



52J10SE0014 52J10SE0019C1 SOLITUDE LAKE

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NEITHER THE ONTARIO SECURITIES COMMISSION NOR THE TORONTO STOCK EXCHANGE HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HEREOF AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

PA - 417668 - 417617 incl. No. 76-

STATEMENT OF MATERIAL FACTS

REDSTONE RESOURCES INC.

Head Office:
330 Bay Street
Suite 908
Toronto, Ontario M5H 2S8



OFFERING UP TO 400,000 UNISSUED TREASURY SHARES (NO PAR VALUE) IN THE CAPITAL STOCK OF REDSTONE RESOURCES INC. ("THE CORPORATION") TO PROVIDE THE CORPORATION WITH A MINIMUM OF \$250,000 NET, IN ANY EVENT AT NOT LESS THAN 65 CENTS PER SHARE NET TO THE CORPORATION.

The shares will be offered by MIDLAND DOHERTY LIMITED (hereinafter referred to as the "Agent") as Agent for the Corporation, by means of a fixed price offering on the Floor of The Toronto Stock Exchange at a price to be determined by the Corporation and its Agent with the approval of The Toronto Stock Exchange, which price shall produce a net of not less than 65 cents per share to the Corporation after paying the Agent's commission. The proceeds of the sale of these shares less commissions will accrue to the benefit of the Corporation. For particulars of the offering, reference is made to Items 2 and 3.

The offering will take place on a day to be specified by the Corporation in consultation with The Toronto Stock Exchange, which date shall be announced by the said exchange within a period of not less than five business days and not more than twenty-one business days after the date of the mailing of this Statement by the Corporation, between the hours of 9.00 a.m. and 9.30 a.m., at which time a book will be maintained on the Floor of The Toronto Stock Exchange to receive purchase orders. The Agent has the right to reserve not more than 75% of the offered shares to fill orders of their own clients. For particulars reference is made to Item 3 herein.

This offering is subject to sufficient purchase orders being received to net the Corporation a minimum of \$250,000. If sufficient purchase orders are not received to net the Corporation \$250,000 after payment of Agents' commissions, the offering will be withdrawn by the Corporation. If, in the opinion of The Toronto Stock Exchange, a bona fide public distribution has not been accomplished, the offering may be cancelled by The Toronto Stock Exchange.

MIDLAND DOHERTY LIMITED
P. O. Box 25
Commercial Union Tower
Toronto-Dominion Centre
Toronto, Ontario
M5K 1B5

THE SHARES OFFERED HEREBY ARE SPECULATIVE SECURITIES

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

Fixed price offering up to 400,000 common shares of no par value in the capital stock of the Corporation to raise a minimum of \$250,000 net as further set out in Item 3.

The Corporation has entered into an option agreement with Hufort Resources Inc., dated March 11, 1976, as further set out in Item 14-D.

The funds obtained will be applied in accordance with the purposes set out in Item 4 hereof.

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

* * * *

The following shares of its capital stock will be offered by the Corporation on a fixed price offering basis under the terms of this Statement of Material Facts.

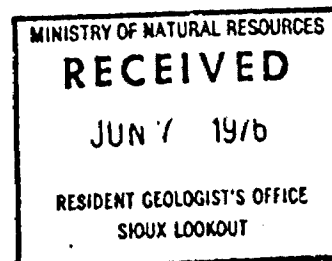
The Agent will offer through the facilities of The Toronto Stock Exchange up to 400,000 unissued treasury shares of no par value. Each share carries one vote at all meetings of shareholders and the right to receive dividends as and when declared by the Directors of the Corporation. All shares rank on a parity with respect to dividend rights and rights to share in the net assets of the Corporation in the event of any liquidation, dissolution, winding up or distribution of assets. The shares carry no pre-emptive conversion or subscription rights. (See Item 3 hereof).

No shares are being offered on behalf of selling shareholders.

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

* * * *

By an Agreement in writing dated the 22 day of March, 1976, and made between the Corporation and the Agent, the Agent has agreed to offer for sale up to a maximum of 400,000 fully paid and non-assessable shares in the capital of the Corporation. Such offering shall be by means of a fixed price offering on The Toronto Stock Exchange on a date ("the Offering Date") to be fixed by the Corporation and its Agent in consultation with The Toronto Stock Exchange. The Offering Date will be announced by the Exchange within a period of not less than five business days and not more than twenty-one business days after the date of the mailing of this Statement of Material Facts. The shares shall be offered at a fixed price which shall be at a discount from the last sale price on The Toronto Stock Exchange on the day prior to the offering taking place but not less than 65 cents per share net to the Corporation. Such discount shall not exceed the maximum discount allowed by The Toronto Stock Exchange. A book will be maintained on the Floor of the Exchange from 9.00 a.m. to 9.30 a.m. prior to the opening of trading on the day so determined for such offering which day will be announced by The Toronto Stock Exchange and the Corporation's Agent will receive subscriptions from other members of The Toronto Stock Exchange. The Corporation's Agent may reserve not more than 75% of the offered shares to fill orders of their own clients. If sufficient purchase orders are not received to net the Corporation \$250,000, the offering will be withdrawn by the Corporation. If, however, in the opinion of The Toronto Stock Exchange a bona fide public distribution has not been accomplished, the offering may be cancelled by The Toronto Stock Exchange.



The Corporation and its Agent have the right to withdraw or postpone the offering until one hour after the closing of the market on the day prior to the day named for the distribution should any event occur or situation develop which, in the opinion of either, would make it inexpedient or inadvisable to make the offering, or market conditions should be such that in the opinion of either, it would be inexpedient or inadvisable to make the offering, and in the event of such withdrawal or postponement, all the Corporation's and the Corporation's Agent's obligations shall be at an end.

The maximum discount allowable by The Toronto Stock Exchange is as follows:

If the closing market price on the day prior to the offering date is at	Maximum discount price
up to 50¢ per share	25% below closing market
\$0.51 and up to \$1.00 per share	20% below closing market
\$1.01 and up to \$2.00 per share	18% below closing market
\$2.01 and up to \$5.00 per share	15% below closing market
\$5.01 and up	10% below closing market

The prices at which shares of the capital of the Corporation are intended to be offered according to the above-recited formula do not represent net prices to the Corporation. The Corporation's Agent will be entitled to commissions payable by the Corporation with respect to such offering at the rate of 5% of the fixed price of the offered shares. The Purchaser of any shares under the offering will be required to pay the applicable commission rates as specified in the By-Laws and Rules of The Toronto Stock Exchange.

During the ninety-day period prior to the date of this Statement, the Corporation's shares have traded at a high of \$1.06 and a low of \$0.61.

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

* * * *

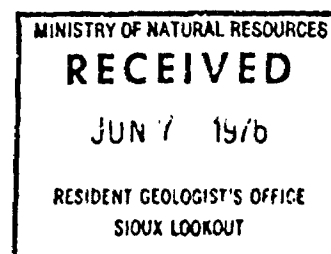
The Audited Balance Sheet of the Corporation as at December 31, 1975 reflects a working capital of \$32,119. Since the date of the Balance Sheet and the date of this Statement, the estimated administrative and exploration expenses of the Corporation have increased by \$10,000.

The funds raised by this offering will be used as set-out in the following budget for the two year period extending from May 1, 1976 to April 30, 1978.

1. LOANS
To repay demand loan of \$10,000 (with accumulated interest) due June 30, 1976 \$ 11,000

2. EXPLORATION PROJECTS (See Item 14 - Exploration Planned)
Solitude Lake Claim Group - The Corporation, which has a 25% interest in this group, intends to negotiate an option to acquire a majority interest from the remaining owners by advancing exploration funds as follows:
 - (a) Phase 1 - Ground Geophysical Survey (\$10,000)
 - (b) Phase 2 - Diamond Drilling of anomalous zones if recommended by Consultants - 2,000 ft. of drilling at \$20 per ft. (\$40,000) 50,000

Norell Lake - Zinc, lead, silver prospect (Northern Saskatchewan)
Now 100% owned by Nufort Resources Inc. Corporation to earn a 50% assessable interest in this claim block by spending \$10,000 in exploration by September 15, 1976, in a geochemical survey and prospecting program. 10,000



South Redstone Lease - Zinc, lead, silver prospect (R.W.T)
Geophysical Survey \$ 30,000

3. ADMINISTRATIVE COSTS
Accounting, secretarial, consulting, legal, audit and other overhead costs (two years at \$32,000 per year) 64,000
4. To increase working capital with the intention of
(a) expanding exploration on above exploration projects, depending on results obtained from the recommended programs, and (b) increasing the Corporation's participation in oil and gas ventures. 85,000
- TOTAL \$250,000

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

* * * *

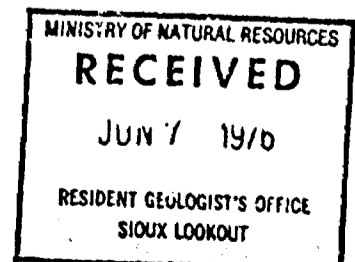
The Corporation was incorporated as Redstone Mines Limited under the laws of the Province of Ontario by Letters Patent dated December 21, 1961. By Articles of Amendment dated June 23, 1972, the name of the Corporation was changed from Redstone Mines Limited to Redstone Resources Inc., the Articles of Incorporation amended to increase the authorized capital of the Corporation from 5,000,000 to 7,000,000 shares, and the Corporation was authorized to purchase any of its issued and outstanding shares without par value out of surplus.

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

* * * *

- | | | |
|---|-----------------------------|---|
| * W. G. Brissenden
25 Glenallan Road
Toronto, Ontario | Director | Independent Mining Engineer since November, 1975; prior to which President, Brunswick Mining & Smelting; President, Gaspé Copper Mines Ltd.; Vice-President, Noranda Mines Limited. |
| J. C. Byrne
581 Avenue Road
Toronto, Ontario | Director | President and Managing Director Rayrock Mines Limited and Discovery Mines Limited, Toronto |
| J. A. Harquail
122 Beechwood Ave.
Willowdale, Ontario | Director and President | Consulting Mining Engineer |
| H. W. Marsh
6 Ivy Lea Cresc.
Toronto, Ontario | Director and Vice-President | Exploration Manager. Rio Tinto Canadian Explorations Limited, Toronto |
| H. R. Tipman
195 Centennial Dr.E.
Thompson, Manitoba | Director | Supervisor, Process Technology International Nickel Company Thompson, Manitoba |
| G. L. Harquail
122 Beechwood Ave.
Willowdale, Ontario | Secretary | Secretary. Officer and Director of Surveymin Limited, Toronto |
| *K. N. Orpwood
25 Westleigh Cresc.
Toronto, Ontario | Treasurer | Technician, prior to which insurance agent. Since 1971 a Director of Hurfort Resources Inc. |

*Replaced G. L. Moore on March 22, 1976, in positions as indicated.



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

The authorized capital of the Corporation consists of 7,000,000 shares of no par value of which there are presently 4,199,928 issued and outstanding.

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

* * * *

Demand loan of \$10,000 payable by the Corporation to Rayrock Mines Limited with 10% accumulated interest, by June 30, 1976. (See Note 4 of Audited Balance Sheet at December 31, 1975).

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

* * * *

Shares of the capital stock of the Corporation proposed to be offered will be distributed by the Corporation's Agent, through the facilities of The Toronto Stock Exchange on a fixed price offering basis in the manner and at the prices described in Items 2 and 3 hereof.

There are no sub-underwriting or sub-option agreements presently outstanding or proposed to be given.

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

* * * *

<u>Name and Address</u>	<u>Number of Shares</u>	<u>Equity %</u>
MIDLAND DOHERTY LIMITED David B. Weldon 28 Edmund Avenue Toronto, Ontario	107,200	11.24

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

* * * *

None

MINISTRY OF NATURAL RESOURCES

RECEIVED

JUN 7 1976

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

RESIDENT GEOLOGIST'S OFFICE
SIOUX LOOKOUT

* * * *

1. Mahanni Mining District, Northwest Territories
- (a) Coates Lake Lease (11,700 acres) under option to Shell Canada Limited. Shell is currently providing all funds and managing a surface drilling program, using two drills and costing not less than \$500,000 which is now in progress on this property. (Copper, lead, zinc prospect)
 - (b) South Redstone Leases (1,235 acres). Two leases owned 100% by the Corporation. (Zinc, lead and silver prospect)
 - (c) Central Redstone Lease (604 acres). Owned 100% by the Corporation. It has not been tested by drilling. (Silver, copper prospect).
 - (d) North Redstone Lease (451 acres). Owned 100% by the Corporation. It has not been tested by drilling. (Copper prospect)

Previous work on these leases was: (a) Coates Lake Lease - Geological mapping and 22,644 feet of surface diamond drilling (1962-64) and geophysical surveys (1968) at a cost to the Corporation of about \$280,000. Cerro Mining Company financed a geological mapping and surface drilling program of 14,700 feet during 1970. Total cost not known to the Corporation. Ore reserves were outlined as a result of these two drilling programs.

- (b) South Redstone Leases - 7,000 feet of surface diamond drilling by the Corporation in 1962. No ore reserves were outlined as a result of this program.
- (c) Central Redstone Lease - Geological mapping, trenching and sampling only.
- (d) North Redstone Lease - Geological mapping, trenching and sampling only.
- 2. Arctic and Hudson Bay Mining District, Northwest Territories
A 15% interest in 114 mineral claims in 7 groups is owned by the Corporation. These are located at or near the Settlement of Rankin Inlet, N.W.T. on the west shore of Hudson Bay. All of these claims do not require work expenditures until 1979. (Base metal and gold prospects)
- 3. Western Ontario Claim Groups
These consist of 17 claims in the Kenora Mining District in which the Corporation has a 20% interest; 9 claims in the Kenora Mining District in which the Corporation has a 25% interest; and 10 claims (the Solitude Lake Group) in the Patricia Mining District in which the Corporation has a 25% interest. The remaining interest in these 3 groups is owned by Rayrock Mines Limited, Bow River Resources Ltd. and Highhawk Mines Ltd.
- 4. Oil and Gas Interests, Northwest Territories
In 1969 the Corporation sold its 50% interest in five oil and gas permits to Western Decalta Petroleum Limited. These permits are located along the Mackenzie River Valley between Norman Wells and Fort Simpson in the Northwest Territories. The Corporation will receive 1.5% gross overriding royalty in oil and gas production on three permits (145,003 acres) and 7.5% net carried interest in oil and gas production on two permits (55,167 acres). An oil discovery has been reported by Western Decalta on a permit (27,373 acres) in which the Corporation owns a 1.5% gross overriding royalty.

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

* * * *

To the knowledge of the signatories hereto there are no known bodies of commercial ore on any of the Corporation's properties described in Item 12 hereof. Oil has been discovered on a North Decalta Permit but further drilling is required (at no cost to the Corporation) to prove commercial oil reserves.

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

* * * *

Exploration during the past year

(A) During the one year period from November, 1974, Shell Canada Limited paid the Corporation the sum of \$50,000 and acquired the exclusive option, by agreement dated May 1, 1975, to earn a 45% interest in the Corporation's Coates Lake Mining Lease in the Northwest Territories by spending \$1.5 million in exploration. Minimum expenditures by Shell to December 31, 1978, must be \$1.0 million to maintain the option. Additional payments to the Corporation, totalling \$20,000 by January 1, 1978, and \$25,000 per year thereafter, are also required to maintain the option. After earning its 45% interest, Shell may elect to advance all funds required to finance a mine into commercial production and thus earn 80% interest in the lease and mining profits. Shell would be repaid its costs incurred from the date of a production decision out of mining profits while the Corporation would retain a 20% carried interest in the lease and mining profits. If Shell does not bring the property into production within five years of a production decision, the Corporation's interest reverts to 55% while Shell's interest reverts to 45% and the Corporation may proceed to bring the lease to production with or without Shell's participation. (See Note 3 of Audited Balance sheet at December 31, 1975).

-7-

During November, 1975, Shell paid the Corporation \$10,000 and thus guaranteed to spend not less than \$10,000 in exploration for lease. Any property acquired by Shell or its subsidiary within the term of the Coates Lake Lease will be included under this agreement.

Surface diamond drilling, using two drills, began about mid-March, 1976, on the Corporation's Coates Lake Lease.

(B) During the past year the Corporation participated in the financing of a Prospecting Syndicate which staked three claim groups in Western Ontario as previously reported under Item 12-3. No development work has been done as yet on these groups, although work is recommended on one of them.

(C) The Corporation owns 0.4% of the issued shares of a private company known as Magnorth Petroleum Ltd. During the past year the Corporation continued to supply its share of funds to cover the administrative costs and certain of Magnorth's exploration costs. Magnorth owns about 14 million acres of oil and gas leases located in Canada's Arctic Islands. Norlands Petroleum Limited is obliged to spend \$9.7 million in exploring these lands and will earn a 25% interest for this expenditure. It has already spent about \$6 million. Norlands then has the option to spend an additional \$26.5 million exploring these lands to increase its interest to 50%, with Magnorth retaining the remaining 50%.

(D) The Corporation has entered into an agreement, dated March 11, 1976, with Nufort Resources Inc. (an associated company of the Corporation), whereby it has been granted the option to spend not less than \$10,000 in exploratory work on Nufort's mining lease (2,800 acres) located in the Wollaston Lake area of the Province of Saskatchewan. Redstone is obligated to record at least one year's assessment work by September 15, 1976. All exploration funds required thereafter will be divided on the basis of 50% Redstone and 50% Nufort. This option is subject to the successful completion of the fixed price offering as set out in Item 3 (See Note 7 of audited Balance Sheet at December 31, 1975).

Exploration Planned

The following is a summary, extracted by the Corporation from a report dated March 16, 1976, made by Norman R. Paterson, Ph.D., P.Eng., Consulting Geophysicist, with respect to the Corporation's properties on which expenditures are proposed.

Dr. Paterson lists all of the property holdings and the Corporation's interest in these holdings. He specifically recommends exploration work as follows:

Solitude Lake Group, Ontario - An attempt should be to combine this 10 claim group (in the Patricia Mining District) with the 8 claims adjoining to the east. A ground electromagnetic and magnetic survey should be completed over the 18 claims on 400 foot north-south line spacing to trace the east-west trending conductors. This could be done for about \$10,000 and would complete Phase 1 of the program. If attractive targets were outlined which justify a drill test then an initial program of 2,000 feet would cost approximately \$40,000. Dr. Paterson recommends that the other two claim groups in the Kenora Mining District be permitted to lapse.

The South Redstone leases in the Northwest Territories justify either a helicopter-borne electromagnetic/magnetic survey of 600-800 line miles at a line spacing of 1/10-mile. This program, with interpretation, would cost \$30,000. Should ground crews be available in the district then a ground survey, including line-cutting, electromagnetics, magnetics, and detail I.P. plus interpretation, would cost about the same, \$30,000.

The Morell Lake Claim Block in Saskatchewan should be tested with a ground geochemical survey using some of the new techniques developed by the Geology Division, Saskatchewan Research Council. This is the best method of finding the source of the abundant sulphide bearing boulders found on this claim block. Significant values in zinc and silver have been obtained in samples taken from these boulders. The estimated cost of such a program, which will include ground prospecting, would be \$10,000.

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

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

and,

17. If the property referred to in Item 15 was or is to be paid for by the issuance of shares of the issuer or any subsidiary, give (a) the number of shares of the issuer and any subsidiary issued to or to be issued to the vendor after giving effect to such transaction, and (b) the number and, if more than 5% of the shares presently outstanding, the percentage of shares of the issuer and any subsidiary owned or to be owned by the vendor after giving effect to the transaction. If the vendor is a company, give the names and addresses of the insiders of the company.

* * * *

(a) Through the Corporation's interest in a Prospecting Syndicate, interests varying from 20% to 25% were acquired in 3 claim groups located in Western Ontario (See Item 12-C). The total cost to the Corporation of its share of staking these claims was \$1,500.

(b) The right to earn a 50% assessable interest in one claim block (2,800 acres) located in the Wollaston Lake area of the Province of Saskatchewan, will be acquired by providing \$10,000 in exploration funds by September 15, 1976.

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

* * * *

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

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

* * * *

706,389 shares of the capital stock of the Corporation (or 16.8% of the issued capital) are held in escrow by the Montreal Trust Company, Toronto, Ontario, and are subject to release, transfer, hypothecation, or other alienation only with the written consents of The Toronto Stock Exchange, the Ontario Securities Commission and the Board of Directors.

19. Give the number of shares of the issuer owned of record and beneficially, directly or indirectly, by each person or company, who owns of record, or is known either by the issuer or the selling shareholder to own beneficially, directly or indirectly, more than 5% of such shares, in each case within ten days from the date hereof. Show separately whether the shares are owned both of record and beneficially, or record only, or beneficially only, and show the respective amount in percentages owned in each manner.

* * * *

As of Record March 18, 1976

Shares

Rufort Resources Inc.
30 Bay Street, Suite
Toronto, Ontario

700,300

J. A. Harquail
122 Beechwood Avenue
Willowdale, Ontario

347,419

Gee & Co.
Box 9, Commerce Court Postal Station
Toronto, Ontario

214,058*

*The beneficial ownership of these shares is not known to the signatories hereto.

Directors and Officers
Beneficially Owned
Directly and Indirectly

Shares

W. G. Brissenden
J. C. Byrne
J. A. Harquail
G. L. Harquail
H. W. Marsh
K. N. Orpwood
N. R. Tipman

1
1
347,419
1
1
8,000
1,000

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

* * * *

None

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

* * * *

The aggregate direct remuneration paid by the Corporation to the Directors and senior officers of the Corporation during the year ended December 31, 1975 amounted to \$12,000.

Head office facilities, secretarial and accounting services are provided to the Corporation by an arrangement with Surveymin Limited, a company controlled by J. A. Harquail, a director and officer of the Corporation. During the year ended December 31, 1975, the sum of \$7,200. was paid to Surveymin Limited for such services.

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

* * * *

None

23. State the price at which shares of the issuer have been issued for cash during the past year. If any shares have been issued for services, state the nature and value of the services and give the name and address of the person or company who received such shares. State the number of shares issued at each price.

* * * *

A total of 70,000 treasury shares were issued at \$0.25 per share on conversion of 10% notes payable by the Corporation. (See Note 5 of audited Balance Sheet at December 31, 1975)

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

* * * *

None

25. Purchasers' Statutory Rights of Withdrawal and Rescission

* * * *

Section 64 and 65 of The Securities Act, 1970, Ontario ("the Act") contain certain provisions giving a purchaser of securities offered in the course of distribution to the public the right to withdraw from and rescind a contract of purchase:

- (a) While the purchaser is still the owner of the securities, if the Statement of Material Facts and any amended Statement of Material Facts, as of the date of receipt by the purchaser, contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement contained therein not misleading, but only if action is commenced within 90 days from the last to occur of the receipt of the Statement of Material Facts or amended Statement of Material Facts or the contract of purchase; and
- (b) If the person or company from whom the securities were purchased is notified in writing or by telegraph of the purchaser's intent to rescind not later than midnight of the second day, exclusive of Saturdays, Sundays and holidays, after receipt by the purchaser of the Statement of Material Facts or amended Statement of Material Facts.

A Statement of Material Facts or amended Statement of Material Facts sent by prepaid mail is deemed conclusively to be received in the ordinary course of mail. The receipt thereof by a person or company acting as agent or who thereafter commences to act as agent of the purchaser shall be receipt by the purchaser as of the date of the agent's receipt thereof; however, for the purpose of the foregoing, a person or company is not considered to be acting as agent of the purchaser unless the person or company is acting solely as an agent of the purchaser with respect to the purchase and sale in question and has not received and has no agreement to receive compensation from or on behalf of the vendor with respect to the purchase and sale. The right to withdraw from a contract of purchase and sale is not available to a registrant or if the purchaser sells or otherwise transfers beneficial ownership of the securities purchased, otherwise than to secure indebtedness, before the expiration of the time within which the rescission right may be exercised.

Reference is made to the Act for the complete text of the provisions under which the foregoing rights are conferred.

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

* * * *

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

Thorne
Riddell
& Co.

CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Directors of
Redstone Resources Inc.

We have examined the balance sheet of Redstone Resources Inc. as at December 31, 1975 and the statements of exploration and administrative expenditures deferred, deficit and changes in financial position for the three years then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1975 and the results of its operations and the changes in its financial position for the three years then ended, in accordance with generally accepted accounting principles applied on a consistent basis.

Toronto, Canada
January 16, 1976
(March 22, 1976 as to note 7)



Chartered Accountants

REDSTONE RESOURCES INC.
(Incorporated under the laws of Ontario)

BALANCE SHEET AS AT DECEMBER 31, 1975

ASSETS

CURRENT ASSETS

Cash	\$ 7,570	
Accounts receivable and other advances	1,785	
Marketable securities (note 2)	<u>37,082</u>	\$ 46,437

MINING LEASES (note 3)

Mining leases in the Nahanni Mining District, Northwest Territories acquired for 1,200,000 shares of the company's capital stock issued at 25¢ per share and 60,000 shares issued at 20¢ per share		312,000
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OTHER ASSETS AND DEFERRED EXPENDITURES

Nufort Resources Inc., 85,713 shares in escrow, at cost less allowance for decline in market value	2,588	
Shares in other mining companies, at cost	53,029	
Exploration and administrative expenditures deferred (note 1(b))	887,876	
Organization expense	<u>4,292</u>	<u>947,785</u>
		<u>\$1,306,222</u>

LIABILITIES

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ 4,318	
10% Note payable due in 1976 (note 4)	<u>10,000</u>	\$ 14,318

SHAREHOLDERS' EQUITY

CAPITAL STOCK (note 5 and 8)		
Authorized - 7,000,000 shares without par value		
Issued - 4,199,928 shares	1,485,682	
DEFICIT	<u>193,778</u>	<u>1,291,904</u>
		<u>\$1,306,222</u>

Approved by the Board

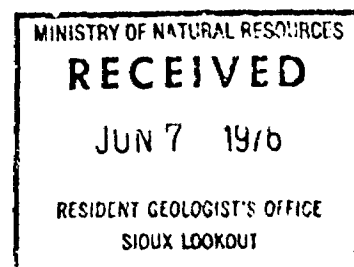
Director

Director

REDSTONE RESOURCES INC.

STATEMENT OF EXPLORATION AND ADMINISTRATIVE EXPENDITURES DEFERRED

	Year ended December 31		
	1975	1974	1973
Exploration			
50% Participation in Hebcourt Township joint venture	\$ 7	\$ 157	\$ 7,847
Consulting fees	6,000	6,000	6,800
Licences and fees	573	11,284	2,726
Dryden Syndicate	1,458		
Other expenses	19	555	3,215
Materials and supplies	(4,950)		
Geophysical, geological and legal claim surveys			15,835
	<u>3,107</u>	<u>17,996</u>	<u>36,423</u>
Deduct funds received in consideration for the granting of an option on mining lease (note 3)	<u>40,000</u>	<u>20,000</u>	
	<u>(36,893)</u>	<u>(2,004)</u>	<u>36,423</u>
Administrative and general			
Management, consulting and office service fees	13,200	10,800	10,800
Legal and audit fees	1,205	955	2,400
Share transfer and share issue expenses	872	959	1,009
Reports to shareholders	320	297	355
Stock exchange listing and filing fees	1,000	200	600
Advertising and promotion		380	
Travel		30	493
Interest expense	2,747	3,446	555
Other expenses	2,203	131	221
	<u>21,547</u>	<u>17,198</u>	<u>16,433</u>
	<u>(15,346)</u>	<u>15,194</u>	<u>52,856</u>
Deduct interest earned			249
EXPENDITURES (OTHER INCOME IN EXCESS OF EXPENDITURES) FOR THE YEAR	<u>(15,346)</u>	<u>15,194</u>	<u>52,607</u>
BALANCE DEFERRED AT BEGINNING OF YEAR	<u>926,197</u>	<u>911,003</u>	<u>981,162</u>
	<u>910,851</u>	<u>926,197</u>	<u>1,033,769</u>
Deduct			
Exploration and administrative expenditures written off			
Abandonment of Hebcourt Township joint venture	22,975		
Termination of Lake Odon agreement			81,481
Reclassification of expenditures			
Exchanged for shares of an oil company			40,984
Reclassified as an advance to oil company			301
	<u>22,975</u>		<u>122,766</u>
BALANCE DEFERRED AT END OF YEAR	<u>\$887,876</u>	<u>\$926,197</u>	<u>\$ 911,003</u>



REDSTONE RESOURCES INC.

STATEMENT OF DEFICIT

	<u>Year ended December 31,</u>		
	<u>1975</u>	<u>1974</u>	<u>1973</u>
DEFICIT AT BEGINNING OF YEAR	\$193,272	\$141,849	\$ 36,368
Profit on sale of securities		<u>2,980</u>	<u>4,536</u>
	<u>193,272</u>	<u>138,869</u>	<u>31,832</u>
Increase (decrease) in allowance for decline in market value of shares	(22,469)	54,403	28,536
Exploration and administrative expenditures written off	<u>22,975</u>		<u>81,481</u>
	<u>506</u>	<u>54,403</u>	<u>110,017</u>
DEFICIT AT END OF YEAR	<u>\$193,778</u>	<u>\$193,272</u>	<u>\$141,849</u>

STATEMENT OF CHANGES IN FINANCIAL POSITION

	<u>Year ended December 31,</u>		
	<u>1975</u>	<u>1974</u>	<u>1973</u>
WORKING CAPITAL DERIVED FROM			
Issue of capital stock on conversion of notes payable	\$ 17,500		
Profit on sale of securities		\$ 2,980	\$ 4,536
Other income in excess of expenditures	15,346		
Decrease in allowance for decline in market value of marketable securities	22,469		
Deferred expenditures reclassified as current assets			301
Return of refundable deposits on exploration permits			<u>10,504</u>
	<u>55,315</u>	<u>2,980</u>	<u>15,341</u>
WORKING CAPITAL APPLIED TO			
Exploration and administrative expenditures (net)		15,194	52,607
Increase in allowance for decline in market value of marketable securities		<u>23,803</u>	<u>28,536</u>
		<u>38,997</u>	<u>81,143</u>
INCREASE (DECREASE) IN WORKING CAPITAL POSITION	55,315	(36,017)	(65,802)
WORKING CAPITAL (DEFICIENCY) AT BEGINNING OF YEAR	<u>(23,196)</u>	<u>12,821</u>	<u>78,623</u>
WORKING CAPITAL (DEFICIENCY) AT END OF YEAR	<u>\$ 32,119</u>	<u>\$(23,196)</u>	<u>\$ 12,821</u>

REDSTONE RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1975

1. ACCOUNTING POLICIES

(a) Marketable securities

Marketable securities are recorded at cost adjusted annually by an allowance to market value if lower.

(b) Recovery of costs

Exploration and administrative expenditures amounting to \$887,876 at December 31, 1975 have been deferred with the intention that they should be amortized along with the cost of mining leases by charges against income from future mining operations. The recovery of these costs is dependent, therefore, upon the obtaining of adequate financing and the development of an economic mining operation (see note 3).

2. MARKETABLE SECURITIES

Listed shares included in current assets are as follows:

132,435 Shares Nufort Resources Inc. (quoted market value \$37,081)	\$134,013
10,000 Shares Pacific Silver Mines Limited	<u>6,640</u>
	140,653
Less allowance for decline in market value	<u>103,571</u>
	<u>\$ 37,082</u>

3. MINING LEASES

During November 1974, the company received \$20,000 from Shell Canada Limited (Shell) and Shell was granted the right to negotiate an option agreement to earn up to an 80% interest in the Coates Lake Mining Lease in the Northwest Territories.

Under the terms of an option agreement dated May 1, 1975, the company received \$30,000 and Shell agreed to keep the lease in good standing and was granted an option valid to December 31, 1975. On December 3, 1975, Shell exercised its option by paying the company \$10,000 and agreeing to spend \$500,000 on exploration and/or development on the lease. To maintain its options, Shell must make annual payments of \$10,000 to January 1, 1978 to the company and spend \$1,000,000 by December 31, 1978, in exploration and/or development. Shell then earns the right to further renew its option on a year-to-year basis by making further annual payments of \$25,000 to the company commencing January 1, 1979.

Shell may earn a 45% interest in the lease by spending \$1,500,000 in exploration and/or development work on the mining lease and the company will retain a 55% interest. If Shell decides to bring the property into production, Shell shall be entitled to an 80% interest in the lease and the company will retain a 20% carried interest. After the date a production decision is made, Shell shall be entitled to recover all of its costs incurred from that date from all production proceeds. If Shell does not bring the property into production within five years of a production decision, the company's interest reverts to 55% while Shell's interest reverts to 45% and the company may proceed to bring the lease to production with or without Shell's participation.

REDSTONE RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 1975

4. NOTE PAYABLE

The company has pledged 80,000 shares of Nufo : Resources Inc., owned by the company, as security for a \$10,000 note payable.

5. CAPITAL STOCK

During 1975 the company issued 70,000 shares at 25¢ per share of its capital stock on conversion of notes payable pursuant to creditors' options to convert the notes and interest thereon.

6. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The direct remuneration of directors and senior officers, as defined by The Business Corporations Act, amounted to \$12,000 in 1975 (1974, \$12,000 and 1973, \$12,000).

7. SUBSEQUENT EVENTS

(a) Capital stock offering

By an agreement dated March 22, 1976 the company has agreed with its agent (a member of The Toronto Stock Exchange) to offer for sale up to 400,000 shares of its capital stock through the facilities of The Toronto Stock Exchange to provide net proceeds to the company of at least \$250,000.

The issue price is to be fixed by applying a discount to the last sale price on the trading day prior to the offering date but not less than 65¢ per share net to the company.

The offering date is to be the date on which the fixed price offering of the shares commences on The Toronto Stock Exchange, which date is to be not less than 5 business days and not more than 21 business days after mailing by the company of a Statement of Material Facts which has been accepted for filing by The Toronto Stock Exchange and the Ontario Securities Commission.

This agreement shall be null and void if:

- (a) A Statement of Material Facts is not accepted by The Toronto Stock Exchange and the Ontario Securities Commission by April 20, 1976.
- (b) The Toronto Stock Exchange cancels the fixed price offering.
- (c) At any time until one hour after the close of the market on the day prior to the offering date, any event or situation should develop that, in the opinion of the Corporation or its Agent would make it inexpedient or inadvisable to make the offering, or market conditions should be such that in the opinion of the company or its agent, it would be inexpedient or inadvisable to make the offering.
- (d) Insufficient purchase orders are received during the course of the fixed price offering to net the company a minimum of \$250,000.

REDSTONE RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

DECEMBER 31, 1975

7. SUBSEQUENT EVENTS (Cont'd)

(b) Option agreement

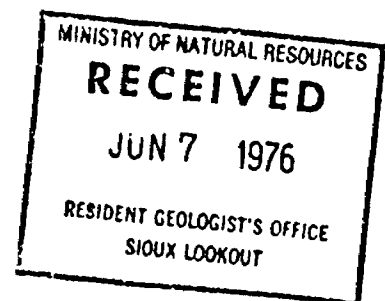
Under an agreement dated March 11, 1976, Nufort Resources Inc. granted the company an option whereby the company may earn a 50% interest in Nufort's claim block located in Wollaston Lake area of the Province of Saskatchewan by spending \$10,000 in exploration work and recording at least one year's assessment work by September 15, 1976. Upon earning a 50% interest in the claim block, the company is required to pay 50% of all further exploration costs to maintain its interest.

This agreement is subject to the successful completion of the capital stock offering as set out in note 7(a).

8. CAPITAL STOCK ISSUED

Period from incorporation on December 21, 1961 to December 31, 1975.

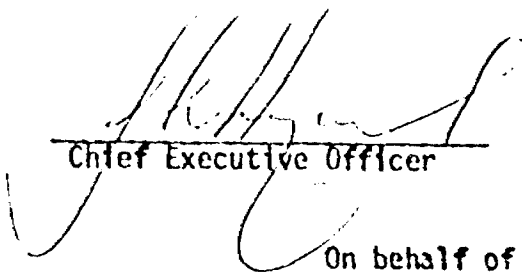
	<u>Number of Shares</u>	<u>Amount</u>
For cash	2,869,928	\$1,156,182
For mining leases	1,260,000	312,000
For conversion of notes payable (note 5)	<u>70,000</u>	<u>17,500</u>
	<u>4,199,928</u>	<u>\$1,485,682</u>

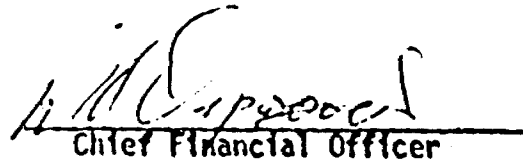


DATE: 11th day of March, 1976

CERTIFICATE OF COMPANY

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


Chief Executive Officer


Chief Financial Officer

On behalf of the Board of Directors

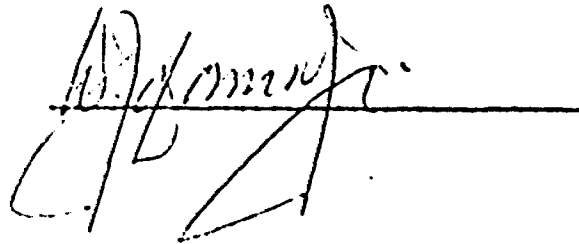

Director


Director

CERTIFICATE OF AGENTS

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

HIGHLAND DOHERTY LIMITED



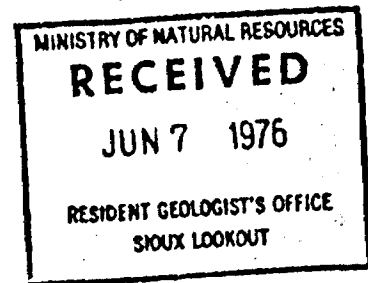
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RESIDENT GEOLOGIST'S OFFICE
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52J10SE0014 52J10SE0019C1 SOLITUDE LAKE

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REPORT ON THE PROPERTIES
OF
REDSTONE RESOURCES INC.



BY

NORMAN R. PATERSON, PH.D., P.ENG.

TORONTO, ONTARIO

MARCH 16, 1976

PATERSON GRANT & WATSON LIMITED
CONSULTING GEOPHYSICISTS, TORONTO, CANADA



1. INTRODUCTION



52J10SE0014 52J10SE0019C1 SOLITUDE LAKE

020C

2. NAME OF PROPERTY
3. PROPERTY INTERESTS, MINING CLAIMS AND LEASES -
OIL AND GAS PERMITS

3.1 Canada Mining Leases (Nahanni Mining District, N.W.T.)

3.2 Mining Claims (Arctic and Hudson Bay Mining District, N.W.T.)

3.3 Oil and Gas Permits, N.W.T.

3.4 Mining Claims, Province of Ontario

3.5 Claim Block, Province of Saskatchewan

4. REVIEW OF WORK ON PROPERTY HOLDINGS

4.1 Nahanni Mining District

4.2 Rankin Nickel Syndicate Claims

4.3 Claim Groups in Western Ontario

4.4 Morell Lake Claim Block (Saskatchewan)

5. SUMMARY OF RECOMMENDATIONS AND ESTIMATED COSTS

5.1 Ontario Claim Blocks (Solitude Lake Group)

5.2 Northwest Territories (South Redstone Leases)

5.3 Saskatchewan Claim Block, (Morell Lake)

5.4 Proposed Budget - Exploration Projects

APPENDIX "A" - CERTIFICATE

FIGURES

1. Location Map, South Redstone Leases, N.W.T.
- 1a Plan of Leases and Geology of Zones.
2. Location Map, Solitude Lake Group, Ontario
- 2a Plan of Claim Group, Geophysics and Geology.
3. Location Map, Morell Lake, Saskatchewan
- 3a Plan of Claim Block, Geophysics and Geology.
- 3b Geophysical Survey, Anomaly No. 7, Plan of Drill Holes.



1. INTRODUCTION

The writer was requested by Mr. J. A. Harquail, President of Redstone Resources Inc., to review the property holdings of the Company, and to recommend any further exploration work that might be justified on the basis of information at hand.

2. SCOPE OF REPORT

This report reviews the property holdings of Redstone Resources Inc., 330 Bay Street, Toronto. The writer is personally familiar with two of the properties in which Redstone has interests, or is acquiring an interest, namely the "Morell Lake Claim Block" in Saskatchewan, and the "Rankin Nickel Syndicate" claims in the Northwest Territories. Professional consulting services were provided by the writer and his associates in the exploration work done in recent years on these two properties.

The other properties on which work has been done are thoroughly reviewed in the technical files of the Corporation. The writer has had access to all such information in the preparation of this report.

3. PROPERTY INTERESTS, MINING CLAIMS AND LEASES - OIL AND GAS PERMITS

3.1 Canada Mining Leases (Nahanni Mining District, N.W.T.)

1. Lease 2684 (Coates Lake) - 11,700 acres. Lapse date - November 29, 1994. Owned 100% by



Redstone, under option to Shell Canada Limited.

Lease 2504 (Central Redstone) - 417 acres. Lapse date - October 13, 1991. - Owned 100% by Redstone.

3. Lease 2506 (Central Redstone) - 604 acres. Lapse date - July 23, 1992. - Owned 100% by Redstone.

4. Lease 2505 (North Redstone) - 451 acres. Lapse date - July 23, 1992. - Owned 100% by Redstone.

The above leases do not require work expenditures but an annual government fee of \$0.25 per acre is required to maintain them in good legal standing. The leases are renewable for additional 21 year periods after the lapse date under certain conditions.

3.2 Mining Claims (Arctic and Hudson Bay Mining District, N.W.T.)

A 15% assessable interest is owned by Redstone on a total of 114 mineral claims (approximately 6,000 acres) in 7 groups - located at or near the settlement of Rankin Inlet, N.W.T. Sufficient work has been recorded on all of these claims to maintain them in good legal standing until at least October, 1979. The claims are held under the Rankin Nickel Syndicate in which the other owners are Bridger Petroleum Corporation, Nufort Resources Inc. and Nahanni Mines Limited.



Permit No.	Area (Acres)	Royalty Interest in Production Held by Trio Syndicate
5523	27,667	15% Net Carried Interest
5524	27,500	15% Net Carried Interest
5525*	27,373	3% Gross Overriding Royalty

(The above are 3 contiguous permits known as "North Decalta")

*An oil discovery has been reported by Western Decalta Oils on this permit

5588	58,980	3% Gross Overriding Royalty
5589	58,650	3% Gross Overriding Royalty

(The above 2 contiguous permits are known as "South Decalta")

Redstone owns 50% of the Trio Syndicate and thus 50% of any royalty income. The five permits were sold to Western Decalta Oils and this company is providing all required financing for exploration and development. Nufort Resources Inc. and Bridger Petroleum Corporation each own a 25% interest in the Trio Syndicate.

3.4 Mining Claims, Province of Ontario

<u>Group No.</u>	<u>No. of Claims</u>	<u>Mining District</u>	<u>Redstone's Interest</u>	<u>Lapse Date</u>
1	17	Kenora Mining District	20%	May 29, 197
2	9	Kenora Mining District	25%	August 12, 197
3	10	Patricia Mining District	25%	July 23, 197



3.5 Claim Block, Province of Saskatchewan

Redstone has acquired an option from Nufort Resources Inc. to earn a 50% shareable interest in 1,000 acre Claim Blocks 1853 located in the Wollaston Lake area of Saskatchewan. To earn this interest Redstone must spend \$10,000 in exploration work by September 15, 1976.

4. REVIEW OF WORK ON PROPERTY HOLDINGS

4.1 Nahanni Mining District

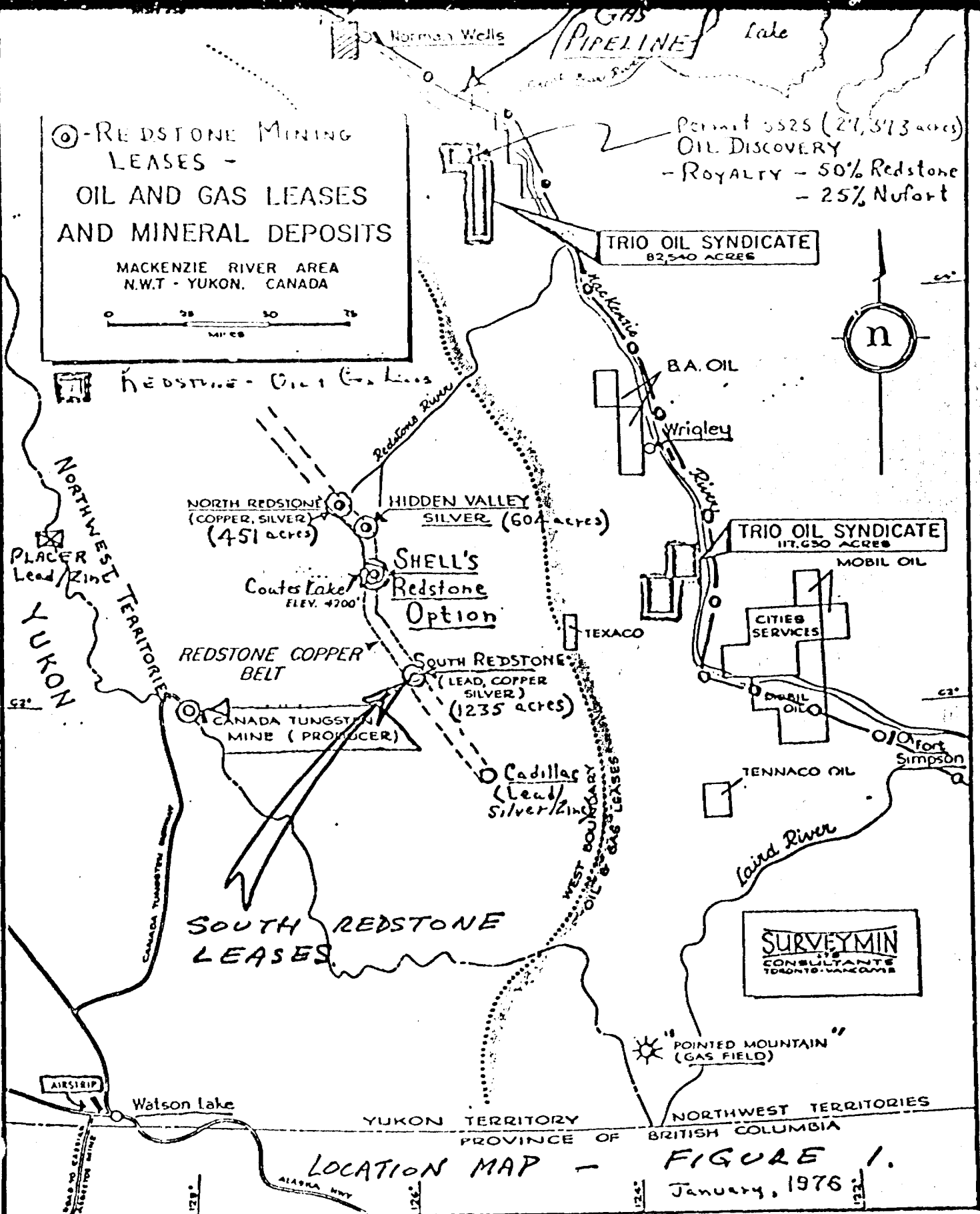
Redstone owns 100% interest in 5 Canada Mining Leases, all located in the Nahanni Mining District of the Northwest Territories.

The Coates Lake Lease (No. 2684) is under option to Shell Canada Limited. Two surface drills commenced work here in March 1976 in an exploration program which will cost not less than \$500,000. This project is being financed and managed by Shell Canada Limited.

The remaining four leases were examined, sampled and reported on by Dr. D.D. Campbell, Consulting Geologist. His comprehensive report, dated October 10, 1961, was made available to the writer.

As shown in Figure 1, the South Redstone Leases consist of two contiguous leases, Nos. 2416 and 2417, located





○-REDSTONE MINING
 LEASES -
 OIL AND GAS LEASES
 AND MINERAL DEPOSITS
 MACKENZIE RIVER AREA
 N.W.T - YUKON, CANADA
 0 25 50 75
 MILES

Permit 5525 (27,313 acres)
 OIL DISCOVERY
 - Royalty - 50% Redstone
 - 25% Nufort

TRIO OIL SYNDICATE
 82,540 ACRES

TRIO OIL SYNDICATE
 117,630 ACRES

SURVEYMIN
 CONSULTANTS
 TORONTO, VANCOUVER

LOCATION MAP - FIGURE 1.
 January, 1976

37 miles south east of the [redacted]

mineralized zones, Nos. 1 to 4 inclusive, have been [redacted] different values in zinc, lead and silver. Only one of these zones, No. 2, had a limited drill test. During the summer of 1962 a total of 17 short drill holes, with an average depth of 120 feet, tested a large gossan 250 feet wide and 1300 feet long. All holes returned values of about 1% zinc with one hole, No. 13, returning a core length of 101 feet averaging 1.6% zinc and 0.12% copper. Only 2,080 feet of drilling was completed in this program with average core recovery of only 65% in the gossan.

Dr. L. T. Jory, the Consulting Geologist who supervised this drilling for Redstone, suggested that ground geophysical surveys should be done on and near the four mineralized zones before any further drilling is planned. He suggested that economic sulphide deposits could be present on these claims, and that detailed geophysical surveys would be the best and most economical method to locate drilling targets.

The Central Redstone (Hidden Valley) Lease (No. 2506) is located 20 miles north of Coates Lake. The mineralization here consists of tetrahedrite mineralization in strong fracture zones in limestone. Two samples were taken by Dr. D. D. Campbell and returned average values



61 225 ounces of silver. The zones are narrow, mostly under two feet in width, and discontinuous. The North Redstone Lease is located 28 miles northwest of Coates Lake and the main showing here is located on Copper Ridge, where a strong mineralized shear zone was sampled. Channel samples taken by Dr. Campbell on this shear returned 13% copper over a sampled width of 5.0 feet. He reports that if this mineralized zone could be traced for appreciable lengths it may be an orebody. No drilling has been done on this lease.

The North Redstone Lease is located 28 miles northwest of Coates Lake and the main showing here is located on Copper Ridge, where a strong mineralized shear zone was sampled. Channel samples taken by Dr. Campbell on this shear returned 13% copper over a sampled width of 5.0 feet. He reports that if this mineralized zone could be traced for appreciable lengths it may be an orebody. No drilling has been done on this lease.

4.2 Rankin Nickel Syndicate Claims

One of these claim groups adjoins the old Rankin Nickel Mine which was a nickel producer until shut down in 1953. Since no work must be done on any of these claims until 1979, it is recommended that no further expenditures are justified for the present. Mineral exploration developments in the general area should be followed as they may have some bearing on the value of the Syndicate claim groups.

4.3 Claim Groups in Western Ontario

Groups 1 and 2, the 26 claims located in the Kenora Mining District, do not appear to justify further

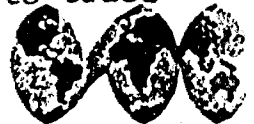


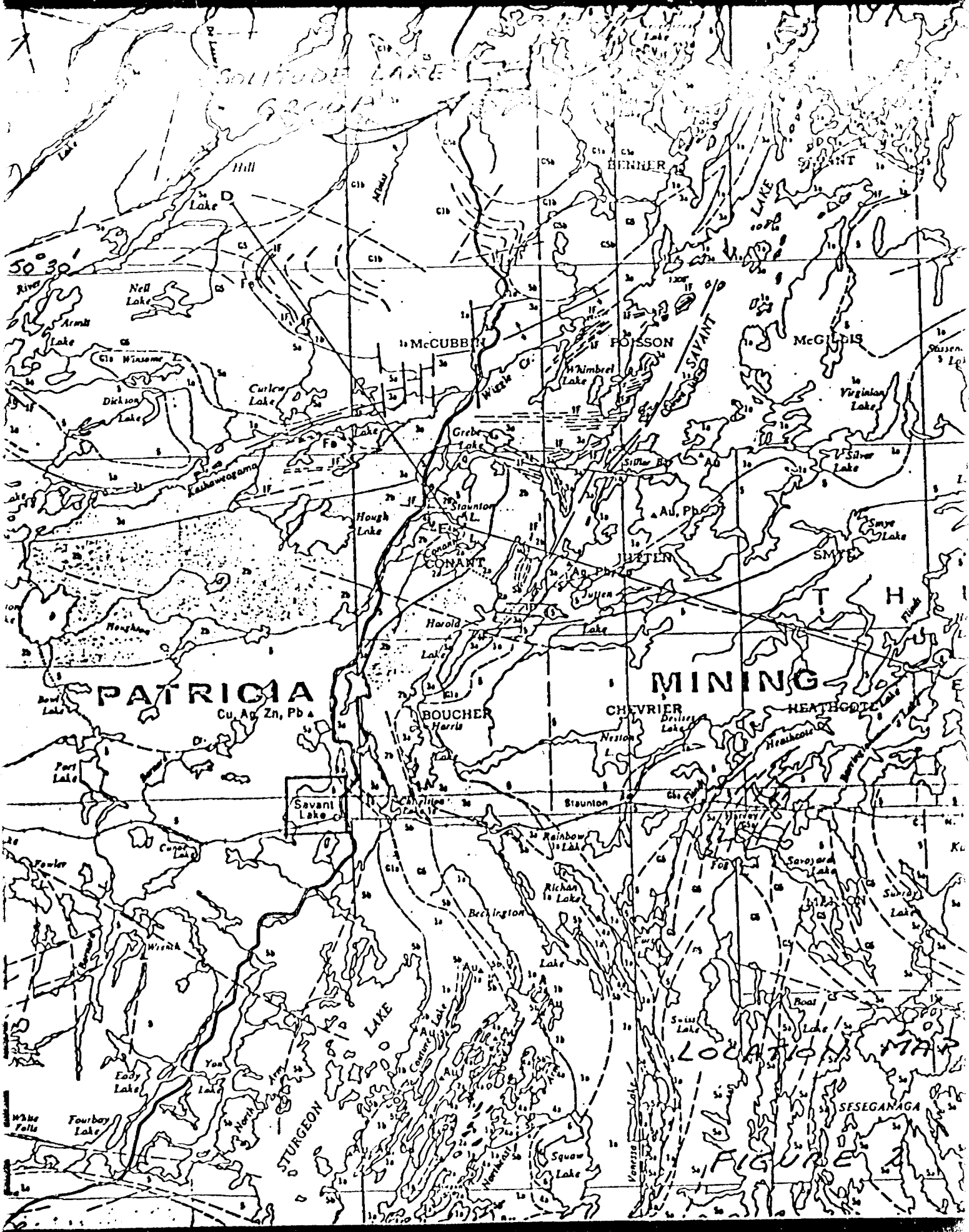
expenditures and it is recommended that Redstone drop its interest in these two groups.

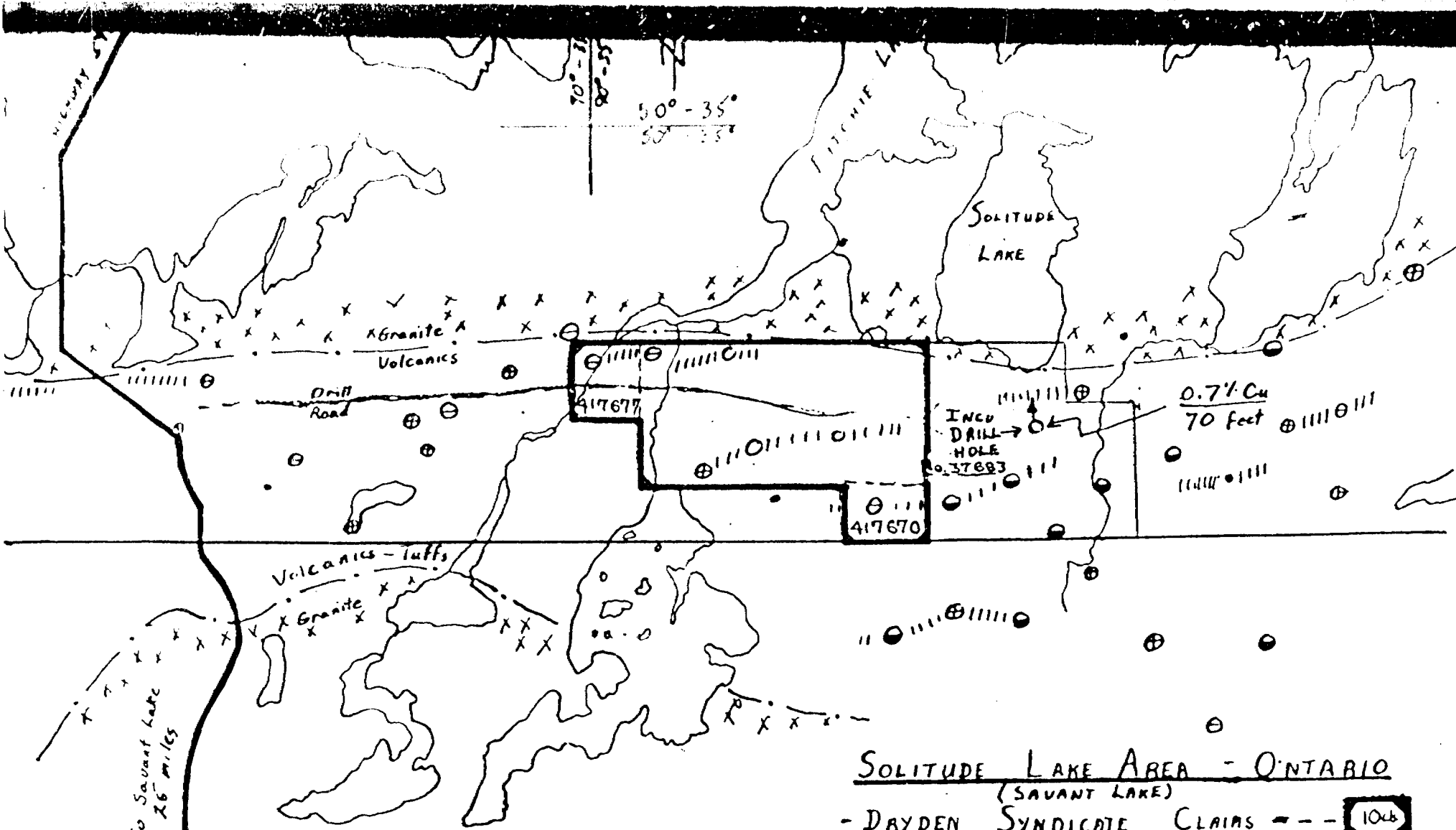
Group No. 4 (Solitude Lake Group) - see Figure 2 - is ideally located 2 miles east of Highway 599 and 25 miles north of Savant Lake station on the Canadian National Railway. The geology is outlined on O.D.M. Map 2169 (Sioux Lookout-Armstrong Sheet) (1968). The group is located in Archean metavolcanics near their contact with later granite intrusives. A study of government assessment records indicate that airborne magnetic and electromagnetic surveys were completed here several years ago and that numerous conductors were outlined in subsequent ground surveys.

Several holes were drilled about a half mile east of the No. 3 Group and one returned 0.7% copper over a core length of 70 feet in graphitic schist. The other holes drilled did not return significant assays. A search of assessment records indicates that no further drilling was done along strike from the hole which intersected the copper values.

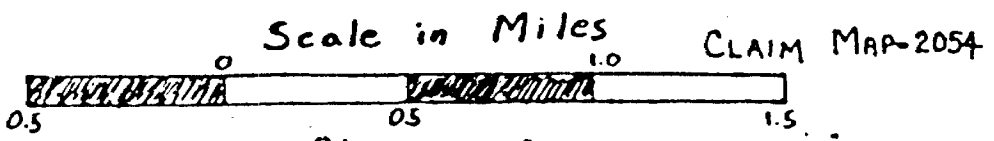
It is recommended that Redstone attempt to combine its 10 claim group with the 8 claims adjoining immediately to the east. A ground electromagnetic and magnetic survey should then be completed over the 18 claims on 400 foot north-south line spacing to trace







FOR GENERAL GEOLOGY
 see O.D.M. Map 2169
 Stone Locket - Armstrong sheet



MAP-SL-1

SURVEYMIN LIMITED
 TORONTO

SOLITUDE LAKE AREA - ONTARIO
 (SAVANT LAKE)

- DRYDEN SYNDICATE CLAIMS - - - - 10cb
- DURNIN GROUP CLAIMS - - - - - 8cb

From "Inco" A.E.M. Survey Map (1164) • Conductive Zone (||||) •
 DATA FROM RECORDED ASSESSMENT WORK

Priority 1 - strong	conductive zone	-	○
" 2 - "	" "	-	⊕
" 3 - Fair	" "	-	⊕
" 4 - "	" "	-	○
Priority 5 - weak	conductive zone	-	•

MAP 2A

August, 1975

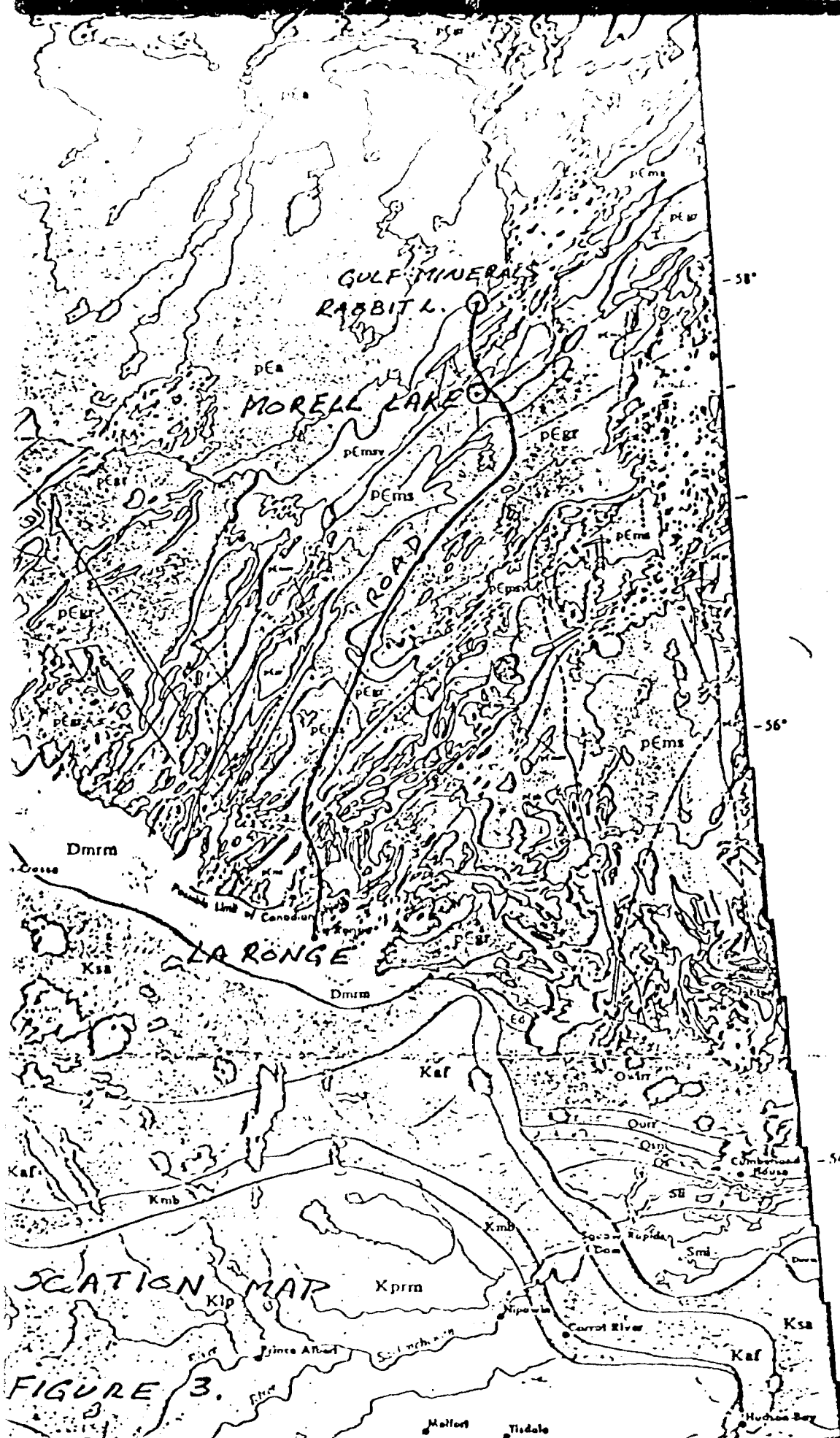
the east-west trending conductors. Diamond drilling should then be carried out.

4.4 Maxwell Lake Claim Block (Saskatchewan)

Approximately \$6,000 in assessment work must be recorded on Claim Block 1853 by September 15, 1976 (see Figure 3). The writer acted as consultant in interpreting the results of airborne and ground geophysical surveys over this claim block and other blocks in the area during 1970 and 1971. Two holes were drilled to test a strong conductor. On Block 1853 sulphides were intersected but contained no significant metal values. The program was stopped on completion of 1200 feet of drilling.

It is recommended that a ground geochemical survey be completed here to find the source of the abundant sulphide bearing boulders found on this claim block. Significant values in zinc and silver have been obtained on samples taken from these boulders. The Geology Division, Saskatchewan Research Council, has done considerable field research in recent years on tracing the source of such mineralized boulder trains by geochemical methods and the writer has had access to the results of this field research which has been published by the Saskatchewan Research Council.





- Tch SWIFT CURRENT CREEK HILLS FORMATIONS
Sandstone and shale
- Tc TRENCHER HILLS FORMATIONS
Sandstone and shale
- CRETACEOUS**
- Ke-f EAST END, WHITE MUD, BENTON AND BOISSEVAIN FORMATIONS
Sandstone, siltstone and shale
- Kb BEARPAW FORMATION
Shale and sandstone
- Kfo FOREMOST AND OLDMAN FORMATIONS
Sandstone and shale
- Kprm PEMBINA MEMBER OF VEGREVILLE AND RIDING MOUNTAIN FORMATIONS
Shale
- Klp LEA PARK FORMATION
Shale
- Kmb MORDEN AND BOYNE MEMBERS, VERMILION RIVER FORMATION, AND FIRST WHITE SPECKLED FORMATION
Shale
- Kaf UPPER ASHVILLE FORMATION, UNNAMED FORMATION, SECOND WHITE SPECKLED FORMATION
Shale
- Ksa SWAN RIVER GROUP, LORRAINE FORMATION, MANVILLE SHALES AND VIKING FORMATION
Sandstone, siltstone and shale
- DEVONIAN**
- Dmrm McLEAN RIVER FORMATION AND POSSIBLY UNIDENTIFIED FORMATIONS
Dolomite and limestone
- SILURIAN**
- Sml MIDDLE INTERLAKE FORMATION
Dolomite
- Sll LOWER INTERLAKE FORMATION
Dolomite
- ORDOVICIAN**
- Os STONEWALL FORMATION
Dolomite and limestone
- Osm STONY MOUNTAIN FORMATION
Dolomite, limestone and shale
- Ourr UPPER RED RIVER FORMATION
Dolomite and limestone
- Owrr WINNIPEG FORMATION AND RED RIVER FORMATION
Dolomite and limestone
- CAMBRIAN**
- Ed DEADWOOD FORMATION
Sandstone (Winnipeg); dolomite
- PRECAMBRIAN**
- pEa ATHABASCAN
Sandstone, siltstone and shale
- pEc CARSWELL
Dolomite

CORRELATION MAP

FIGURE 3.

5. SUMMARY OF RECOMMENDATIONS AND ESTIMATED COSTS

5.1 The geophysical surveys recommended in this report are justified over the main highway in relatively light timber. It is estimated that a ground electromagnetic and magnetic survey could be completed (with line-cutting) and interpreted over the combined 18 claim group for approximately \$10,000. The survey must be in a form acceptable for recording as assessment work in Ontario and would complete Phase 1. If attractive anomalies were outlined, which justified drilling, then Phase 2 of the program could proceed. An initial program of 2,000 feet of diamond drilling would cost approximately \$20 per foot or \$40,000.

5.2 Northwest Territories (South Redstone Leases)

Geophysical surveys are justified over, and in the vicinity of, the four mineralized zones outlined on these leases.

The cost of mobilizing helicopter support for a limited ground geophysical survey in this area may be substantial. Quite possibly a contract can be negotiated for an airborne geophysical survey, using a properly equipped helicopter already working in the Redstone area. If satisfactory arrangements can be made then an area substantially larger than the 1235



acres included in the two Redstone leases could
be used for the helicopter survey.

A fair estimate of the cost of a helicopter-borne
electromagnetic/magnetic survey of 600-800 line
miles at a line spacing of 1/10-mile, together
with interpretation, would be \$30,000. The same
figure would cover a ground geophysical program
of 2 months, including line-cutting, electromagnetics,
magnetics and detail I.P., plus interpretation and
helicopter support.

5.3 Saskatchewan Claim Block, (Morell Lake)

A ground geochemical survey is recommended to cover
the area of mineralized boulders.

It is estimated that such a program, which will
include ground prospecting, should cost about \$10,000.
The claim block is located within 5 miles of the new
highway into the Gulf Uranium Mine at Wollaston Lake,
Saskatchewan, so transportation costs could be kept
to a minimum.

5.4 Proposed Budget - Exploration Projects

Dryden Syndicate - Copper Prospect (Western Ontario)

25% interest now held by Redstone Resources Inc. Redstone
to negotiate option to acquire a majority interest from



remaining owners by advancing exploration funds
as follows:

(a) Phase 1 - Geophysical ground survey	\$10,000
(b) Phase 2 - Diamond drilling of anomalous zones if recommended by Consultants - 2,000 ft. of drilling at \$20 per ft.	40,000

Morell Lake - Zinc, lead, silver prospect
(Northern Saskatchewan)

Now 100% owned by Nufort Resources Inc.

Redstone to acquire a 50% assessable interest
in this 2,800 acre lease by agreeing to spend
\$10,000 in exploration on the property by

September 15, 1976	10,000
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South Redstone Lease - Zinc, lead silver prospect (N.W.T.)

Geophysical survey (airborne or ground)	30,000
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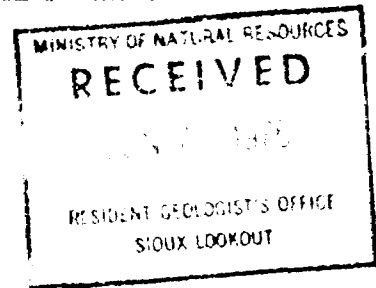
Respectfully submitted,

NORMAN R. PATERSON
Consulting Geophysicist

Norman R. Paterson, Ph.D., P.Eng.



C E R T I F I C A T E



I, Norman Reed Paterson, hereby certify:

1. That I am a geophysicist and reside at 34 Edgar Avenue, Toronto, Ontario, M4W 2A9.
2. That I am a registered professional engineer in the Provinces of Ontario and British Columbia.
3. That I am a graduate of: the University of Toronto in 1950 with the degree of Bachelor of Applied Science; University of British Columbia in 1952 with the degree of Master of Applied Science; and the University of Toronto in 1955 with the degree of Doctor of Philosophy. These degrees were taken in engineering physics or physics, with specialization in geophysics and geology.
4. That I have been practicing my profession continuously since graduation.
5. That I have not examined the properties described, but that this report is based on a study of available maps, data and reports of the property, and on personal experience in the area.
6. That I have no interest, directly or indirectly, in the properties or securities of Redstone Resources Inc., nor do I expect to receive any.

NORMAN R. PATERSON
Consulting Geophysicist

Norman R. Paterson
Ph.D., P.Eng.

Toronto, Canada,
March 16, 1976.

