 16.
 J.E.M. - CRONE JUNIOR EM
 --- CENTRE OF I.P. ZONES

- GEOLOGY -
CANADIX MINING CORPORATION
 (NBU OPTION)
STURGEON LAKE AREA
ONTARIO
 SCALE - 1" = 400'
 DEC/74 - L. J. CUNNINGHAM - B.Sc. P. Eng.
 May 9, 1980

63-3714

CROSS SECTION THRU HOLE 232 & SHALT



LYON LAKE SHALT
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- LEGEND -

- 4 EARLY MAFIC INTRUSIVE ROCKS
 - 4a - METAGABBRO, METADIORITE
- 3 METASEDIMENTS
 - 3d - ARGILLITE
- 2 INTERMEDIATE TO FELSIC METAVOLCANICS
 - 2a - FELSIC LAVA
 - 2b - TUFF TO LAPILLSTONE
 - 2c - PYROCLASTIC BRECCIA TO LAPILLSTONE
 - 2e - QUARTZ & QUARTZ FELDSPAR PORPHYRY
- 1 MAFIC TO INTERMEDIATE METAVOLCANICS
 - 1a - FINE TO MEDIUM GRAINED VOLCANIC FLOWS & AMPHIBOLITE, CHLORITE SCHIST
 - 1b - MED. TO COARSE GRAINED VOLCANIC FLOWS
 - 1c - TUFFS, LAPILLSTONE & PYROCLASTIC BRECCIA
 - 1d - FLOWED LAVA

- SYMBOLS -

- SHEAR ZONE
- - OUTCROP
- ⊗ - SWAMP
- △ - PILLOWS
- + - STRIKE & DIP
- == - ROAD
- - GEOLOGICAL CONTACT (ASSUMED)
- b- - CLAIM POST
- CHL - CHLORITIC
- SER - SERICITIC
- CARB - CARBONATE
- GRAN - GRANITIC
- ~ - FAULT