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REPORT ON MINING PROPERTIES  
OF  
GRAND BAY EXPLORATIONS LIMITED  
CASUMMIT LAKE AREA  
RED LAKE MINING DIVISION  
ONTARIO

BY

R. A. HALET, Ph.D., P.Eng.

MINING GEOLOGIST

63.3394

January 16, 1976  
*Revised April 1, 1976.*

H. B. & O. ENGINEERING LIMITED



## INTRODUCTION

This report deals with two groups of mining claims formerly held by New Jason Mines Limited from which a substantial gold production was obtained during the period 1934 to 1952.

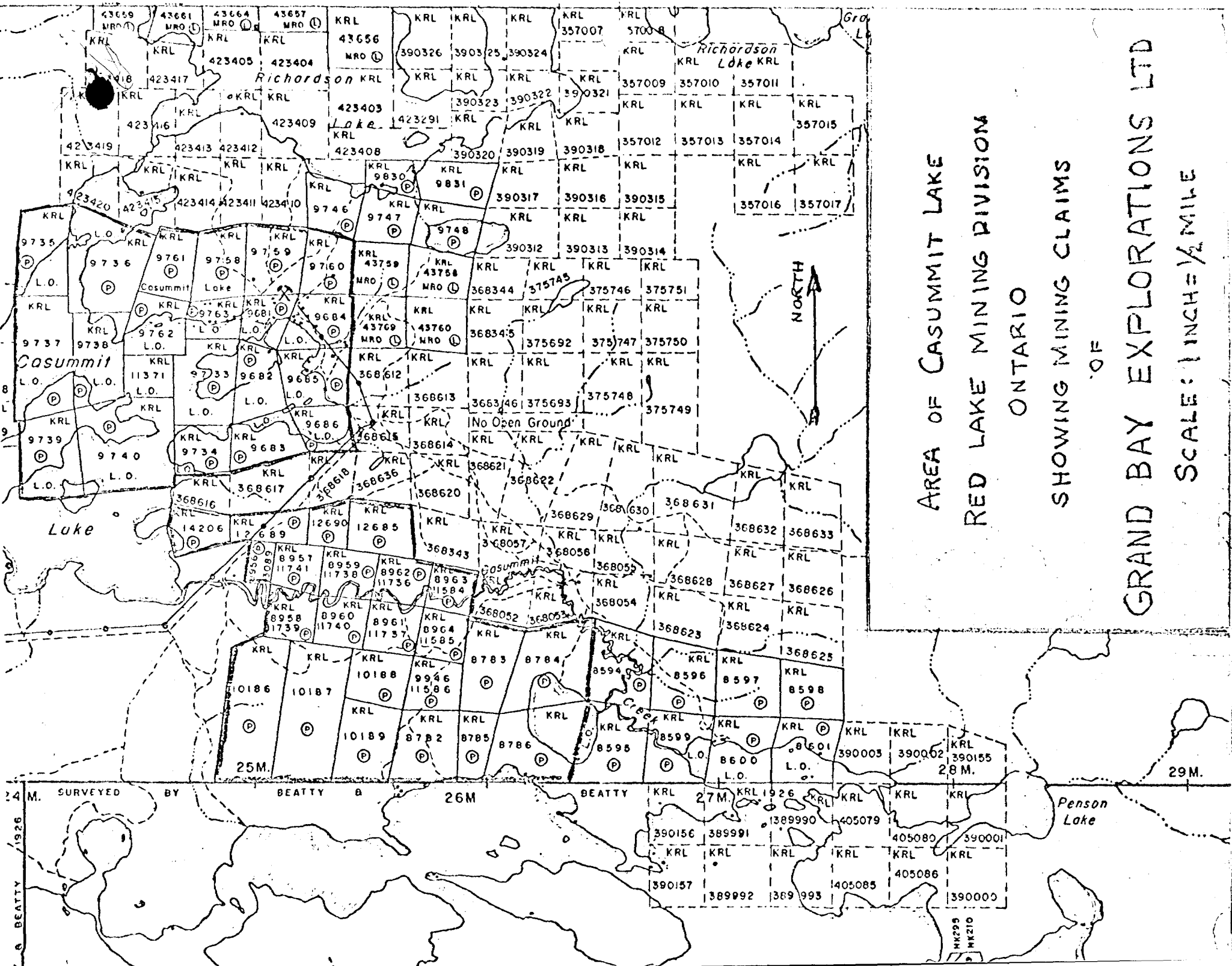
Grand Bay Explorations Limited commissioned the writer to study all the available material, and to recommend a program of exploration to locate new ore bodies.

The files of New Jason Mines Limited have been scattered and information available is somewhat fragmentary. The writer was able to obtain a set of underground geological plans as well as some assay plans, some reports and correspondence dealing with the 1938-1940 period, and considerable information was obtained from the company's reports to shareholders, government publications, and the Northern Miner. The writer had visited the property in the autumn of 1973.

## LOCATION AND ACCESS

The property is on Casummit Lake, about seventy miles east and slightly north of Red Lake, Ontario. Present access is by float plane from Red Lake, or by winter road from the end of the highway at the Selco South Bay Mine in the southeast corner of Dent Township, 30 miles to the southwest.

The Jason Mine, on the northeast shore of Casummit Lake, was in production until 1952. There was a mill of 150 tons daily capacity, but the equipment has been removed and the mine buildings are in poor condition. The electric transmission line which served the mine can probably be rehabilitated at modest expense, as most of the poles are standing and the wire is still there.



AREA OF CASUMMIT LAKE

RED LAKE MINING DIVISION

ONTARIO

SHOWING MINING CLAIMS

OF

GRAND BAY EXPLORATIONS LTD

SCALE: 1 INCH = 1/2 MILE

BEATTY & BEATTY 1926

24 M. SURVEYED BY BEATTY & BEATTY 26M 27M 29M

390000

PROPERTY

The company holds 44 patented claims in two groups. The North Group, 21 claims with an approximate area of 985 acres, occupies the bed of Casummit Lake and its eastern and northern shore. The South Group comprises 23 claims with an approximate area of 1,000 acres and lies southeast of Casummit Lake. It is separated from the North Group by one row of claims approximately one-quarter mile in width.

The claims are shown on Plan No. M-2695 of the Ontario Ministry of Natural Resources, Area of Casummit Lake, and are numbered as follows:-

- North Group:      KRL 9681 to 9686 inclusive ✓
- 9733 to 9740 inclusive ✓
- 9758 to 9763 inclusive ✓
- 11371
  
- South Group:      KRL 8782 to 8786 inclusive ✓
- 10186 to 10189 inclusive ✓
- 11584 to 11586 inclusive ✓
- 11736 to 11741 inclusive ✓
- 12685, 12689 and 12690
- 13089 and 14206

HISTORY

Gold was first discovered on the property in 1929 by A. F. Hewitt and J.A. Borthwick. In July 1929 the Casey Mountain Operating Syndicate secured an option on the claims and in 1930 added some additional claims to the west. During the winter of 1930-31, the veins were explored by diamond drilling, the No. 2 for a length of 900 feet and a vertical depth of 375 feet. In August 1931, after the installation of a mining plant, the Casey Summit Gold Mines Limited, was incorporated to take over the property from the syndicate. On September 17, 1934, a 50 ton amalgamation mill started production and operated until December 27, 1934; 4094 tons of ore were treated to yield 888 ounces of gold and 87 ounces of silver (0.22 ounces gold per ton).

In May 1935 Argosy Gold Mines Limited was formed to take over the property from Casey Summit Gold Mines. After considerable underground development, a cyanide mill capable of treating about 125 tons a day was installed and was started in July 1936. Ore reserves at December 31, 1936, were reported at 83,939 tons with a value of \$1,501,990 (approximately 0.50 ounce per ton). Production, which was entirely from the No. 2 Shaft Area continued until January 1938. During this period 35,228 tons of ore were treated to yield \$418,313, an average of \$12.00 per ton (0.35 ounce per ton).

Argosy Gold Mines Limited went into bankruptcy and was succeeded by Jason Gold Mines Limited in November 1938. The new company sank an inclined shaft on the No. 1 Vein, 1500 feet east of the No. 2 Shaft, and opened five levels to a vertical depth of 500 feet. In April 1940 electric power from the Ontario Hydro was turned on at the property, the mill was renovated and production was resumed in June 1940. Operations continued until October 1942, when the mine was shut down due to the difficulty of working in this remote location under wartime conditions. During this period 104,183 tons were milled yielding production valued at \$1,701,896. Two dividends were paid in 1941, for a total disbursement of \$119,960.

Operations were resumed in July 1945, the No. 1 Shaft was continued to the 700' level and production was started on September 1, 1946. On December 31, 1946, ore reserves above the 700' level of No. 1 Shaft were estimated at 31,750 tons with an average grade of 0.377 ounce per ton. The South Group of claims was purchased in 1946 for \$5,000 from Northern Canada Mines Limited.

The mill was shut down again in June 1947, but additional capital was obtained and development was continued. In 1948 there was a corporate reorganization whereby Jason Mines Limited was succeeded by New Jason Mines Limited (1 for 3).

After the discovery of the high grade shoots in the new "P" zone production was resumed in August 1949. The shaft was deepened to the 900' level, and the ore zones were found to continue to this level and to extend below it. However, this was a very bad period for gold mining. There was rampant inflation and a boom in industrial construction, so that costs were rising relentlessly, while it was difficult to get and keep a sufficient number of workers to maintain an efficient operation. At the same time, the U.S. government continued its policy of holding the price of gold at \$35.00 per ounce.

New Jason Mines Limited gave up the struggle and production was terminated when developed ore reserves were exhausted in the No. 1 Shaft workings in April 1952. The plant was dismantled and sold.

Production during the period 1946 to 1952 amounted to 133,068 tons with a value of \$1,656,011, an average of \$12.50 per ton. Total production from the mine has amounted to 276,573 tons yielding 101,875 ounces of gold and 9788 ounces of silver. The average recovery was 0.37 ounce gold per ton.

In 1974 New Jason Mines Limited entered into an agreement with Casummit Lake Mines Limited, which provided that after an expenditure of \$250,000, with a minimum of \$50,000 per year, Casummit would have earned a 75 percent interest in the 44 claims. The option was assigned to Bonnacord Explorations Limited in May 1974.

Five holes with a total length of 1606 feet were drilled on the No. 5 Vein on Claim 9763, 900 feet due west of No. 2 Shaft. The writer is indebted to Mr. C.D. Huston, P.Eng., who directed the work and supplied the writer by letter with a summary of the results. A copy of the letter is attached to this report as an appendix. The option was relinquished in November 1974.

#### GEOLOGY AND MINERAL DEPOSITS

The property is in the Birch Lake Greenstone Belt, a region some 90 miles in length by a maximum 20 miles in width which contains ancient Precambrian volcanic and sedimentary rocks and is surrounded by granitic rocks. It is

geologically similar to the Red Lake Area some 70 miles to the west.

The only producing mine in the region is the South Bay Mine of the Selco Mining Corporation, which is working a relatively high grade copper-zinc-silver deposit. Former gold producing properties were the Uchi, Jackson Manion, Hudson Patricia and Sol Dor. These properties are from 18 to 35 miles southwest of Casummit Lake.

Casummit Lake, at an elevation of 1281 feet, is on the height of land between waters flowing to Hudson Bay by way of the Albany River and to Lake Winnipeg by way of the Berens River. Rocky hills to the north and east of the lake rise to 100 feet or so, but in general the area is low-lying and the surface is largely covered with water, muskeg and glacial drift. Approximately half the surface of the North Group is covered by the water of Casummit Lake.

The bedrock formations on the North Group are interbedded Precambrian sedimentary and volcanic formations which strike northeasterly and dip steeply. The northern tier of claims is underlain by a succession of lava flows of andesitic composition (the Older Greenstone) with minor sedimentary beds and some thin bands of iron formation.

To the south of the Older Greenstone and underlying Casummit Lake is a lenticular body of sedimentary rocks about two miles long by 3000 feet wide, outcropping along the north shore and islands; the underground workings of the Jason Mine are almost entirely in this formation. The sedimentary rocks consist of greywacke, slate, iron formation and tuffaceous sediments, which all grade into one another. The bands of iron formation, containing up to 40 percent magnetite, can be traced under overburden and water by the magnetometer. The sedimentary formations pinch out on the surface immediately east of Casummit Lake, and are succeeded to the south by a formation of volcanic breccia, tuffs and interbedded lava flows. All these rocks are strongly sheared along the direction N75E. Two large dykes of quartz porphyry outcrop on the east shore



of Casummit Lake. They strike easterly, dip steeply and are highly sheared. They are probably related to the large body of sheared quartz diorite which lies south of Casummit Lake, and which underlies the southwest portion of the South Group. The youngest rocks in the mine area are quartz diorite and lamprophyre dykes which are fresh and unsheared.

The structure of the sedimentary formation has been interpreted as a drag-folded syncline. The synclinal interpretation is open to question. It could simply be a pinch-out of a large lens of sedimentary rock, but there is obviously a drag-fold with much minor folding at the east end of Casummit Lake, which may well have caused extensive local fracturing, some of which was later filled with gold-bearing quartz.

Little is known of the geology of the South Group. There is no published geological map of this area, except for the small scale compilation maps, where known geology is projected into unmapped areas. The northern part of the South Group is underlain by the breccia, tuff and interbedded lavas which are found on the eastern side of Casummit Lake. According to the published maps, this formation trends southeasterly through the claim group to the north shore of Birch Lake. The eastern part of the large quartz diorite intrusive which lies south of Casummit Lake is on this group of claims. Work done in 1936 included stripping, trenching and diamond drilling of a mineralized shear zone on these claims (O.D.M. Vol. XLVI - Part 7, page 26).

At the Jason Mine, gold occurs in numerous quartz veins which occupy a system of fractures trending north to northwest and dipping to the west at angles ranging from 20 to 80 degrees. The veins are in a southeasterly-trending belt about 2500 feet wide beginning in the older greenstone at the north boundary of the property and extending southeast through the east bay of Casummit Lake. The present southeastern limit of known mineralization is approximately in the centre of Claim 9685, at the south end of the mine workings.

The veins are filled with white or grey quartz mineralized with small amounts of the sulphides arsenopyrite, pyrrhotite, sphalerite and galena. The gold occurs in native form, usually associated with the sulphides.

The ore mined to date has come from three vein-zones:-

1. The No. 2 Vein, which outcrops on the north shore of Casummit Lake, on Claim 9681. It is a quartz-filled fissure which strikes north, dips to the west at angles ranging from 31 to 54 degrees, varies in width from a stringer to 7 feet, with an average of 2½ feet. It has been opened to a vertical depth of 800 feet. Ore shoots have occurred on all levels, the best showing ore lengths of about 500 feet on the 400 and 500 foot levels. There is little information on the levels below 500 feet, except that only a limited quantity of drifting was done before these workings were abandoned.
2. The No. 1 Vein, 1500 feet east of No. 2, outcrops in the southeast corner of Claim 9684. This vein has a north-south strike, but is very sinuous in plan, as if it were following minor folds in the sedimentary rocks. The ore-shoot in this zone had an average length of 200 feet, and has been mined continuously from the 100-foot level to the 900-foot level, on a dip which ranged from 20 to 55 degrees. This is a remarkable slope distance of 1500 feet, and it is not the end as a drill hole intersection 120 feet below the 900-foot level showed 3.3 feet assaying 0.69 ounce gold per ton.
3. The "P" Vein Zone lies in the footwall and south of the No. 1 Zone. This zone has provided the best grade of ore mined to date, between the 600 and 800-foot levels, where the veins are in quartz porphyry. One vein section on the 700-foot level for a length of 235 feet assayed 2.21 ounces per ton over an average width of 22 inches. According to the mine

managers report for 1950, the "P" Zone supplied 13,259 tons grading 0.48 ounces per ton, which was 35 percent of the millfeed and 47 percent of the ounces produced. There are stopes on this zone from the 500-foot level to the 900-foot level, with the greatest strike length, about 300 feet, on the 700-foot level. The veins are gently dipping, the distribution of values very irregular, and there are undoubtedly ore shoots remaining to be discovered in this zone. Unfortunately the method of development used, by drifting on what was believed to be the main lead on each level, made it impossible to locate ore shoots between levels, except by expensive raising. Drives in the footwall with drill holes probing for ore shoots would have been more appropriate. There does not seem to have been any serious attempt to locate ore shoots in this zone above the 500-foot level.

Other known veins of possible importance are:-

1. The No. 3 Vein in the No. 2 Shaft area. It is parallel to No. 2 Vein and 575 feet west of it. A crosscut was driven to it on the 300-foot level, and about 1200 feet of drifting was done on the vein. It is smaller and weaker than the No. 2 Vein and has not been mined.
2. The No. 6 Vein is parallel to the No. 1 Vein and about 500 feet west of it. It has been opened only on the 700-foot level where it was discovered. There is one section of drift 235 feet long where the vein averages 0.40 ounce per ton over a width of 28 inches. This would not have been ore grade over a mining width, but the only raise on the vein showed an average grade of 1.25 ounce per ton over a width of 27 inches for a length of 100 feet.

## DEVELOPMENT

The original discovery, the first development work and all the production until 1942 were in the No. 2 Vein area, on claim 9681. This was also the site of the mill throughout the operation of the mine.

No. 2 Shaft, started in 1931, is a two compartment vertical opening 320 feet deep with levels at 75, 200 and 300 feet depths. From the 300-foot level, a 40-degree internal shaft (winze) goes to a vertical depth of 827 feet, with levels at 100-foot vertical intervals to 800 feet.

No. 1 Shaft, started in 1938, is a three-compartment opening inclined at 55 degrees from surface to the 400-foot level, then at 38 degrees to 946 feet vertical depth. Levels were established at 100-foot vertical intervals from 100 to 900 feet.

Total development from both shafts is as follows: Drifting 19,350 feet, crosscutting 8,143 feet, raising 4,881 feet, diamond drilling 62,320 feet. About 60 percent of this work is in the No. 1 Shaft workings.

## OPERATING CONDITIONS

During the periods of operation 1936 to 1942 and from 1946 to 1952, the operation was greatly handicapped by the remote location, 100 airline miles from the nearest railway or highway. Most of the supplies and equipment for the mine were taken by water during the summer to Gold Pines at the northwest end of Lac Seul, then carried the remaining 69 miles by plane. During the second period of operation, there was some improvement; after the Red Lake Road was completed in 1947, Gold Pines became accessible by truck, but it was still necessary to transport all supplies from Gold Pines by plane, or winter tractor train, which apparently was used during the last period of operation. Now there is a road within 30 miles of the property, which reduces the transportation problem considerably.

Mining conditions in the No. 2 Shaft area were not favourable, dilution was high, but even so, the average recovery was 0.43 ounce gold per ton.

Double hoisting through the winze and vertical shaft increased the operating cost considerably. There was a serious water problem created by mining too close to the surface in the upper levels, which caused the abandonment of this area in favour of the No. 1 Shaft.

Operations at the No. 1 Shaft area were limited primarily by the long inclined shaft with a bend at the 400-foot level, which was rather a bottleneck. The method of mining was open stoping through timbered chutes and box-holes. The veins for the most part are relatively flat, necessitating the use of slushers in the stopes to handle the ore. There was some difficulty in controlling dilution from the sedimentary ore zone stopes. The stopes in the porphyry zone were higher grade and had better mining conditions.

Treatment of the ore presented no problems. Some coarse waste was sorted from a picking belt, and the remainder treated by amalgamation and cyanidation, after a relatively coarse grind of 65 percent minus 200 mesh. In 1950 overall recovery was 96.5 percent, with mill tailings 0.012 ounce gold per ton.

#### POSSIBILITIES OF THE PROPERTY

The six claims (9681 to 9686 inclusive) in the eastern part of the North Group are on a well-mineralized area which has produced over 100,000 ounces of gold which at present prices would have a gross value of more than \$14,000,000.

The best ore in the mine came from the "P" Vein System which is the most southerly of the three zones which have been worked. High grade ore shoots were found in and around a large porphyry dyke which invades the volcanic tuffs in this part of the mine. These shoots provided ore with an average mill grade of more than half ounce gold per ton, which could be mined economically even on a relatively small scale at current gold prices, if they are reasonably

accessible.

The ore shoots in this zone were between the 500 and 900-foot levels, but practically nothing is known of the zone above the 500-foot level, and on the possible extension to the south. It is quite possible that the previous operation was just getting into the best mineralized area.

This area can be tested by diamond drill holes from surface, and the shallow portions can be reached with the drill rig on dry land. The deeper areas and the ones further south would have to be explored from the ice in the winter.

The South Group can be considered good prospecting ground in a favourable geological environment. The claims warrant examination during the summer to determine what additional work should be considered.

#### RECOMMENDATIONS

The most practical method of exploring this property for additional ore bodies is by diamond drilling from surface in the area immediately adjacent to the "P" zone workings south of the No. 1 Shaft.

The minimum program should not be less than 2,000 feet of diamond drilling, say 5 or 6 vertical holes in the most favourable locations. This may be expected to cost in the order of \$35,000. The cost per foot would be considerably less in a larger program, as the cost of moving the rig and crew into and out of the site will be at least \$5,000.

If more money is available, an expanded program can be undertaken, over a larger area of the favourable zone, which would naturally increase the probabilities of success.



R. A. Halet, Ph.D., P.Eng.  
Mining Geologist

*Revised  
April 1, 1976.*

# C. D. Huston - P. Eng.

MINING EXPLORATIONS

~~408-199 SMITH STREET~~ WINNIPEG, MANITOBA ~~R3C 1B8 XX~~  
PHONE - 204-~~943-9001~~ 832-3817

94 Columbus Crescent  
R3K 0c6

March 26, 1976.

CLAIM STAKING  
LINE CUTTING  
ASSESSMENT WORK

GEOLOGICAL MAPPING  
PROPERTY EVALUATION  
SURVEYING AND DRAUGHTING  
GEOPHYSICS

Mr. J.W. Gemmell, Q.C.  
Box 379  
Commerce Court, North,  
Toronto, Ontario.

Re; New Jason property, Casummitt Lake, Ontzrio.

Dear Mr. Gemmell;

Mr. Bob Hallet has asked me to forward the enclosed data regarding the New Jason property. I understand this data is for Grand Bay Explorations Limited who are considering further work on the property. Permission to supply this data was given by Mr. George Ross of Bonnacord Explorations Limited, the former option holder of this property.

The location of the 5 diamond drill holes which were drilled in 1974 are shown on the enclosed plan. These holes were drilled to intersect the # 5 vein system.

<u>RESULTS OF DRILLING</u>	<u>GOLD ASSAYS (oz.)</u>	<u>FOOTAGE</u>
Hole #1- length 270.0 feet @ -45°	0.62/3.1 (v.g.) 0.15/3.0	126.7/129.8 176.2/179.2
Hole #2- Length 306.0 feet "	No values.	
Hole #3- " 277.0 " "	0.24/2.8 (v.g.)	160.0/162.8
Hole #4- " 486.0 " "	0.05/0.9 0.03/2.2	44.5/45.4 173.4/175.6
Hole #5- " 267.0 " "	No values (vein @	174.0/175.2)

Five holes total footage = 1,606.0 feet

In addition to the above diamond drilling, 16.4 miles of linecutting was completed with baseline 0+00 (E.W.) being surveyed to the #1 post of KRL 9681.

Geological mapping and geophysical surveys were started but never complete due to non-payment of wages by Bonnacord . Some drilling and blasting was also done on several mineralized sections but no values were obtained from this limited work.

Known expenditures on the property during June, July and August, 1974

were; Diamond Drilling-	\$18,903.90
Linecutting etc.	<u>6,241.88</u>
	\$25,145.78

In addition to the above expenditures further monies were spent for flying to the property, camp supplies etc. but I am unaware as to the total amount.

I trust this data is what you require and if I can be of any further assistance in the future please advise.

Yours very truly,



C.D. Huston, P. Eng.



CERTIFICATE

I, Robert Alfred Halet, hereby certify as follows:-

1. That I am a mining geologist and professional engineer, and that I reside at R.R. No. 1, Campbellville, in the Town of Milton, in the Regional Municipality of Halton, Ontario.
2. That I hold degrees of B.A.Sc. in Geological Engineering from the University of British Columbia (1931) and Ph.D. in Economic Geology from McGill University (1934), that I am a member of the Association of Professional Engineers of Ontario, and that I have been practising my profession continuously for forty years.
3. That this report is based on published information from government and other sources, unpublished reports and plans of the mine workings made by previous operators, and a personal examination of the mine site in 1973.
4. That I have no interest, either direct or indirect, and do not expect to receive any interest in the properties covered by this report, or the securities of Grand Bay Explorations Limited.



R. A. Halet

Dated at Toronto, Ontario, this <sup>1st</sup> ~~16th~~ <sup>April</sup> day of ~~January~~, 1976.

## BIBLIOGRAPHY

1. Ontario Department of Mines, Statistical Reports;  
Casey Summit Gold Mines Limited, Argosy Gold Mines Limited,  
Jason Mines Limited, New Jason Mines Limited; 1934 to 1952.
2. Ontario Department of Mines, Geological Reports and Maps.  
Volume 42, Part 6, pp. 30-34, 1933 G.D. Furse  
Volume 45, Part 4, pp. 28, 29, 1936 W.D. Harding  
Volume 46, Part 7, pp. 17-25, 1937 H.C. Horwood  
Map 2175, Red Lake - Birch Lake Sheet, 1970  
Claim Map, Area of Casummit Lake, M-2695.
3. The Northern Miner, Handbooks and Files, for financial reports,  
development news, etc., of previous operators.

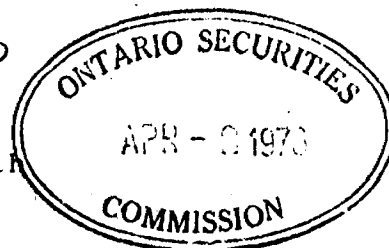


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Misc  
Section

GRAND BAY EXPLORATIONS LIMITED  
 Head and Principal Office  
 Suite 1101, Commerce Court North  
 TORONTO, ONTARIO



NEW OFFERING:

450,000 COMMON SHARES  
 (NO PAR VALUE)

Column 1 Shares Firmly Underwritten	Column 2 Shares Under Option	Column 3 Maximum Price to Public	Column 4 Net Proceeds to be received by Corporation	Column 5 Maximum Underwriting Discount
250,000 Per Share Total		40¢ \$100,000	20¢ \$50,000	20¢ \$50,000
	100,000 Per Share Total	50¢ \$50,000	25¢ \$25,000	25¢ \$25,000
	100,000 Per Share Total	60¢ \$60,000	30¢ \$30,000	30¢ \$30,000
250,000	200,000	\$210,000	\$105,000 *	\$105,000

\* Cost of this issue together with related expenses estimated at \$7,500 to be deducted. There is no assurance that the shares under option will be purchased.

PURPOSE OF NEW OFFERING

The purpose of the offering is to provide funds to finance an exploration program as recommended by the Corporation's consulting engineer as well as ordinary operating expenses. The particulars are set forth under subject headings "History and Business" and "Use of Proceeds".

THERE IS NO MARKET FOR THE SECURITIES OFFERED. ACCORDINGLY PURCHASERS OF SHARES MAY NOT BE ABLE TO SELL THEM.

SECONDARY OFFERING

There is a secondary offering of 75,000 shares, the proceeds of which will accrue to the selling shareholders and not to the Treasury of the Corporation. No shares of the secondary offering will be offered until all of the underwritten and optioned shares have been sold. Particulars of the secondary offering, the offering shareholders, its present and past holdings are set forth under subject heading "Secondary Offering".

The 450,000 common shares newly offered under this prospectus are for the account of the Underwriter/Optionee, and the 75,000 shares constituting the secondary offering are for the account of the offering shareholder, Marchment & Mackay Limited, which will pay their prorated share of the issue costs, all as set forth under subject headings "Plan of Offering" and "Secondary Offering".

THE SECURITIES OFFERED ARE SPECULATIVE  
 (Reference is made to the fourth paragraph on page 1)

REGISTRAR AND TRANSFER AGENT  
 GUARANTY TRUST COMPANY OF CANADA  
 88 University Avenue, Toronto, Ontario

PROSPECTUS

Dated 1st April, 1976

No Securities Commission or similar authority has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

UNDERWRITER/OPTIONEE  
 MARCHMENT & MACKAY LIMITED  
 Suite 1608, 330 Bay Street, Toronto, Ontario

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GRAND BAY EXPLORATIONS LIMITED

HISTORY AND BUSINESS

The Corporation was incorporated under the Ontario Business Corporations Act pursuant to Articles of Incorporation which became effective by a Certificate of Incorporation dated 10 January, 1975. By Articles of Amendment effective 16 October, 1975 the corporate name was changed from Grand Bay Mining Co. Limited to Grand Bay Explorations Limited.

The objects of the Corporation empower it to carry on the business of exploration, mining, milling and selling ores and minerals including oil and gas. By an Agreement dated 14 October, 1975 the Corporation acquired a one hundred percent (100%) interest in the mining rights on forty-four (44) patented mining claims from New Jason Mines Limited.

The claims are located in the northwestern part of Ontario in the Casummit Lake area of the Red Lake Mining Division. While there is now no plant or equipment on the property, particulars of operations by previous owners are described in the summary of the Consulting Geologist's Report which follows.

The proposed program is of an exploratory nature as there is no known body of commercial ore on the property. Set forth below is a summary including a recommended program, of a Report by R. A. Halet, Ph.D., P. Eng., dated 1st April, 1976, which Report is available in the files of the Ontario Securities Commission at 555 Yonge Street, Toronto, Ontario.

The property consists of forty-four (44) patented claims comprising two separate groups. The North Group, which covers the bed and eastern and northern shore of Casummit Lake, is separated from the South Group which lies southeast of Casummit Lake by one row of claims approximately one quarter mile in width.

The property is approximately 70 miles northeast of Red Lake, Ontario. Access is by float plane from Red Lake or winter road from the Selco South Bay mine 30 miles to the southwest in the southeast corner of Dent Township.

Gold was first discovered on the property in 1929 and the veins were explored by diamond drilling in 1930-1931. In 1931 a mining plant was installed and in 1934 a 50-ton amalgamation mill commenced operations. Until December 1934 production consisted of 4,094 tons of ore yielding 888 ounces of gold and 87 ounces of silver. (0.22 ounces of gold per ton).

The original operator, Casey Summit Gold Mines Limited, was succeeded in 1935 by Argosy Gold Mines Limited. Underground development was carried out and a 125-ton per day mill installed in 1936. Production to 1938 consisted of 35,228 tons of ore yielding a total of \$418,313. for an average grade of 0.35 ounces per ton. Following the bankruptcy of Argosy Gold Mines Limited it was succeeded by Jason Gold Mines Limited in 1938.

Power from Ontario Hydro was connected in 1940 and production resumed in June of that year. Development included sinking a new shaft and opening five levels to a vertical depth of 500 feet. Operations continued until October 1942 when they closed due to wartime conditions. During this period, 104,183 tons of ore were milled yielding \$1,701,896.

In 1945 the No. 1 Shaft was deepened to 700 feet and ore reserves in this area were estimated at 31,750 tons grading 0.377 ounces per ton. At this time the South Group of claims was purchased for \$5,000. from Northern Canada Mines Limited. Following a reorganization of Jason under the name New Jason Mines Limited, high grade shoots were discovered in a new zone and production resumed in 1949.

The No. 1 Shaft was deepened to 900 feet and the ore zones were found to extend below it. Due to inflation, shortage of workers and a low fixed price for gold, production stopped in April 1952, when the ore reserves in No. 1 Shaft area were exhausted. Plant and equipment was sold.

From 1946 to 1952 production of 133,068 tons averaged \$12.50 per ton for a total of \$1,656,011. Total mine production was 276,573 tons yielding 101,875 ounces of gold and 1.788 ounces of silver for an average recovery of 0.37 ounces of gold per ton.

Under a working option assigned to it, Bonnacord Explorations Limited in 1974 drilled five diamond drill holes for a total footage of 1,606 feet. The holes were drilled to test the No. 5 vein system on Claim K.R.L. 9763, and the results ranged from nil to 0.62 ounces of gold over approximately three core feet. In addition to completing 16.4 miles of linecutting, Bonnacord also carried out some limited drilling and blasting on mineralized sections which disclosed no values. The above work is reported to have cost \$25,145.78.

All development work and production until 1938 was carried out in the No. 2 Shaft Area on Claim 9681, which was also the mill site. No. 2 Shaft is of two compartments which, including a winze, reached a vertical depth of 827 feet. No. 1 Shaft of three compartments has a depth of 946 feet. Development consisted of 19,350 feet of drifting, 8,143 feet of crosscutting, 4,881 feet of raising and 62,320 feet of diamond drilling. Sixty percent of this work was confined to the No. 1 Shaft workings.

Water problems in the upper levels of No. 2 Shaft area caused work to be redirected to No. 1 Shaft area. Ore treatment posed no problems and recovery was satisfactory. The remote location during previous operations was a handicap. Supplies were required to be transported a distance of 100 miles from rail by water and air.

At present there is road access to within 30 miles of the property. Although some poles are down, the electric transmission line to the property could be rehabilitated at modest expense. Indications are that known veins and favourable zones were not fully explored and developed.

Little if any effort has been made to test the best ore zone, above the 500-foot level or its possible extension to the south. It is recommended that these areas be tested by diamond drilling both from land and lake ice in winter. The South Group can be considered good prospecting ground in a favourable geological environment. These claims warrant examination during summer months to determine what additional work should be considered.

The recommended program is not less than 2,000 feet of diamond drilling consisting of five or six vertical holes in the most favourable location. Estimated cost of \$35,000. should include costs of moving rig and crew into and out of the property. If additional funds are available an expanded program can be undertaken to cover a larger area of the favourable zone.

#### ACQUISITION OF PROPERTY INTERESTS

The Corporation acquired by Agreement dated 14 October, 1975 the mining rights on forty-four (44) patented mining claims from New Jason Mines Limited. The consideration for the purchase was the allotment and issue of 750,000 treasury shares of the Corporation. In allotting these shares, the directors fixed a nominal arbitrary value to each share of 5¢, for a total consideration of \$37,500.

Of the 750,000 vendor shares, 400,000 are to be issued to Armac Securities Limited as Trustee for the shareholders of New Jason Mines Limited. This issue was authorized by the shareholders of New Jason Mines Limited at a general meeting of its shareholders called for that purpose on the 30th December, 1975.

The balance of the vendor shares, 350,000, are to be issued to Marchmont & Mackay Limited, 330 Bay Street, Toronto, Ontario. These shares are to be issued to Marchmont & Mackay Limited in recognition of its assistance in providing New Jason with sufficient funds to call and convene a general meeting of its shareholders to consider and approve of the sale of claims, and for advancing funds to enable the Mining Tax arrears on the claims to be paid.

#### PRELIMINARY EXPENSES

The estimated preliminary expenses for the first year of the Corporation's operation is \$5,000. for administration and \$35,000. for exploration and development.

#### PLAN OF OFFERING

The Corporation has entered into an agreement dated 27 January, 1976 with Marchmont & Mackay Limited, Suite 1608, 330 Bay Street, Toronto, Ontario (sometimes referred to as the "Underwriter/Optionee") whereby Marchmont & Mackay Limited, acting on its own behalf, has agreed to purchase the following shares of the Corporation.

Underwritten Shares

<u>No. of Shares Underwritten</u>	<u>Price Per Share</u>	<u>Net Amount to be Received by the Corporation</u>
250,000	20¢	\$50,000

The shares are to be paid for within three days of the acceptance for filing by the Ontario Securities Commission of the Corporation's prospectus, which date is referred to as the "effective date". In consideration of the above purchase the Underwriter/Optionee has been granted options as follows:

Optioned Shares

<u>No. of Shares Optioned</u>	<u>Price Per Share</u>	<u>Net Amount to be received by the Corporation</u>	<u>Options to be Exercised within following period from effective date</u>
100,000	25¢	\$25,000	3 months
100,000	30¢	30,000	6 months

There are no sub-underwritings or sub-options known to the Corporation. The only persons having a greater than 5% interest in Marchment & Mackay Limited are W. Roy Marchment, 53 King George's Road, Toronto, Ontario, Robert P. Mackay, 31 Alexander Street, Apt. 1507, Toronto, Ontario, and Charles Lorne Ornstein, 260 Wellesley Street East, Apt. 811, Toronto, Ontario, also referred to under subject heading "Promoter".

The maximum offering price during the course of distribution of shares of the new issue will not exceed that set forth on the Cover Page. Marchment & Mackay Limited may distribute the shares itself or sell to or through registered dealers, and in any event during distribution the offering price will not exceed permissible limits. Any sales to registered dealers shall not be in excess of a 1¢ markup.

SECONDARY OFFERING

<u>Offering Shareholder</u>	<u>Number of Shares Owned as of Date of Prospectus</u>	<u>Number of Shares Offered</u>	<u>Number of Shares Owned After Offering</u>
Marchment & Mackay Limited Suite 1608, 330 Bay Street Toronto, Ontario.	75,000 (free) 275,000 (escrowed)	75,000 (free)	Nil 275,000 (escrowed)

No shares of the secondary offering will be offered until all of the underwritten and optioned shares have been sold.

SHARE CAPITALIZATION

<u>Designation of Security</u>	<u>Number and Amount in dollars authorized or to be authorized</u>	<u>Number and Amount outstanding as of the most recent balance sheet contained in the prospectus</u>	<u>Number and Amount in dollars outstanding as of 29 March, 1976</u>	<u>Number and Amount in dollars to be outstanding if all securities being issued are sold</u>
Common Shares	3,000,000	750,004	750,004	1,200,004
No par value	(\$1,000,000)	(\$37,502)	(\$37,502)	(\$142,502)

The capital of the Corporation consists of one class of shares. The shares are common shares which rank equally as to voting rights and carry one vote each. They are entitled to dividends, if any, and to shares upon liquidation or winding up on an equal basis. There are no pre-emptive or conversion rights and no provisions for redemption, sinking fund or purchasing for cancellation attaching to the shares. Shares presently outstanding are fully paid and non-assessable and shares offered hereunder will, when issued, be fully paid and non-assessable.



USE OF PROCEEDS

Proceeds from the present offering will principally be used to pay for an exploration program on the forty-four claims owned by the Corporation. In addition they will be used to pay costs of this issue and related expenses together with ordinary operating expenses. Costs of incorporation have been paid by the promoter.

Initial exploration costs are estimated at \$35,000., the first twelve months' administrative operating expenses at \$5,000., and this issue at \$7,500. No funds of the Corporation will be used to acquire shares of other Corporations without prior approval of the shareholders and no additional properties, or claims to be staked by the Corporation on its own behalf, or leasehold interests will be acquired without the filing of an amendment so long as the shares of the Corporation are in the course of distribution.

There are no mining acreage taxes owing on the claims. The current year's taxes and rents which are not due until 1 October, 1976 amount to \$1,204.02, and together with other operating expenses will be paid out of the proceeds of this issue.

To the extent that the underwriting and options provide the Corporation with funds in excess of the above, they will be used to expand the exploration program on unexplored favourable formations within the property limits as recommended by the Corporation's Consulting Geologist.

Surplus funds will be invested in 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 subsection 4 of section 63 of such Act and such securities will be kept in Canada at all times.

PRIOR SALES

There have been no prior sales of the securities of the Corporation other than the 4 incorporators shares at 50¢ each.

PRINCIPAL HOLDERS OF SECURITIES

Listed below are the names of those known to the Corporation owning beneficially, directly or indirectly, more than ten percent (10%) of its issued common shares.

<u>Column 1</u> <u>Name and Address</u>	<u>Column 2</u> <u>Designation</u> <u>of Class</u>	<u>Column 3</u> <u>Type of</u> <u>Ownership</u>	<u>Column 4</u> <u>Number of</u> <u>Shares Owned</u>	<u>Column 5</u> <u>Percentage</u> <u>of Class</u>
Armac Securities Limited Suite 1601, 100 Adelaide Street West Toronto, Ontario	Common	Non-Beneficial In Trust for the shareholders of New Jason Mines Limited.	400,000	53.33% (a)
Marchmont & Mackay Limited Suite 1608, 330 Bay Street Toronto, Ontario.	Common	Beneficial	350,000	46.66% (a)

(a) These percentages calculated on the basis of all shares presently issued.

The table below shows the respective holdings of the public and principal shareholders, before and after the offering herein described, expressed in percentages, provided all of the shares offered are issued.

<u>Shareholders</u>	<u>Percentage of Class</u> <u>Before Offering</u>	<u>Percentage of Class</u> <u>After Offering</u>
Principal Shareholders	100%	56.24%
Public	nil	43.76%

Officers and directors hold nominal qualifying shares only.

ESCROWED SHARES

As of the date hereof the underlisted shares are held in escrow by the Guaranty Trust Company of Canada subject to release upon consent of

The Ontario Securities Commission and the board of directors of the Corporation and subject to alienation, transfer or assignment within the escrow upon the consent of the Commission.

<u>Designation of Class</u>	<u>Number of Shares Held in Escrow</u>	<u>Percentage of Class</u>
Common Shares No Par Value	675,000	56.24% (a)

(a) Calculated on the basis of all shares offered being sold.

In the event any or all of the property for which the escrowed shares were issued is abandoned, the owners of such shares undertake to donate to the Corporation for its use and benefit all or part of such shares. The Escrow Agreement further provides that when only part of the property is involved the number of shares to be donated to the Corporation shall be determined by the Ontario Securities Commission.

#### PURCHASERS' RIGHT OF WITHDRAWAL AND RESCISSION

Sections 64 and 65 of The Securities Act, 1970 provide purchasers with a right of rescission and withdrawal. The provisions provide substantially as follows:

Provided he is still the owner of the securities a purchaser will not be bound by the contract if he so notifies the person from whom they were purchased by writing or telegraph not later than midnight on the second day, exclusive of Saturdays, Sundays and holidays after receipt by the purchaser of the prospectus or amended prospectus; and may rescind such contract if as of the date of receipt by the purchaser the prospectus any any amended prospectus contains an untrue statement of a material fact or omits to state a material fact, if action is commenced within 90 days of receipt of the prospectus or amended prospectus or date of contract whichever is later.

For the purpose herein a prospectus or amended prospectus sent by prepaid mail is deemed conclusively to be received in the ordinary course of mail. The receipt of a prospectus or amended prospectus by a person acting as agent of the purchaser shall be the receipt by the purchaser as of the date of receipt by the agent, provided however, that an agent shall not be so considered unless he is acting solely as agent of the purchaser and has not received and has no agreement to receive compensation from or on behalf of the vendor with respect to the purchase or sale.

The foregoing summary is subject to the express provisions of the Statute conferring such rights and reference should be made to the above Sections for the complete text.

#### PROMOTER

The Promoter of the Corporation is Marchment & Mackay Limited, Suite 1608, 330 Bay Street, Toronto, Ontario. The only persons having a greater than 5% interest therein are W. Roy Marchment, 53 King George's Road, Toronto, Ontario, Robert P. Mackay, 31 Alexander Street, Apt. 1507, Toronto, Ontario, and Charles Lorne Ornstein, 260 Wellesley Street East, Toronto, Ontario.

During the past five years Marchment & Mackay Limited have underwritten the shares of eleven mining exploration Companies, and have acted as the promoter of five of these Companies. With one exception, all of the Companies have adequate working capital to maintain their corporate status and their claim holdings. The one Company, after completing an exploration program with disappointing results, has exhausted its working capital and will ultimately have its Articles of Incorporation revoked.

## INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Robert P. Mackay, the president and director of the Corporation, is also an officer and director and holds more than 5% of the issued shares of Marchment & Mackay Limited.

## DIRECTORS AND OFFICERS

The names and home addresses of the directors and officers of the Corporation and their principal occupations are as follows:-

<u>Name</u>	<u>Address</u>	<u>Office Held</u>
ROBERT PASCOE MACKAY	31 Alexander Street Apartment 1507 Toronto, Ontario	President
CLARENCE TURNER WRIGHT	46 Larstone Avenue Toronto, Ontario	Director
JOHN CHARLES ARCHIBALD	418 Glencairn Avenue Toronto, Ontario	Director
JAMES WELSHE GEMMELL	49 St. Clair Ave. West Toronto, Ontario	Secretary-Treasurer and Director

The principal occupations of the directors and officers during the past five years are as follows:

Robert P. Mackay - Broker-Dealer, Trading Officer and director of Marchment & Mackay Limited, and is also a director of Kordol Explorations Limited and Korich Mining Company Limited.

Clarence T. Wright - Since 31 December, 1974 a director of Canada Catering Company Limited - Prior thereto, also Vice-President of that Company, and is also a director of Canabec Explorations Ltd. and Rockzone Mines Limited.

John C. Archibald - B.Sc. (Geology) engaged as Geologist by various principals in Canada and Africa for past two years, previously completing degree as an undergraduate, and is a director of Hilltop Minerals Limited.

James W. Gemmell - Barrister and Solicitor carrying on own practice, and is also a director of Airnorth Mines Limited and Esten Explorations Inc.

## REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

No officer or director has received any remuneration since incorporation. The directors of the Corporation will receive \$50.00 for each meeting of the board and shareholders attended by them. James W. Gemmell, Q.C. will be paid up to \$250.00 per month for providing head office, routine accounting and secretarial services at Suite 1101, Commerce Court North, Toronto, Ontario.

## AUDITORS

The Auditors of the Corporation are Jarrett, Gould & Elliott, Chartered Accountants, Suite 1406, Royal Trust Tower, Toronto, Ontario.

## MATERIAL CONTRACTS

The material contracts entered into by the Corporation are as follows:-

1. Agreement dated 14 October, 1975 between the Corporation and New Jason Mines Limited relative to the purchase of forty-four (44) patented mining claims more particularly described under subject heading "Acquisition of Property Interests".
2. Agreement dated 27 January, 1976 between the Corporation and Marchment & Mackay Limited more particularly referred to under subject heading "Plan of Offering".

3. Escrow Agreement pursuant to Form 16-A of the regulations under The Securities Act dated 27 January, 1976 between the Corporation, Armac Securities Limited, in trust for the shareholders of New Jason Mines Limited, and Marchment & Mackay Limited, the Vendors, and the Guaranty Trust Company of Canada, the Trustee.

The above contracts, or copies thereof may be inspected during ordinary business hours at the head office of the Corporation while the shares of the Corporation are in the course of distribution to the public.

AUDITORS' REPORT

To the Directors,  
Grand Bay Explorations Limited.

We have examined the balance sheet of Grand Bay Explorations Limited as at January 15, 1976. 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, this financial statement presents fairly the financial position of the Company as at January 15, 1976, in accordance with generally accepted accounting principles applied on a consistent basis.

JARRETT, GOOLD & ELLIOTT  
Chartered Accountants

Toronto, Ontario,  
April 1, 1976

GRAND BAY EXPLORATIONS LIMITED

BALANCE SHEET

JANUARY 15, 1976

ASSETS

Current Assets

Cash	\$ 2
Mining properties at cost (note 2)	37,500
Incorporation and preliminary expense	<u>7,500</u>
	<u>\$ 45,002</u>

LIABILITIES

Current Liabilities

Accounts payable	\$ 7,500
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SHAREHOLDERS' EQUITY

Share capital (note 3)

Authorized

3,000,000 shares of no par value

Issued or to be issued

750,004 shares	<u>37,502</u>
	<u>\$ 45,002</u>

Approved by the Board:

"Robert P. Mackay" Director

"James W. Gemmill" Director

GRAND BAY EXPLORATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS

JANUARY 15, 1976

1. Property interest

Recovery of the costs of mining properties is dependent upon the development in sufficient quantity of ore of economic value.

2. Mining properties

44 patented mining claims in the Birch and Casummit Lakes areas, Red Lake Mining Division, Ontario acquired for 750,000 shares valued by the directors at 5 cents per share \$ 37,500

3. Share capital

(a) During the period from incorporation January 10, 1975 to January 15, 1976, the Company issued 4 shares for \$2 cash: 750,000 shares are to be issued for the mining claims referred to in note 1.

(b) By an underwriting agreement dated January 27, 1976, the Company has agreed to issue 250,000 shares for \$50,000 payable within three days of the date of acceptance for filing of the Company's prospectus with the Ontario Securities Commission (the effective date). In consideration of this issue, the Company has granted the underwriter the following options:

100,000 shares at 25 cents per share within three months of the effective date.

100,000 shares at 30 cents per share within six months of the effective date.

There are no other material facts.

Prospectus dated 1 April, 1976.

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

ROBERT P. MACKAY  
Chief Executive Officer

JAMES W. GEMMELL  
Chief Financial Officer

CLARENCE T. WRIGHT  
Director

JOHN C. ARCHIBALD  
Director

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by Part VII of The Securities Act, and the regulations thereunder.

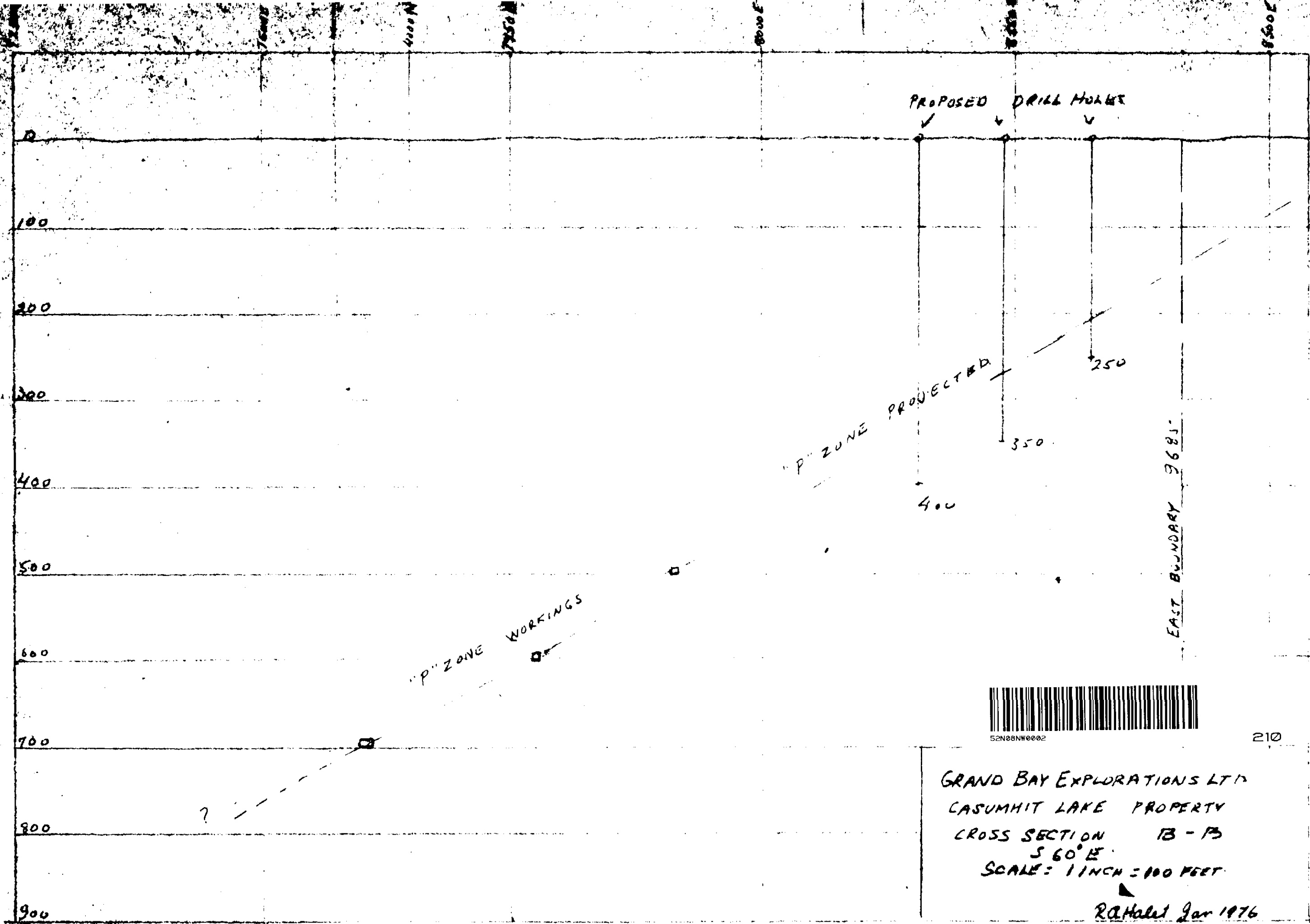
PROMOTER  
UNDERWRITER/OPTIONEE

MARCHMENT & MACKAY LIMITED

Per: W. Roy Marchment







GRAND BAY EXPLORATIONS LTD  
 CASUMMIT LAKE PROPERTY  
 CROSS SECTION TB-13  
 S 60° E  
 SCALE: 1 INCH = 100 FEET

R. Hales Jan 1976