



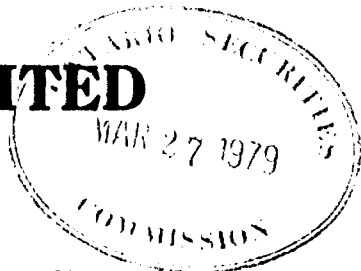
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Neither The Ontario Securities Commission, nor The Toronto Stock Exchange has in any way passed upon the merits of the securities offered.

STATEMENT OF MATERIAL FACTS  
OF  
**ONAPING RESOURCES LIMITED**

Head Office: Suite 916,  
111 Richmond Street West,  
Toronto, Ontario M5H 2G4



Offering by means of a fixed price offering of up to 1,000,000 Common Treasury Shares without par value in the capital of Onaping Resources Limited (hereinafter sometimes called either the "Corporation" or "Onaping"), to provide the Corporation with not less than \$1,000,000.

The common shares will be offered by Davidson Partners Limited, Hector M. Chisholm & Co., Limited, St. Lawrence Securities Limited & Cassels, Blaikie & Co. Limited (hereinafter collectively called the "Agents") as agents for the Corporation by means of a fixed price offering on the Floor of The Toronto Stock Exchange at such price as shall be determined by the Corporation in consultation with the Agents and with the approval of The Toronto Stock Exchange. The proceeds of the sale of these common shares will accrue to the benefit of the treasury of the Corporation. For particulars of the offering refer to items 1, 2, 3 and 9.

The offering will take place on a day to be specified by the Corporation in consultation with the Agents and The Toronto Stock Exchange, which day shall 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 mailing of this Statement by the Corporation. Between the hours of 9:00 A.M. and 9:30 A.M. on such day a book will be maintained on the Floor of The Toronto Stock Exchange to receive purchase orders. If in the opinion of The Toronto Stock Exchange a bona fide public distribution has not been accomplished, the offering may be cancelled by the Exchange.

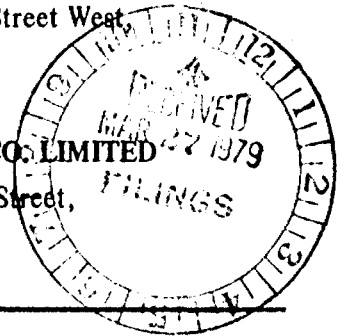
This offering is subject to sufficient orders being received to provide to the Corporation a minimum of \$1,000,000. If sufficient purchase orders are not received to provide the Corporation with \$1,000,000 the offering will be withdrawn by the Corporation.

**DAVIDSON PARTNERS LIMITED**  
Suite 3700, First Canadian Place  
Toronto, Ontario  
Tel: (416) 867-3300

**HECTOR M. CHISHOLM & CO. LIMITED**  
Suite 200, 11 Adelaide Street West,  
Toronto, Ontario  
Tel: (416) 362-4731

**ST. LAWRENCE SECURITIES LIMITED**  
Suite 2315, 401 Bay Street  
Toronto, Ontario  
Tel: (416) 368-3811

**CASSELS BLAIKIE & CO. LIMITED**  
Suite 702 - 110 Yonge Street,  
Toronto, Ontario  
Tel: (416) 362-6531



THE SECURITIES OFFERED HEREUNDER ARE SPECULATIVE. THERE IS NO KNOWN BODY OF COMMERCIAL ORE ON ANY OF THE CORPORATION'S PROPERTIES. THE PROPOSED PROGRAMME SET OUT IN "USE OF PROCEEDS" UNDER ITEM 4 HEREIN IS AN EXPLORATORY SEARCH FOR GOLD.

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

\* \* \*

- a) Fixed price offering of up to 1,000,000 common shares without par value in the capital of the Corporation: Refer to items 2, 3, & 9.
- b) The following material changes in the affairs of the Corporation have taken place.
- (1) By Articles of Amalgamation dated October 5, 1978 Onaping Mines Limited amalgamated with 353539 Ontario Limited and Chapcoe Investment Corporation Limited, two of its 100% owned subsidiaries, thereby changing its name to Onaping Resources Limited. The authorized capital of the Corporation was changed and increased from 10,000,000 common shares without par value to 20,000,000 common shares without par value, 600,000 first preference shares, without par value carrying 5 votes per share and 5,000,000 second preference shares without par value carrying 3 votes per share.
- (2) The Corporation has acquired or entered into agreements to acquire:
- (a) Eleven unpatented mining claims situated in Balmer Township, Red Lake, Ontario.
- (b) Twelve mining leases situated in Balmer Township, Red Lake, Ontario.
- (c) One mining rights lease situated in Balmer Township, District of Kenora, Patricia portion, Ontario.

Refer to Items 4, 12, 13, 14, 15 & 17.

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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 being offered are to be offered for the account of a selling shareholder, name such shareholder and state the number of shares owned by him, the number to be offered for his account and the number to be owned by him after the offering.

\* \* \*

Davidson Partners Limited, First Canadian Place, Suite 3700, Toronto, Ontario, Hector M. Chisholm & Co. Limited, 11 Adelaide Street West, Suite 200, Toronto, Ontario, St. Lawrence Securities Limited, 401 Bay Street, Suite 2315, Toronto, Ontario and Cassels Blaikie & Co. Limited, 110 Yonge Street, Suite 702, Toronto, Ontario, (The "Agents") acting as Agents for the Corporation, will offer up to 1,000,000 common shares of the Corporation at such price as shall be determined by the Corporation in consultation with the Agents and with the approval of The Toronto Stock Exchange. These common shares will be offered pursuant to this Statement of Material Facts through the facilities of The Toronto Stock Exchange by way of a fixed price offering.

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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 dated March 2, 1979, made between the Corporation and Davidson Partners Limited, Suite 3700, First Canadian Place, Toronto, Ontario, as to 500,000 common shares, Hector M. Chisholm & Co. Limited, Suite 200, 11 Adelaide Street West, Toronto, Ontario, as to 300,000 common shares, St. Lawrence Securities Limited, Suite 2315, 401 Bay Street, Toronto, Ontario, as to 100,000 common shares, and Cassels Blaikie & Co. Limited, Suite 702, 110 Yonge Street, Toronto, Ontario, as to 100,000 common shares, ( hereinafter sometimes referred to as "Agents" ) the Agents

have agreed to offer for sale up to 1,000,000 fully paid and non-assessable common shares in the capital stock of the Corporation at a time when the Corporation elects to so instruct the Corporation's Agents to proceed, such offering to net the Corporation a minimum of \$1,000,000. The common 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. Such discount shall not exceed the maximum discount allowed by The Toronto Stock Exchange. A book will be maintained on the floor of The Toronto Stock 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. Agents will receive subscriptions from other members of The Toronto Stock Exchange. Of the total number of common shares to be offered through the facilities of The Toronto Stock Exchange, the Corporation's Agents may reserve not more than 75% to fill the orders of their own clients, and at least 25% of such common shares must be offered to clients of member firms other than the Corporation's Agents. If sufficient purchase orders are not received to net the Corporation \$1,000,000, 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 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:	<u>Maximum Discount</u>
\$ .20 and up to \$ .50 . . . . .	25% below closing market price
\$ .51 and up to \$1.00 . . . . .	20% below closing market price
\$1.01 and up to \$2.00 . . . . .	18% below closing market price
\$2.01 and up to \$5.00 . . . . .	15% below closing market price
\$5.01 and above . . . . .	10% below closing market price

The Corporation and its agents have the privilege to withdraw or postpone the offering at any time up to one hour following the close of the market on The Toronto Stock Exchange on the day prior to the day of the proposed 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 Agents' obligations shall be at an end.

The prices at which common shares of the capital stock 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 Agents will be entitled to commissions payable by the Corporation with respect to such offering at the regular commission rates as specified in the By-Laws and Rules of The Toronto Stock Exchange. The purchaser of any common shares under the offering will be required to pay the regular commission rates as specified in the By-Laws and Rules of The Toronto Stock Exchange.

The Statement of Material Facts will be distributed at the expense of the Corporation to all member firms of The Toronto Stock Exchange and by the Agents to all persons solicited either by the Agents or by any persons engaged in soliciting orders on behalf of the Agents.

During the 90 day period prior to the date of this Statement the Corporation's common shares have traded at a low of \$1.10 and a high of \$1.30.

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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 Corporation proposes to use the net proceeds of this offering to implement an exploration program on its property situated in Balmer Township, Red Lake, Ontario comprising:

Phase 1. Geophysics and Geology.....	\$ 70,000
Phase 2. Shallow Drilling (If warranted).....	\$135,000
Phase 3. Deep Drilling (If warranted).....	\$285,000
	<u>\$490,000</u>

This program which is expected to be completed within one year is to be carried out in accordance with the recommendations contained in the report of Derry, Mitchener & Booth dated October 28, 1978 which report is available for inspection at the offices of the Ontario Securities Commission, 10 Wellesley Street East, Toronto, Ontario, and the offices of The Toronto Stock Exchange, Listings and Distributions Department, 4th Floor, Commerce Court East, Toronto, Ontario.

In addition it is the Corporation's intention to retire its current bank indebtedness in the amount of \$274,400 which debt was incurred by the purchase of various investments held in the investment portfolio, and to pay off current liabilities in the amount of approximately \$41,000 and to provide for property payments in the amount of \$15,000, costs of this issue \$15,000; and administrative expenditures for the forthcoming year estimated to be \$35,000.

Excess funds together with any funds made available should the Corporation decide not to proceed with Phase 3 of the programme outlined above will be added to the Corporation's working capital and will be used from time to time to search for and to participate in, either directly or indirectly, mining, oil and gas or geothermal properties of merit in Canada or the United States of America. Pending such disposition these excess funds may be deposited with a Canadian Chartered Bank or Trust Company or invested only in those securities in which insurance companies registered under Part III of The Canadian and British Insurance Companies Act (Canada) may invest their funds without availing themselves of the provisions of Section 83(4) of such act.

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- 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 under the laws of the Province of Ontario as Onaping Mines Limited by letters Patent dated October 18, 1960. By Articles of Amalgamation dated October 5, 1978 Onaping Mines Limited amalgamated with 353539 Ontario Limited and Chapcoe Investment Corporation Limited, two of its 100% owned subsidiaries, thereby changing its name to Onaping Resources Limited. The authorized capital of the Corporation was changed and increased from 10,000,000 common shares without par value to 20,000,000 common shares without par value, 600,000 first preference shares without par value carrying 5 votes per share and 5,000,000 second preference shares without par value carrying 3 votes per share.

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

<u>Office Held:</u>	<u>Name &amp; Address:</u>	<u>Occupation:</u>
Chairman & Director . . . . .	Vincent Noble Harbinson, R.R. No. 1, Kinmount, Ontario	Chairman and Chief Executive Officer of Consolidated Durham Mines & Resources Limited, Chairman of Spooner Mines & Oils Limited, Chairman of NBU Mines Limited and Director and Officer of other resource companies.

President & Director . . . . .	Robert Norman Granger 67 Rosedale Heights Dr. Toronto, Ontario	Barrister & Solicitor. Partner Aird & Berlis Barristers & Solicitors and their predecessor firms Aird, Zimmerman & Berlis and prior thereto Edison, Aird & Berlis.
Director, Vice-President, . . . Corporate Affairs & Secretary-Treasurer	Douglas Christopher . . . . . Vickers, 59 Balliol Street, Toronto, Ontario	Vice President, Corporate Affairs, Spooner Mines and Oils Limited, Secretary, NBU Mines Limited, Secretary-Treasurer of Con- solidated Durham Mines & Resources Limited and Director and Officer of other resource companies since 1974. Prior thereto, Mining Examiner with the Ontario Securities Commission.
Director . . . . .	John Noble Harbinson . . . 44 Macklingate Court Agincourt, Ontario	Canadian Tire Associate Store Owner.
Director . . . . .	William Stearns Vaughan, MSc. 50 Elfindale Crescent Willowdale, Ontario	Barrister & Solicitor Partner Aird & Berlis Barristers & Solicitors and their predecessor firms Aird, Zimmerman & Berlis and prior thereto Edison, Aird & Berlis.

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

\* \* \*

The authorized capital of the Corporation consists of 20,000,000 common shares without par value of which there are presently issued and outstanding 6,614,425 fully paid and non-assessable common shares and 600,000 authorized and issued First Preference Shares without par value and 5,000,000 authorized unissued Second Preference Shares without par value.

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

\* \* \*

On February 15th, 1977 the Corporation acquired from Mr. V. N. Harbinson, R. R. No. 1, Kinmount, Ontario, 100% of the outstanding shares of Chapcoe Investment Corporation Limited. Contained within the liabilities of Chapcoe were debentures due to Mr. V. N. Harbinson in the amount of \$774, 139. Subsequently, the Corporation redeemed a portion of such debentures in the amount of \$67,553 and on October 5, 1977 issued to Mr. V. N. Harbinson 600,000 first preference shares in exchange for \$600,000 worth of debentures, leaving a balance outstanding of \$106,586.

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.

\* \* \*

The common shares in the capital of the Corporation being offered hereby will be distributed by Davidson Partners Limited, Hector M. Chisholm & Co. Limited, St. Lawrence Securities Limited and Cassels Blaikie & Co. Limited, acting as Agents on behalf of the Corporation, through the facilities of The Toronto Stock Exchange by a fixed price offering in the manner and at a price to be determined as set forth in Items 2 and 3 hereof. There are no sub-options or sub-underwriting agreements outstanding or proposed to be made.

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

**DAVIDSON PARTNERS LIMITED**

<u>Name and address</u>	<u>Number of Shares</u>	<u>Equity %</u>
R.A. Marcello . . . . . 17 Sonata Crescent Don Mills, Ontario	28,344	13.29%
A.V. Castledine . . . . . 650 Keenan Avenue Ottawa, Ontario	28,344	13.29%

**HECTOR M. CHISHOLM & CO. LIMITED**

<u>Name and Address</u>	<u>Number of Shares</u>	<u>Equity %</u>
G.W. Chisholm . . . . . 15 Ava Road, Toronto, Ontario	374	75.0%
C.H. Raven . . . . . 64 Arjay Crescent, Willowdale, Ontario	100	20.0%

**ST. LAWRENCE SECURITIES LIMITED**

<u>Name and Address</u>	<u>Number of Shares</u>	<u>Equity %</u>
J.L. Goad . . . . . 34 Bayview Wood, Toronto, Ontario	167	44.50%
D.M. Ross . . . . . 227 Lytton Boulevard, Toronto, Ontario	128	34.13%

**CASSELS BLAIKIE & CO., LIMITED**

<u>Name and Address</u>	<u>Number of Shares</u>	<u>Equity %</u>
J.C. Barron . . . . . 26 Old Forest Hill Road, Toronto, Ontario	3,300	33.0%
J.R. Blaikie . . . . . 20 Whitehall Road, Toronto, Ontario	1,000	10.0%
M.G. Galloway . . . . . 14 Pinedale Road, Toronto, Ontario	1,000	10.0%

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.

\* \* \*

No payment of cash or securities are to be paid to any person or company in connection with the proposed issue.

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

\* \* \*

- (A) Twelve patents covering approximately 1,200 acres in Fairbank Township, Sudbury area, Ontario.
- (B) One License of Occupation covering approximately 163 acres situated in Dowling Township, Sudbury area, Ontario.
- (C) Licence of Occupation covering 6 claims comprising approximately 132 acres situated in Fairbank Township, Sudbury, Ontario.

**LOCATION:**

This ground lies on the north shore of Vermillion Lake some eight miles west of the city of Sudbury.

**GEOLOGY:**

The property is underlain by the Whitewater Group, a variety of undifferentiated pelitic and psammitic metasediments of middle Precambrian age.

The Onwatin Formation, a carbonaceous shale, and the Chelmsford Formation, a greywacke outcrop on the property displaying a strike of 135° and moderately dipping 20° to the N.E.

A synclinal axis can be traced through the western section of the property bearing ENE – WSW, paralleling the general trend of the Sudbury Basin.

The property is bounded to the NW by the Cameron Creek fault zone and to the SE by the Vermillion Lake fault zone. Similar faults bisect the property bearing ENE–WSW again paralleling the general trend at the Basin.

The northern portion of the property is bisected by NW–SE trending olivine-diabase dikes.

**ECONOMIC POTENTIAL:**

The economic potential of the Fairbank-Dowling Twp. property is very low.

The Vermillion Mine, a base metal occurrence located on the south shore of Vermillion Lake is situated in early Precambrian metavolcanics at the intersection of the Vermillion Lake Fault. The possibility of a base metal prospect on the Onaping property is highly unlikely, due to the change in lithology. It is possible however, that a base metal showing may underlie the Whitewater Group of metasediments, but it is unfeasible to test this hypothesis.

An anthraxolite showing is located some four miles to the ENE of the property in the Onwatin Formation. This highly graphitic coal is occurring as veins in the Precambrian slate in uneconomic proportions.

As outlined the Onaping property in the Sudbury area has a very low mineral potential and any exploration is unwarranted.

Along with mining rights the company also holds various surface rights on a number of the leases. This has economic merit with respect to future residential development in the Sudbury area.

- (D) Eleven unpatented mining claims situate in Balmer Township, Red Lake, Ontario known as 484330 – 484340 inclusive covering an area of 440.0 acres.
- (E) Twelve mining leases situate in Balmer Township, Red Lake, Ontario. Known as KRL 41784 – 41785 inclusive. KRL 47087 – 47095 inclusive and KRL 41802 covering an area of 400.71 acres more or less.

- (F) Mining rights lease No. 102885 being mining location CLM 165 (mining claims KRL 47680 – KRL 47695 inclusive), Balmer Township, District of Kenora, Patricia Portion, Ontario.

Refer to Items 4, 13, 14, 15 & 17.

The northwest corner of the property adjoins the former Robin Red Lake property now operated by Dickenson Mines Limited and covers a portion of the projected geological trend which hosts the Campbell and Dickenson orebodies.

Previous work on the property consists of limited geological mapping, geophysical surveying and 36 diamond drill holes. The majority of the holes were shallow and did not provide optimum geological information. The Ontario Geological survey released results of a new airborne INPUT and magnetometer survey over the Red Lake area in September 1978. This survey has outlined several electromagnetic conductors on the Onaping property.

Due to its favourable geological location, east of the Dickenson Mine workings, and along the projected trend of this major gold-bearing structure, the property warrants a systematic exploration programme. The recommended programme would consist of three phases at an estimated total cost of \$490,000.

Phase I would include line cutting, detailed geological mapping, ground electromagnetic and magnetometer surveying, and overburden geochemical surveying. Phase I of the programme is estimated to cost \$70,000.

Phase II would consist of shallow drilling to test Phase I targets in order to obtain structural and stratigraphic information. The estimated cost of Phase II is \$135,000.

Phase III which involves deep drilling to, say, 3,000 ft. would be undertaken to test the presence of the Dickenson type gold-bearing structure at depth. Phase III would cost an estimated \$285,000.

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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 is no known body of commercial ore on any of the mining properties nor are there any known commercial oil or gas reserves on any of the Corporation's properties described in Item 12 hereof.

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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.

\* \* \*

The following work was carried out on the Corporation's Red Lake properties during the past year.

- (1) Baseline & control grid – 28.85 miles or 46.43 kilometers for future geophysical exploration.
- (2) Access road to property from old bush road 1.5 miles or 2.41 kilometers. All of which work was carried out at a cost of \$17,625.01.

Refer to Items 12, 15 & 17.

- 
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.

\* \* \*

- (1) By an agreement dated March 8, 1978 between the Corporation and John E. Durham, P. O. Box 855, Osoyoos, British Columbia, the Corporation acquired a 100% interest in mining rights lease No. 102885 being mining location CLM 165 (mining claims KRL 47680 – KRL 47695 inclusive), Township of Balmer, District of Kenora, Patricia Portion, Ontario.

The consideration paid and to be paid for the acquisition of this property is:

- a) \$10,000 payable upon execution of the agreement. (now paid)
- b) \$10,000 payable on the first anniversary date, March 8, 1979.
- c) \$5,000 payable on the second anniversary date, March 8, 1980.
- d) A 3% net refinery or mint royalty to be reserved for the vendors.

In addition, the Corporation has agreed to pay an advance royalty of \$2,000 per year, for a maximum of five years, commencing on the fourth anniversary date. Such advance royalties to be deductible against actual royalty payments.

The Corporation further retained the right at its sole option to purchase from the vendors in 1% stages to a maximum of 2% of said royalty, by issuing 50,000 fully paid and non-assessable common treasury shares of the Corporation for each 1% net refinery or mint royalty so purchased.

All considerations paid under this agreement are to be paid to:

Mr. John E. Durham  
P.O. Box 855,  
Osoyoos, British Columbia as to 50%

and,

Mr. John L. McEwen,  
P.O. Box 322,  
Red Lake, Ontario as to 50%

being the vendors of the property, and the only persons to receive a greater than 5% interest therein.

- (2) By an agreement dated August 23, 1978 between the Corporation and C. W. Peterson, P. O. Box 533, Red Lake, Ontario, the Corporation acquired a 100% interest in eleven (11) unpatented mining claims located in Balmer Township, Ontario known as:

484330 – 484340 inclusive

covering an area of 440.0 acres more or less.

The consideration paid and to be paid for the acquisition of this property is:

- a) \$6,250 payable upon execution of the agreement. (now paid)
- b) A 2% net smelter and/or refinery returns royalty to be reserved to the vendor.

The Corporation further retained the right at its sole option to purchase from the vendor the aforementioned two percent ( 2% ) net royalty for seventy thousand ( 70,000 ) fully paid and non-assessable common treasury shares of the Corporation, and further retained the right and option to repurchase thirty-five thousand ( 35,000 ) of said common shares for a period of two (2) years from the date of the delivery of said common shares to the vendor at a price of two dollars (\$2.00) per share and the right and option to repurchase the remaining thirty-five thousand (35,000) of said common shares for a period of three (3) years from the aforesaid date at a price of three dollars (\$3.00) per common share.

- (3) By an agreement dated August 23, 1978 not yet fully executed made between Mr. Ed Gay, P.O. Box 610, Red Lake, Ontario and The Royal Trust Company, as Executor of the Estate of Francis Ernest Cole, the recorded holders of a 100% interest (Mr. Ed Gay as to a 75% interest and The Royal Trust Company, as executor of the Estate of Francis Ernest Cole as to 25% interest) the Company acquired twelve (12) mining leases located in Balmer Township, Ontario and known as:

KRL 41784 - 41785 inclusive  
KRL 47087 - 47095 inclusive  
KRL 41802

covering an area of 400.71 acres more or less.

The consideration paid and to be paid for the acquisition of this property is:

- a) \$18,250 (\$13,750 to Mr. Ed Gay and \$4,500 to The Royal Trust Company, as Executor to the Estate of Francis Ernest Cole), each sums payable on execution of the agreement. (now deposited in trust)
- b) A 2% net smelter and/or refinery returns royalty (1.5% to Mr. Ed Gay and 0.5% to The Royal Trust Company, as Executor of the Estate of Francis Ernest Cole).

The Corporation further retained the right for 10 years only at its sole option to purchase from the vendors the aforementioned two percent (2%) net royalty for seventy thousand (70,000) fully paid and non-assessable treasury common shares of the Corporation, and further retained the right and option to repurchase thirty-five thousand (35,000) of said common shares for a period of two (2) years from the date of delivery of said shares to the vendors at a price of two dollars (\$2.00) per common share and the right and option to repurchase the remaining thirty-five thousand (35,000) of said common shares for a period of three (3) years from the aforesaid date at a price of three dollars (\$3.00) per share.

The aforesaid common shares shall be pro-rated from the vendors on the basis of three-quarters thereof to Mr. Ed Gay and one-quarter to The Royal Trust Company as Executor of the Estate of Francis Ernest Cole.

Although both vendors have orally accepted the Corporation's offer, they have not executed the agreement as there is a dispute between them with respect to the actual percentage ownership.

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

\* \* \*

Mr. V. N. Harbinson, R. R. No. 1, Ktnmount, Ontario, the Chairman and Chief Executive Officer of the Corporation may be considered to be the promoter of the Corporation. Nothing of value ( including money, property, contracts, options or rights of any kind ) has been paid to Mr. V. N. Harbinson within the preceeding two years.

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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.

\* \* \*

There are no shares of the Corporation held in escrow or pool.

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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.

	<u>Owned of Record</u>	<u>% Issued</u>
V. Noble Harbinson R.R. No. 1, Kinmount, Ontario	5,659,740 common shares 600,000 first preference shares	85.6 100.0
Peter R. Rubinelli P.O. Box 12271 Soulard Station, St. Louis, Missouri U.S.A.	276,570 common shares	4.2
Y.G. Melbert 102 - 10 Benvenuto Place, Toronto, Ontario	128,000 common shares	1.9
Richardson Securities of Canada 173 Portage Avenue East, Winnipeg, Manitoba	55,950 common shares	.8
Midland Doherty Limited P.O. Box 25, Commercial Union Tower Toronto-Dominion Centre, Toronto, Ontario	45,100 common shares	.7

NOTE: The beneficial ownership of these common shares with the exception of Mr. V. N. Harbinson is not known to the officers and directors of the Corporation.

As of March 1979 the following common shares were owned of record or beneficially, directly or indirectly, by the directors and officers of the Corporation.

		<u>Record</u>	<u>Beneficially</u>
J.N. Harbinson 44 Macklingate Court Agincourt, Ontario	Director	12,501	12,500
V.N. Harbinson R.R. No. 1 Kinmount, Ontario	Director & Chairman	5,659,740	5,659,735
W.S. Vaughan, 50 Elfindale Crescent, Willowdale, Ontario	Director	4,001	4,000
R.N. Granger 67 Rosedale Heights Drive Toronto, Ontario	Director & President	1	—
D.C. Vickers 59 Balliol Street Toronto, Ontario	Director & Secretary-Treasurer	1	—

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

\* \* \*

There are no legal proceedings to which the issuer is a party, nor are any legal proceedings contemplated.

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

\* \* \*

The aggregate direct remuneration paid by the Corporation to the Directors and senior Officers of the Corporation during the year ended December 31, 1978 amounted to \$nil. Remuneration paid from January 1, 1979 to March 2nd, 1979 amounted to \$nil.

In addition, fees of \$nil were paid to Professional Management Services ("PMS") for administrative management and head office facilities which company is beneficially owned or controlled by Mr. V. N. Harbinson, the Chairman and a Director of the Corporation. Various active mining and oil exploration companies are provided with administrative management, head office and financial advisory services by PMS. The total costs for these services, which include the salaries of the administrative staff, are pro-rated to each of the companies based on the activities of each company over a two year period, at which time the monthly charges are adjusted if merited. Fees are assessed on the services required, and on the activity of the Corporation.

- 
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.

\* \* \*

- (A) Pursuant to an Employees Incentive Stock Option Plan established by the Board of Directors on June 8, 1977 and approved by the Shareholders on July 7, 1977 in the amount of 350,000 shares the undermentioned stock options were granted on December 15, 1977 to Officers, Directors and employees in the amounts and prices listed against their respective names.

The price range of the Corporation's shares in the 90 days immediately prior to such grant was a high of \$.40 and a low of \$.31.

A.G. Matthew	35,000 @ .25
F.D. Corman	25,000 @ .25
D.C. Vickers	25,000 @ .25
M. Leonard	10,000 @ .25
R.J. Farrell	5,000 @ .25
L.R. Ikeda	5,000 @ .25 (Exercised February 1979)
	<u>105,000</u>

The remaining 245,000 shares have not yet been allocated.

A total of 15,000 shares originally conditionally allotted under the plan have now been cancelled due to two employees leaving the employ of the Corporation.

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

\* \* \*

During February, 1979, 5,000 common shares were issued to Mrs. L. R. Ikeda pursuant to the Employees Incentive Stock Option Plan, at and for a price of \$.25 per share.

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

\* \* \*

There are no material contracts not already disclosed in the foregoing.

- 
25. 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 relating to the common shares to be offered not already disclosed pursuant to the foregoing items.

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#### **PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Sections 64 and 65 of The Securities Act, 1970, Ontario, ("the Act") contains 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.

**ONAPING RESOURCES LIMITED**

(Incorporated under the laws of Ontario)

**Consolidated Balance Sheet as at December 31, 1978**

**ASSETS**

<b>CURRENT ASSETS</b>		
Note and accounts receivable . . . . .	\$ 37,246	
Marketable securities, at cost (quoted market value, \$1,575,926) (note 2) . . . . .	<u>1,081,588</u>	\$1,118,834
<b>INVESTMENTS IN OTHER COMPANIES, at cost (quoted market value, \$928,303) (note 3) . . . . .</b>		
		499,023
<b>OTHER ASSETS, at cost</b>		
Mining claims and leases (note 4) . . . . .	49,527	
Exploration expenditures deferred (note 7) . . . . .	<u>21,894</u>	<u>71,421</u>
		<u>\$1,689,278</u>

**LIABILITIES**

<b>CURRENT LIABILITIES</b>		
Bank advances . . . . .	\$ 2,597	
Accounts payable . . . . .	29,946	
Income taxes payable . . . . .	<u>8,895</u>	\$ 41,438
<b>LONG TERM LIABILITIES</b>		
Bank loan, secured by certain investments in other companies . . . . .	274,400	
Deferred debenture due to controlling shareholder . . . . .	<u>106,586</u>	<u>380,986</u>
		422,424
<b>MINORITY INTEREST . . . . .</b>		100,000

**SHAREHOLDERS' EQUITY**

<b>CAPITAL STOCK (notes 4, 5 and 8)</b>		
First preference shares . . . . .	600,000	
Common shares . . . . .	<u>571,029</u>	
	1,171,029	
<b>CONTRIBUTED SURPLUS . . . . .</b>	<u>11,329</u>	
	1,182,358	
<b>DEFICIT . . . . .</b>	<u>15,504</u>	<u>1,166,854</u>
		<u>\$1,689,278</u>

Subsequent event (note 8)

Approved by the Board

V.N. Harbinson     Director  
D.C. Vickers        Director

ONAPING RESOURCES LIMITED

Consolidated Statement of Income  
October 6, 1978 to December 31, 1978

Management fees . . . . .	\$14,550
Dividend income . . . . .	<u>12,909</u>
	27,459
Administrative and general expenses (including interest expense of \$8,583) . . . . .	<u>34,076</u>
Loss before undernoted item . . . . .	6,617
Gain on sale of investments . . . . .	<u>69</u>
LOSS FOR THE PERIOD . . . . .	<u>\$ 6,548</u>
LOSS PER COMMON SHARE . . . . .	<u>\$0.00099</u>

Consolidated Statement of Exploration Expenditures Deferred

October 6, 1978 to December 31, 1978

Expenditures during the period – Red Lake Area, Ontario . . . . .	\$ 21,894
Expenditures deferred at beginning of period . . . . .	<u>Nil</u>
Expenditures deferred at end of period . . . . .	<u>\$ 21,894</u>

Consolidated Statement of Changes in Financial Position

October 6, 1978 to December 31, 1978

WORKING CAPITAL DERIVED FROM		
Proceeds on sale of investments . . . . .	\$	95
WORKING CAPITAL APPLIED TO		
Operations		
Loss for the period . . . . .	\$ 6,548	
Add gain on sale of investments which does not involve working capital . . . . .	<u>69</u>	
	6,617	
Exploration expenditures for the period . . . . .	<u>21,894</u>	<u>28,511</u>
DECREASE IN WORKING CAPITAL . . . . .		28,416
WORKING CAPITAL AT BEGINNING OF PERIOD . . . . .		<u>1,105,812</u>
WORKING CAPITAL AT END OF PERIOD . . . . .		<u>\$1,077,396</u>

ONAPING RESOURCES LIMITED

Consolidated Statement of Deficit

October 6, 1978 to December 31, 1978

DEFICIT AT BEGINNING OF PERIOD .....	\$ 8,956
Loss for the period .....	<u>6,548</u>
DEFICIT AT END OF PERIOD .....	<u>\$15,504</u>

AUDITORS' REPORT

To the Directors of  
Onaping Resources Limited

We have examined the consolidated balance sheet of Onaping Resources Limited as at December 31, 1978 and the consolidated statements of income, deficit, exploration expenditures deferred and changes in financial position for the period from October 6, 1978 to December 31, 1978. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1978 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 basis consistent with that of the preceding period.

Toronto, Canada  
March 2, 1979

Thorne Riddell & Co.  
Chartered Accountants



# ONAPING RESOURCES LIMITED

## Notes to Consolidated Financial Statements

December 31, 1978

1. ACCOUNTING POLICIES

(a) *Basis of consolidation*

These financial statements include the accounts of the company and its 100% owned subsidiary, Onaping Energy Resources Inc., and its majority owned subsidiary, V.N.H. Resources Ltd.

(b) *Marketable securities*

Marketable securities are recorded at cost. The cost of marketable securities owned by subsidiaries at the date of their acquisition was determined on the basis of fair market value at that date.

(c) *Amalgamation*

As of October 5, 1978 Onaping Mines Limited and its wholly owned subsidiaries, 353539 Ontario Limited and Chapcoe Investment Corporation Limited amalgamated under the provisions of Section 196 of The Business Corporations Act of Ontario and are continuing as one corporation under the name of Onaping Resources Limited.

2. MARKETABLE SECURITIES

	Quoted market value	Cost
430,309 shares Consolidated Durham Mines & Resources Limited . . . . .	\$ 593,826	\$ 322,732
610,000 shares O'Brien Energy & Resources Limited . . . . .	982,100	758,856
	\$1,575,926	\$1,081,588

3. INVESTMENTS IN OTHER COMPANIES

	Quoted market value	Cost
101,240 shares Cam Mines Limited . . . . .	\$ 26,322	\$ 38,471
71,400 shares NBU Mines Limited . . . . .	109,956	100,674
220,300 shares Noble Mines & Oils Ltd. . . . .	209,285	99,135
350,500 shares Share Mines & Oils Ltd. . . . .	31,545	28,040
3,000 shares Silvermaque Mining Limited . . . . .	645	870
1,001,000 shares Spooner Mines and Oils Limited . . . . .	550,550	230,260
	928,303	497,450
40,000 shares Edgewater Petroleum Ltd. . . . .		1
87,465 shares Ethel Copper Mines Ltd. . . . .		1
279 shares Geo-Pax Mines Ltd. . . . .		1
36,200 shares New Quebec Mining and Exploration Limited . . . . .		1
59,000 shares Parvus Mines Limited . . . . .		1,569
		1,573
	\$ 928,303	\$ 499,023
Total marketable securities and investments . . . . .	\$2,504,229	\$1,580,611

4. MINING CLAIMS AND LEASES

(a) *Mining claims*

Mining claims located in District of Sudbury, Ontario, acquired as part consideration for which 3,002,742 shares of capital stock were issued

\$ 15,027

# ONAPING RESOURCES LIMITED

## Notes to Consolidated Financial Statements (Continued)

December 31, 1978

### 4. MINING CLAIMS AND LEASES (cont'd)

#### (b) *Mining leases*

\$ 18,250

Under a letter agreement dated August 23, 1978, the company acquired twelve mining leases located in Balmer Township, Red Lake, Ontario, for a total consideration of \$18,250 in cash and the granting to the vendors of a 2% net smelter return royalty

The company has an option to purchase this royalty by issuing 70,000 shares of its capital stock to the vendors.

The company retained the right to repurchase 35,000 of the above noted shares at a price of \$2 per share for a period of two years from the date of delivery of the shares to the vendors.

The remaining 35,000 shares may be repurchased at \$3 per share for a period of three years from date of delivery of the shares to the vendors. The company may terminate this agreement at any time, but must return the property back to the vendors in good standing.

#### (c) *Unpatented mining claims*

6,250

Under a letter agreement dated August 23, 1978, the company acquired a 100% interest in eleven unpatented mining claims located in Balmer Township, Red Lake, Ontario, for a total consideration of \$6,250 in cash and the granting to the vendors of a 2% net smelter return royalty

The company has an option to purchase this royalty by issuing 70,000 shares of its capital stock to the vendor.

The company retained the right to repurchase 35,000 of the above noted shares at a price of \$2 per share for a period of two years from the date of delivery of the shares to the vendor.

The remaining 35,000 shares may be repurchased at \$3 per share for a period of three years from date of delivery of the shares to the vendor. The company may terminate this agreement at any time, but must return the property back to the vendor in good standing.

#### (d) *Mining rights lease*

10,000

Under an agreement dated March 8, 1978, the company acquired a 100% interest in a mining rights lease located in Balmer Township, Red Lake, Ontario, for a total consideration of \$25,000 payable:

- (1) \$10,000 upon execution of the agreement,
- (2) \$10,000 on the first anniversary date of the agreement, and
- (3) \$5,000 on the second anniversary date.

In addition, the company granted a 3% net refinery or mint royalty to the vendor. The company has also agreed to pay an advance royalty payment of \$2,000 per year for a maximum period of 5 years commencing on the fourth anniversary date of the lease being March 8, 1982.

The company retained the right to purchase in 1% stages up to a maximum of 2% of the royalty by issuing 50,000 shares of its capital stock as fully paid and non-assessable for each 1% of royalty repurchased.

\$ 49,527

# ONAPING RESOURCES LIMITED

## Notes to Consolidated Financial Statements (Continued)

December 31, 1978

**5. CAPITAL STOCK**

*(a) Authorized*

600,000 6% Non-cumulative first preference shares without par value redeemable at \$1 each at the option of either the corporation or the holder. The holder is entitled to cast five votes per each share held.

5,000,000 Second preference shares without par value, issuable in series. The rate of dividends and redemption features of each series will be determined by resolution of the Board of Directors prior to their issue. The holder is entitled to cast three votes per each share held.

20,000,000 Common Shares without par value.

*Issued*

600,000 First preference shares issued in partial payment of deferred debenture due to controlling shareholder . . . . .	\$ 600,000
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6,609,425 Common shares. . . . .	<u>571,029</u>
----------------------------------	----------------

	<u><u>\$1,171,029</u></u>
--	---------------------------

*(b) Options*

Under an incentive stock option plan, 350,000 shares were set aside for options to officers, directors and key employees.

On December 15, 1977, options were granted on 120,000 of these shares at 25¢ per share expiring on December 15, 1987. Options on 15,000 of these shares were subsequently cancelled. Subsequent to December 31, 1978, options on 5,000 of these shares have been exercised.

**6. INCOME TAXES**

The company has approximately \$41,000 of unclaimed exploration expenditures at December 31, 1978 which under certain circumstances may be utilized to reduce Canadian taxable income in future years, the tax effect of which has not been recorded in the accounts.

**7. RECOVERY OF COSTS**

Exploration expenditures amounting to \$21,894 at December 31, 1978 have been deferred with the intention that they should be amortized along with the cost of mining claims and leases by charges against income from future operations. The recovery of these costs is dependent, therefore, upon the obtaining of adequate financing and the development of economic mining operations.

**8. SUBSEQUENT EVENT**

Subsequent to December 31, 1978 the company entered into an Agency Agreement dated March 2, 1979, whereby the Agents will offer up to 1,000,000 common treasury shares of the company to provide the company with not less than \$1,000,000 net. These common shares of the company will be offered on a fixed price basis on the floor of The Toronto Stock Exchange at a price to be determined by the company with the approval of The Toronto Stock Exchange.

DATED at Toronto, Ontario this 2nd day of March, 1979.

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

ONAPING RESOURCES LIMITED

V.N. Harbinson  
Chief Executive Officer

D.C. Vickers  
Chief Financial Officer

On behalf of the Board of Directors

J.N. Harbinson  
Director

R.N. Granger  
Director

W.S. Vaughan  
Director

V.N. Harbinson  
Promoter

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

DAVIDSON PARTNERS LIMITED

Per: "R. A. MARCELLO"

HECTOR M. CHISHOLM & CO. LIMITED

Per: "C. H. RAVEN"

ST. LAWRENCE SECURITIES LIMITED

Per: "N. H. W. LATTA"

CASSELS BLAIKIE & CO. LIMITED

Per: "A. G. KILGOUR"

The following includes the names of every person having an interest either directly or indirectly, to the extent of not less than 5% in the capital of:

DAVIDSON PARTNERS LIMITED

R. A. Marcello, A. V. Castledine, D. B. Climo, Keith Walker, Kevin Howlett, Gordon A. Wiley and R. J. Gainor.

HECTOR M. CHISHOLM & CO. LIMITED

G.W. Chisholm and C.H. Raven.

ST. LAWRENCE SECURITIES LIMITED

J.L. Goad Jr., D.M. Ross, J.R. Shemilt and E.A. Barbour.

CASSELS BLAIKIE & CO. LIMITED

J.C. Barron, G.R. Blaikie, J.R. Blaikie, J.F. Ebach, M.G. Galloway, A.G. Kilgour, A.L. McBain.