

#4 tunnel elev 1797
2 1/2" = 200
188' east side

012754

P.W.

PROPERTY FILE

92E/15 Gen-05

92L 211

SUPERINTENDENT OF BROKERS

AND

VANCOUVER STOCK EXCHANGE

STATEMENT OF MATERIAL FACTS (#105/87)

EFFECTIVE DATE: JULY 31, 1987

This is a Development Company

TASHOTA-NIPIGON MINES LIMITED

25 ADELAIDE STREET EAST, SUITE 601, TORONTO, ONTARIO M5C 1Y2
(416) 363-1124

NAME OF ISSUER, ADDRESS OF HEAD OFFICE AND TELEPHONE NUMBER

25 ADELAIDE STREET EAST, SUITE 601, TORONTO, ONTARIO M5C 1Y2
(416) 363-1124

ADDRESS OF REGISTERED AND RECORDS OFFICE OF THE ISSUER

MONTREAL TRUST COMPANY

510 BURRARD STREET, VANCOUVER, BRITISH COLUMBIA V6C 3B9

NAME AND ADDRESS OF REGISTRAR & TRANSFER AGENT FOR ISSUER'S
SECURITIES IN BRITISH COLUMBIA

OFFERING: 1,000,000 UNITS (consisting of one share and one transferable share purchase warrant)

	<u>Estimated Price to Public*</u>	<u>Estimated Broker's Commission</u>	<u>Estimated Net Proceeds to Issuer</u>
Per Unit	\$1.50	\$0.1125	\$1.3875
Total:	\$1,500,000	\$112,500	\$1,387,500

*To be calculated in accordance with the rules and policies of the Vancouver Stock Exchange.

ADDITIONAL OFFERING

The Agents have been granted non-transferable share purchase warrants entitling them to purchase a total of 500,000 shares. These are hereby qualified for sale to the public. See "ADDITIONAL OFFERING", Page 3 for further information concerning the sale of these shares.

THE SECURITIES OFFERED HEREUNDER ARE SPECULATIVE IN NATURE. INFORMATION CONCERNING THE RISKS INVOLVED MAY BE OBTAINED BY REFERENCE TO THIS DOCUMENT. FURTHER CLARIFICATION IF REQUIRED MAY BE SOUGHT FROM A BROKER.

AGENTS

Canarim Investment Corporation
Ltd.
2200 - 609 Granville Street
Vancouver, B.C., V7Y 1H2

Merit Investment Corporation
#1500 - 625 Howe Street
Vancouver, B.C., V6C 2T6

Neither the Superintendent of Brokers nor the Vancouver Stock Exchange has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

The interests of McAdam and the Issuer in the Property are subject to a 3% net smelter return royalty in favour of Stoch.

The Property is the subject of a report prepared by Jean Lacasse dated December 9, 1986, a copy of which will be available for inspection at the time and place set forth in Item 9 hereof.

Previous work carried out on the Property consisted primarily of drilling. In the late 1930's, Clerno drilled eighteen holes for 5,404 feet and sank the No. 1 shaft to a depth of 117 feet. Development work underground consisted of 296 feet of drifting, 268 feet of cross-cut and 63 feet of raise. On the west part of the Property, Clerno also dug an eighteen foot pit. Consolidated Mining and Smelting Company of Canada drilled four holes in 1932 or 1933. In 1939 Dome Mines drilled twenty-five holes for a total of 17,333 feet followed by Bowes in 1946 with twenty-one holes amounting to 14,445 feet. The latest drilling was done by Bowes in 1980 comprising seventeen holes for 7,904 feet and four winkle drill holes for 355 feet in 1981.

Bedrock on the Property is composed of sedimentary rocks of the Temiskaming Group and volcanic rocks of the Blake River Group. The Temiskaming Group is represented by the Granada formation south of the Bowes fault and the LaBruyere formation in between the volcanics to the north and the Cadillac fault to the south. The volcanics of the Blake River are located in the northern part of the Property and between the Cadillac and Bowes faults.

Gold mineralization on the Property is associated with quartz veins or quartz stringers in a schistose rock containing fine grained pyrite, tourmaline and sometimes arsenopyrite. The main mineralized zone is located close to the Cadillac Fault which corresponds to the contact between the LaBruyere Sediment and the Blake River Volcanics. Economic to subeconomic intersections are shown to occur over a length of 1,200 feet. There are indications of three to four mineralized horizons.

Mr. Lacasse recommends that exploration work be carried out on the Property. However, no specific program has yet been recommended. The Issuer does intend to carry out an exploration program in 1987 and intends to use part of the proceeds from flow-through private placements entered into with MVP Exploration (1987) and Company, Limited Partnership, NIM Resource - 1987 and Company, Limited Partnership and NIM and Company, Limited Partnership - 1988, as more particularly described under Item 9 hereof in order to carry out the exploration program.

The Property has no underground or surface plant or equipment and contains no known body of commercial ore.

Group II Presently held properties which are currently producing or being explored, or upon which exploration is planned within the next year.

✱ **Spud Valley Property, Zeballos Area, Vancouver Island, British Columbia**

92L Pursuant to an Agreement dated December 15, 1986 between the Issuer and McAdam Resources Inc. ("McAdam"), the Issuer was granted the option to earn a 25% interest in 12 Crown granted mineral claims (L1020-L1029, L1695, L1903), (the "Property") all located in the Alberni Mining Division, Province of British Columbia.

In order to earn a 25% interest in the Property, the Issuer is required to contribute a total of \$600,000 towards exploration work from December 15, 1986 through February 28, 1988. At such time as the Issuer earns a 25% interest, the parties have agreed to enter into a joint venture for further exploration and development work on the Property. The Joint Venture Agreement will provide that all future contributions will be determined according to each party's interest in the Property. In the event that either party does not contribute its share of expenses in proportion to its interest, then its interest will be reduced accordingly in proportion to its contribution to total expenditures on the Property. In the event the Issuer's interest is reduced to 5%, it will automatically convert to a carried 5% net profits interest. The operator of the joint venture will be McAdam.

John McAdam and Steven Brunelle, who are Directors and/or Officers of the Issuer, are Directors and/or Officers of McAdam.

The property is subject to a 3% net smelter return royalty in favour of the original vendors of the property, namely John McAdam (1.2%), J. Terrence Flanagan (1.2%) and R. L'Ecuyer (0.6%). Mr. McAdam and Mr. Flanagan are Directors and Officers of the Issuer.

The Property is the subject of a report prepared by M.P. Cawood and D.A. Cawood dated March, 1987, a copy of which will be available for inspection at the time and place set forth in Item 9 hereof.

In 1985 a program of rehabilitation of the underground workings and retracking was instituted on the lowest (#7) level of the Spud Valley Mine. This work was done in order to establish drill sites to test several structures underneath the ridge between Gold Valley and Spud Valley. Some surface prospecting was also carried out. In addition, mapping and sampling of the Goldfield vein was carried out on #4, #5 and #7 levels.

During 1986 a geochemical survey combined with geological mapping of the Property was initiated in order to help define drill targets. The program consisted of traverses across the slopes on either side of Gold Valley and Spud Valley along the break in slope. This survey is not yet complete on the west side of Spud Valley.

Diamond drilling was carried out on the property in the fall of 1985, the fall of 1986 and the winter of 1986-87. A total of 32 holes have been drilled to date for a total of 31,046 feet. The bulk of the drilling has been concentrated on the north side of the Goldfield vein in order to test the structures in this area. Only two holes were drilled on the south side of the Goldfield.

On the north side of the Goldfield vein, three major structures were encountered as well as several small ones. The major structures were the AT, Linton North, and the Linton veins. The AT and Linton structures can be traced over a strike length of about 4,000 feet. The Linton North cannot be traced for certain between the east side of Spud Valley and the west side of Gold Valley.

The AT vein is the major structure found in the drilling to date and has anomalous to economic intersections along its entire strike length. The depth potential for this structure appears to be favourable with a possible improvement in ore grade.

The Linton North also returned several ore grade intersections in both ~~Spud Valley and Gold Valley~~ indicating that the zones should be further tested along strike and down dip.

The Linton Vein, although generally disappointing, can be traced through about 4,000 feet of strike. It does contain some economic grade intersections.

In the report, Mr. D.A. Cawood and Mrs. M.P. Cawood recommend a program of diamond drilling and geological studies estimated to cost \$1,000,000. Drilling is recommended in the following areas:

1. Depth and strike extension of the AT and Linton North structures to the east in Gold Valley.
2. Depth extension of the AT and Linton North structures between Spud Valley and Gold Valley.
3. Depth extension of the AT and Linton North structures in Spud Valley.
4. Strike extension of all veins in the andesite to the west of the Spud Creek fault.

5. Depth extension of the gold field vein below #7 level and the Roper vein below #4 level.
6. Exploration holes should be drilled to the south of the Roper vein to test the structures encountered during the 1986 surface program.

Total drilling would be approximately 35,000 feet and is estimated to cost \$875,000. Contingency and support costs are estimated to be \$125,000.

The Issuer intends to commence the recommended program in 1987, however, no proceeds from this Offering have been reserved for same.

In order to commence the program, the Issuer intends to use part of the proceeds to be derived from the private placements with Muscocho Explorations Ltd., MVP Exploration (1987) and Company, Limited Partnership, NIM Resource - 1987 and Company, Limited Partnership and NIM and Company, Limited Partnership - 1988, as more particularly described under Item 9.

The Property has no underground or surface plant or equipment and contains no known body of commercial ore.

McWatters Property, Rouyn Township, Quebec

Pursuant to an Agreement dated December 15, 1986 between the Issuer and McAdam Resources Inc. ("McAdam"), the Issuer was granted the option to acquire a 25% interest in McAdam's interest in mining concession #CM 275 and 20 mineral claims, all located in Rouyn Township, Quebec. In consideration for the Option, the Issuer is required to:

- (a) pay to McAdam the sum of \$130,000 as follows:
 - (1) \$30,000 upon execution of a formal agreement (which is currently being prepared);
 - (2) \$12,500 on or before March 31, 1987;
 - (3) \$12,500 on or before September 30, 1987;
 - (4) \$12,500 on or before March 31, 1988;
 - (5) \$12,500 on or before September 30, 1988;
 - (6) \$25,000 on or before March 31, 1989;
 - (7) \$25,000 on or before September 30, 1989.