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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.

SANTA MARIA MINES LIMITED
An Exploration and Development Company
(incorporated under the laws of the Province of Ontario)

NEW ISSUE

600,000 Common Shares Without Par Value

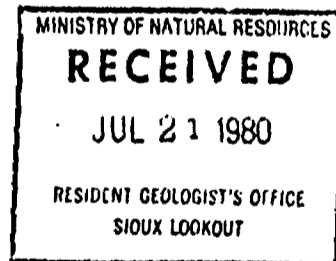
	<u>No. of Shares</u>	<u>Price to Public</u>	<u>Brokerage Commission</u>	<u>Proceeds to Company</u>
Per Share		65¢	5¢	60¢
Offering	600,000	\$390,000	\$30,000	\$360,000*

* 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 15.

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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TABLE OF CONTENTS



	<u>Page</u>
HISTORY AND BUSINESS	1
STURGEON LAKE AREA CLAIMS	1
Acquisition	1
Location	2
Description and Title	2
History	2
TEXAS OIL AND GAS LEASES	4
Location and Access	4
Lease Details	5
General Geology	5
Economic Geology	6
Spiller Lease	6
Furr Lease	7
Sheppard Lease	7
Cranford Lease	7
Economics of Production	8
Acquisition	8
Geologist's Report	9
PLAN OF DISTRIBUTION	10
SPECULATIVE NATURE OF THE SECURITIES	10
USE OF PROCEEDS	11
CAPITALIZATION	12
DESCRIPTION OF SECURITIES	13
Common Shares	13
MANAGEMENT	15
REMUNERATION OF MANAGEMENT	15
PRIOR SALES OF SHARES	15
ESCROWED SHARES	15
PRINCIPAL SHAREHOLDERS	16
DIVIDENDS	16
AUDITORS, TRANSFER AGENT AND REGISTRAR	17
PROMOTER	17
MATERIAL CONTRACT	17

TABLE OF CONTENTS

Page 2

	<u>Page</u>
CERTAIN PARTICULARS RELATING TO MANAGEMENT AND THE PROMOTOR.....	18
PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL RESCISSION AND DAMAGES.....	20
OTHER MATERIAL FACTS.....	22
FINANCIAL STATEMENTS.....	23

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

Santa Maria Mines Limited (the "Company") is a public company incorporated under the laws of the Province of Ontario.

The Company holds a group of 15 contiguous mining claims located in the Patricia Mining Division, Northwestern Ontario, located at Claw Lake in the Sturgeon Lake area, 45 miles east, south-east of Sioux Lookout on the C.N. Railway and about 25 miles south of Savant Lake. The history of exploration of these claims is set out under the heading "History and Business" on page 1. There are no immediate intentions for further work on these claims.

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 9. 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

(ii)

over the years. They are mining and exploration executives, mining engineers and geologists. Details in this regard are set forth under "Management" on page 13. The benefit of the professional experience on the Board of Directors should assist the Company in formulating its ongoing programmes.

RISK FACTORS

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 upon a public offering price of 65¢ per share and tangible book value after the offering of 15¢ per share, the dilution to investors will be 50¢ per share.

ISSUANCE OF SHARES

After this offering, the Company will have issued 3,090,721 common shares which will be held by the public. Included in this figure, are the 600,000 common shares offered under this Prospectus.

SANTA MARIA MINES LIMITED

PROSPECTUS

HISTORY AND BUSINESS

Santa Maria Mines Limited (the "Company") was incorporated under The Companies Act (Ontario) by Letters Patent dated November 23, 1945. By Supplementary Letters Patent dated June 24, 1960, the Company increased its share capital to 5,000,000 with a par value of \$1.00 each. By Articles of Amendment effective September 29, 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 AREA CLAIMS

Acquisition

By agreement dated December 3, 1969, between Gordon George Plaskett, President of the Company, and Messrs. Edward Oswald Dearden, 11 Tallforest Crescent, Etobicoke, Ontario, and Lorne Knauf Smith, 1292 Strathey Avenue, Mississauga, Ontario, as assigned to the Company, the Company received the right to purchase 15 contiguous mining claims located at Claw Lake, in the Sturgeon Lake area of Northwestern Ontario, Patricia Mining Division, for a total cash consideration of \$7,500 and 50,000 free and negotiable shares of the capital stock of the Company which shares were transferred from the

holdings of the aforesaid Gordon G. Plaskett. Messrs. Dearden and Smith each received a 50% interest in the aforesaid consideration.

Location

The said claims known as the "Claw Lake Group" are located 45 miles east, south-east of Sioux Lookout on the C.N. Railway about 26 miles south of Savant Lake. The claims adjoin the property of Mattagami Lake Mines Limited and Sturgeon Lake Mines Limited. The Company's claims are accessible by aircraft directly to a lake on the property. A drilling access winter road has been put into the immediate area of the Santa Maria ground.

Description and Title

The claims are more particularly known as PA-430679 to 430693 inclusive and are in good standing until February 6, 1981. Title to the claims is recorded in the name of the Company.

History

During the winter of 1969-70, lines were cut at 400-foot centres and an EM-VLF survey was completed on stations at 100-foot centres.

During the winter of 1970-71, lines were reestablished at 200-foot centres and a magnetometer and two EM-VLF surveys using different signal stations were completed over most of the property.

In addition, an Induced Polarization survey was carried out over about one-third of the property.

Diamond drilling was started in February, 1971, and 16 holes totalling 8,721 feet were drilled. The first seven of the holes were designed to test geophysical anomalies and one of these located a wide bank of acidic rocks within which is located a favourable stratigraphic horizon.

The known sulphide deposits of the Sturgeon Lake area are located along an extensive stratigraphic zone. The zone is the contact between basic-intermediate and acid pyroclastics and is believed to be related to a broad scale change in volcanic events. Narrow basic dikes are common in the contact zone. The sulphide bodies form discrete masses along this stratigraphic horizon and may have formed in structurally favourable areas.

The last 9 holes probed this favourable stratigraphic horizon along a strike length of 1,000 feet. The zone strikes easterly, dips steeply south and is readily recognized being silicified, chloritized and metallized with 3% to 5% sulphides consisting of pyrrhotite, pyrite with small amounts of sphalerite and chalcopyrite.

Further drilling was recommended to test this favourable zone. Pursuant to a working agreement of October 18, 1971, with Falconbridge Nickel Mines Limited, which agreement terminated December, 1973, Falconbridge drilled 13 holes for a total of 5,255 feet at a cost to Falconbridge of \$68,000. Hole No. 20 encountered mineralized sections from 182.5 feet to 201 feet and from 214.5 feet to 218 feet. Assays for the above sections are as follows:

<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	218.0	3.5	0.56	Trace	Trace	Trace	Trace

In accordance with the terms of the said agreement with Falconbridge, the Company elected to exercise its option to purchase the claims from Lyon Lake Mines Limited (the corporation incorporated to hold the properties) at the then fair market value of \$3,000 and sold its 300,000 shares of Lyon Lake held by Falconbridge under a voluntary escrow pursuant to the agreement, to Falconbridge for \$3,000.

Subsequent to the reacquisition of the claims the Company carried out a detailed IP survey over approximately half of the acreage. A number of limited anomalous zones were detected and core samples indicated the presence of substantial sulphide mineralization.

The Company has expended a total of \$125,453 on the exploration of these claims. Management of the Company has not formulated plans for further exploration and development of the claims.

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 April 9, 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 also concluded that if two of the leases are productive,

the total cost of drilling a well on each lease would be paid back in about 1.4 years.

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

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 3,090,721 common shares then outstanding would be 15.0¢ 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	15.0¢
Dilution per share to investors	50.0¢

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, all of which will be borne by the Company. Such net proceeds will be added to the Company's working capital and will be used as follows:

(a) Well Participation - Jack County, Texas	\$193,000*
(b) U.S. funds exchanged @ 17%	33,000
(c) Prospectus, legal, audit	17,000

(d) Reserve for listing - Alberta Stock Exchange	\$ 2,000
(e) Administration	12,000
(f) Working capital	<u>103,000</u>
Total	\$360,000

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

Funds remaining in the Company's treasury after the initial four-well programme in Texas may 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.

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.

CAPITALIZATION

<u>Designation of Securities</u>	<u>Authorized</u>	<u>Outstanding as of March 31, 1980</u>	<u>Outstanding on Completion of this Financing</u>
Common Shares without par value	5,000,000 (\$5,000,000)	2,490,721 (\$472,335)	3,090,721* (\$832,335)

* 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 Company's shares have not traded over-the-counter in Ontario during the past 12 months, except for 32,500 shares at between 32¢ and 45¢ per share from May 6, 1980 to date, according to the Investment Dealers' Association of Canada.

ESCROWED SHARES

The Sterling Trusts Corporation, 220 Bay Street, Toronto, holds in escrow a total of 966,000 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.

<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	966,000	38.78395%

PRINCIPAL SHAREHOLDERS

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, 57 Widdicombe Hill Boulevard, Weston, Ontario.	Common Shares	188,284 (free shares)	7.55941	188,284	6.09191
		411,717 (escrowed shares)	16.53003	411,717	13.32106
Conwest Explora- tions Limited, 85 Richmond Street West, Toronto, Ontario.	Common Shares	100,000 (escrowed shares)	4.0149	100,000	3.23549
Sid Beanland Suite 208, 372 Bay Street, Toronto, Ontario.	Common Shares	100,000 (escrowed shares)	4.0149	100,000	3.23549
Kenteco Explora- tions Limited, Suite 208, 372 Bay Street, Toronto, Ontario.	Common Shares	97,426 (escrowed shares)	3.91155	97,426	3.1522

As of the date of this Prospectus, the directors and senior officers own or control 24.08945% 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 4.

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 Petroleum 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 Petroleum Limited.

During the past 10 years Mr. Gordon G. Plaskett, the President of the Company, has been a promoter of the Company and of Canadex Mining Corporation Limited. During that period the Company 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) and Canadex Mining Corporation Limited has raised \$291,235 from two public offerings, the prospectuses for which are dated December 4, 1973 and November 28, 1974.

The results of expenditures on the Company's 15 mining claims located at Claw Lake in the Sturgeon Lake area of Northwestern Ontario are set out under heading "History and Business" as more particularly set out under subheading "History" on pages 2, 3 and 4 of this Prospectus.

Canadex Mining Corporation Limited has conducted work on its 26 contiguous mining claims located between Sturgeon Lake and Lyon Lake in Northwestern Ontario.

In 1969 and 1970 electromagnetic and magnetic ground surveys were carried out, and 7 drill holes totalling 3,828 feet were put down; 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 south-east portion, and drilled 3 holes to explore

the area of the previous hole 3 for a total of 1,242 feet; low zinc values were encountered. In 1974, NBU Mines Limited had an induced potential survey done over the claims and drilled 5 holes totalling 3,124 feet. Low zinc values were encountered in one hole. The property was mapped geologically in October, 1974. At the same time, core from previous drilling programmes was relogged and some VLF EM survey was done on the north-westerly claims.

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.

(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.

SANTA MARIA MINES LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 1980

John E. Goodwin, F. C. A.

CHARTERED ACCOUNTANT

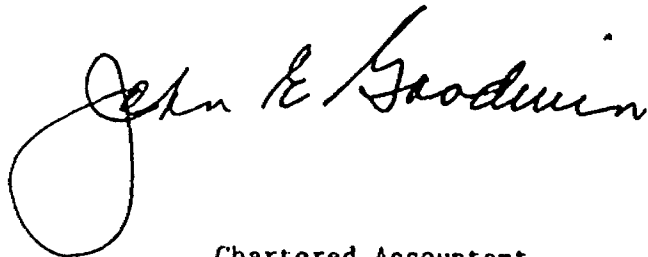
SUITE 1001
347 BAY STREET
TORONTO, CANADA
M5H 2R7
416-366-6746

AUDITOR'S REPORT

To the Directors,
Santa Maria Mines Limited.

I have examined the consolidated balance sheet of Santa Maria Mines Limited as at March 31, 1980, and the consolidated statements of deficit, deferred exploration expenditure and changes in financial position for the five years and three 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 consolidated financial statements present fairly the financial position of the Company as at March 31, 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.



Toronto, Canada,
April 9, 1980.

Chartered Accountant

SANTA MARIA MINES LIMITED

CONSOLIDATED BALANCE SHEET

MARCH 31, 1980

ASSETS

Current assets		
Cash		\$ 58
Mining property (note 3)		
Acquisition cost	\$ 7,500	
Deferred exploration expenditure	<u>127,340</u>	<u>134,840</u>
		\$ <u>134,898</u>

LIABILITIES

Current liabilities		
Accounts payable		\$ 2,410

SHAREHOLDERS' EQUITY

Share capital (note 4)		
Authorized		
5,000,000 shares of no par value		
Issued		
2,490,721 shares	\$ 472,355	
Deficit	<u>339,867</u>	<u>132,488</u>
		\$ <u>134,898</u>

Approved by the Board:

[Signature] , Director
N.D. Blackett. , Director

SANTA MARIA MINES LIMITED

CONSOLIDATED STATEMENT OF DEFICIT

FOR THE FIVE YEARS AND THREE MONTHS ENDED MARCH 31, 1980

	December 31					1980
	1975	1976	1977	1978	1979	
Administration expense						
Management fees	\$ 3,000	\$ 2,750	\$	\$	\$	\$
Secretarial and accounting	3,966	3,351	500			
Office rent	1,985	1,978	1,156			
Office and general	628	410	77	50	50	50
Telephone	571	493	199			
Legal	4,211					
Audi.	1,200	1,225	650			700
Transfer agency fees	728	596	144			
Shareholders' information	246	175				
Taxes & fees	867	896	464	150	150	60
	<u>17,402</u>	<u>11,874</u>	<u>3,190</u>	<u>200</u>	<u>200</u>	<u>810</u>
Interest earned	(2,472)	(584)				
Mining claims abandoned						
Acquisition costs	6,565	5,586			18,000	
Exploration expenditure	7,143	24,406			85,419	
	<u>28,638</u>	<u>41,282</u>	<u>3,190</u>	<u>200</u>	<u>103,618</u>	<u>810</u>
Balance, beginning of the year	<u>162,129</u>	<u>190,767</u>	<u>232,049</u>	<u>235,239</u>	<u>235,439</u>	<u>339,057</u>
Balance, end of the year	<u>\$ 190,767</u>	<u>\$ 232,049</u>	<u>\$ 235,239</u>	<u>\$ 235,439</u>	<u>\$ 339,057</u>	<u>\$ 339,867</u>

SANTA MARIA MINES LIMITED

CONSOLIDATED STATEMENT OF DEFERRED EXPLORATION EXPENDITURE

FOR THE FIVE YEARS AND THREE MONTHS ENDED MARCH 31, 1980

Balance, December 31, 1974			\$ 229,882
Expenditure incurred:			
	1975	1976	
Sturgeon Lake Area, Ontario			
Claw Lake claims	\$ 1,637	\$	
Six Mile Lake claims	993		
Sturgeon Narrows claims	994		
Brouillan Township, Quebec	568		
Currie Township, Ontario	1,186	1,492	
Gillies Limit Township, Ontario	171	165	
General prospecting	<u>3,982</u>	<u>3,237</u>	
	\$ <u>9,531</u>	\$ <u>4,894</u>	<u>14,425</u>
			244,307
Expenditure written off:			
1975: Sturgeon Narrows claims	2,593		
Brouillan Township	568		
General prospecting	<u>3,982</u>	7,143	
1976: Six Mile Lake	18,491		
Currie Township	2,678		
General prospecting	<u>3,237</u>	24,406	
1979: Gillies Limit Township		<u>85,418</u>	<u>116,967</u>
Balance, March 31, 1980			\$ <u>127,340</u>

SANTA MARIA MINES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE FIVE YEARS AND THREE MONTHS ENDED MARCH 31, 1980

	December 31					1980
	1975	1976	1977	1978	1979	
Source of funds						
Interest	\$ <u>2,472</u>	\$ <u>584</u>	\$	\$	\$	\$
Application of funds						
Acquisition of mining claims	5,295					
Exploration expenditure	9,531	4,894				
Administration expense	<u>17,402</u>	<u>11,874</u>	<u>3,190</u>	<u>200</u>	<u>200</u>	<u>810</u>
	<u>32,228</u>	<u>16,768</u>	<u>3,190</u>	<u>200</u>	<u>200</u>	<u>810</u>
Decrease in working capital	29,756	16,184	3,190	200	200	810
Working capital (deficiency), beginning of the year	<u>47,988</u>	<u>18,232</u>	<u>2,048</u>	<u>(1,142)</u>	<u>(1,342)</u>	<u>(1,542)</u>
Working capital (deficiency), end of the year	\$ <u><u>18,232</u></u>	\$ <u><u>2,048</u></u>	\$ <u><u>(1,142)</u></u>	\$ <u><u>(1,342)</u></u>	\$ <u><u>(1,542)</u></u>	\$ <u><u>(2,352)</u></u>

SANTA MARIA MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 1980

1. Basis of consolidation

The consolidated financial statements include the accounts of San-Matt Mines Limited, a wholly-owned subsidiary.

2. 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.

3. Mining property

The mining property comprises unpatented mining claims located in the Sturgeon Lake Area, Ontario (the Claw Lake claims) which were acquired by staking.

4. Share capital

Summary of issue share capital

Issued for:

Cash

Mining properties

Services rendered

Number of Shares

Capital

1,290,295

\$ 381,945

1,000,000

67,000

200,426

23,410

2,490,721

\$ 472,355

5. 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.

SANTA MARIA MINES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 1980

6. 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

XMILE LAKE M.2877

